



WEEK 45

FRIDAY 8 NOV 2013

THIS WEEK

- Columnist: Lee Richardson on startups
- Macau's relentless boom continues
- Unibet see their profits shoot up
- Tweets of the week

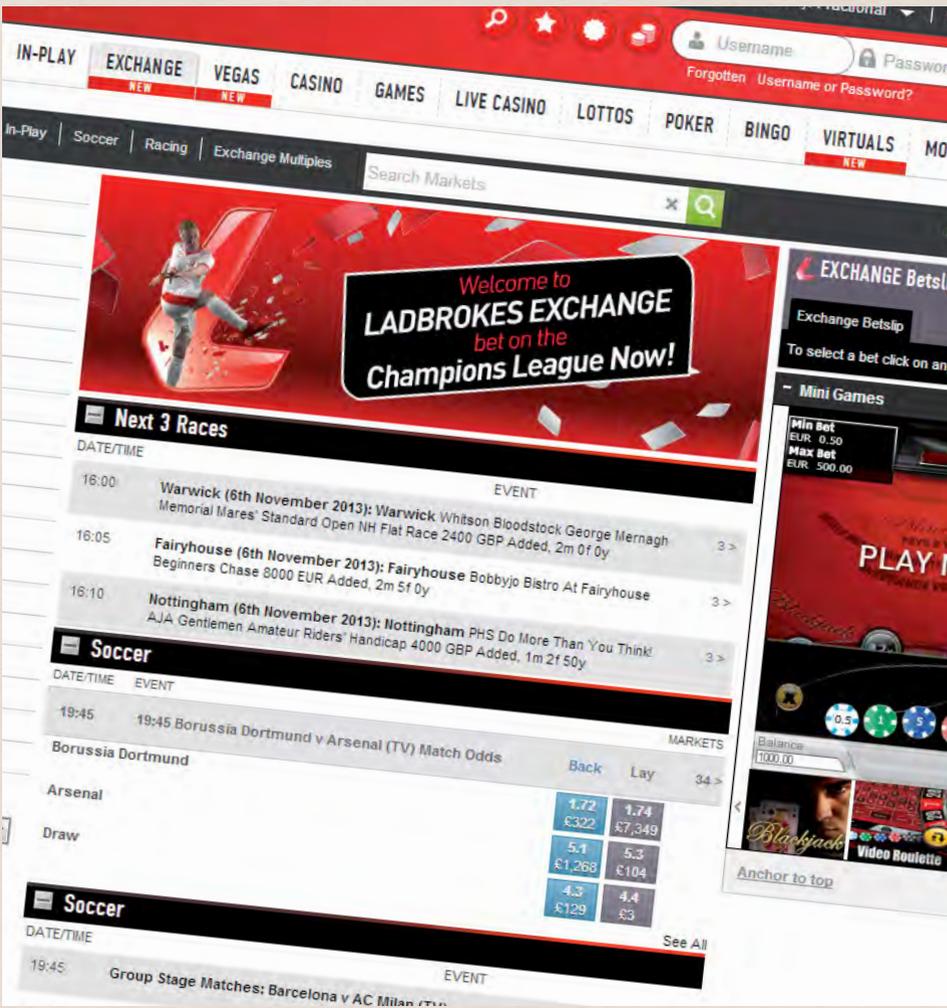
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TOP STORY

LADBROKES LAUNCH BETTING EXCHANGE

New service goes live ahead of schedule



Operators Ladbrokes have unveiled their new online betting exchange. A beta version of the site, which wasn't expected to launch until early 2014, is currently available to customers at sportsbeta.ladbrokes.com/betexchange.

The move follows the UK firm's €30m January acquisition of Global Betting Exchange Alderney Limited (GBEA), operators of the Betdaq betting exchange, a deal which also included the €4m purchase of a 10% stake in TBH Guernsey Limited, the technology provider to GBEA.

Ladbrokes corporate affairs director Ciaran O'Brien told *GI Friday* that although a "full exchange service" was currently on offer, "further innovation" to build on the existing push technology was set to follow. He also revealed that the offering went live early because "its development was ahead of schedule", with the service set to be "developed and integrated more fully" over time. He added that Ladbrokes will initially focus on direct marketing and on-site promotion before integrating the offering more fully in their 2014 marketing in the run up to the World Cup.

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Although Ladbrokes and Betdaq both utilise GBEA technology, essentially making them part of the same exchange network, the latter will “remain a wholly separate operation targeting pure exchange players”. Highly significant is the confirmation that Ladbrokes exchange customers will be betting and laying directly into the Betdaq exchange, i.e. they will feed liquidity into Betdaq.

Ladbrokes have consistently underlined their intention to provide the 30% of their customers who already use an exchange with a “one-stop shop” to cater for all of their betting needs. The firm certainly require a boost in the online arena, with their ongoing struggles in the sector underlined by a recent digital profits warning.

The launch will doubtless have gained the attention of Betfair, the long-time dominators of the exchange market who have more recently sought to establish themselves in the fixed-odds sports betting arena. “Betfair should have already totally swept all before them with the exchange ... but as they have squeezed customers harder and harder you can see the negative impact on both turnover figures and customer goodwill,” says Peter Webb, exchanges expert and creator of Betfair trading software Bet Angel. “I wasn’t sure whether the exchange side of the Ladbrokes business would be prominent or niche, but the fact it appears on the main landing page indicates they are prepared to go for it. This will bring the industry to a really interesting juncture.”

KEY POINTS

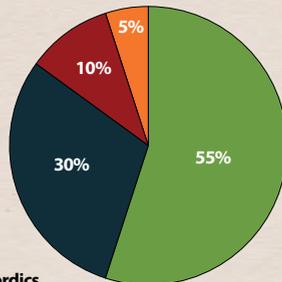
- Ladbrokes have gone live with their online betting exchange

- Betdaq to remain a separate operation but will receive Ladbrokes liquidity
- Ladbrokes hoping to create “one-stop shop” to boost online performance

FINANCE

UNIBET PROFITS MORE THAN DOUBLE

Q3 gross winnings revenue and EBITDA also increase



55% - Nordics
30% - Western Europe
10% - Central, Eastern and Southern Europe
5% - Other

Regional share of Unibet Q3 2013 gross winnings revenue
Source: Unibet Group plc Interim report, Jan-Sep 2013

Online operators Unibet have announced an impressive set of results for Q3 2013, with profits after tax rising 141% year-on-year to £8.2m. Profits before tax for the three months ended 30 September were up 130% to £9.2m, while gross winnings revenue improved 28% to £56.1m. Within that figure, sports betting gross winnings revenue increased 37% to £24m, while casino, poker and other games were up 22% to £32.1m. EBITDA rose 64% to £14.1m.

Q3 revenues were aided by the commencement of many major European football leagues as well as a number of significant tennis tournaments, while negative factors, as noted by Unibet CEO Henrik Tjärnström, included the “excellent summer weather in many key markets” and a “high number of favourites winning”.

Results for the period January-September 2013 saw gross winnings revenue rise 21% year-on-year to £169.5m. Profit before tax was up 26% to £27.9m, with profit after tax increasing 28% to £25.4m. EBITDA improved 21% to £43.2m.

KEY POINTS

- Unibet Q3 profits before and after tax up 130% and 141% respectively
- Gross winnings revenue and EBITDA rise 28% and 64% year-on-year

ASIA

MORE COMPANIES LAUNCH AS MACAU'S BOOM CONTINUES

Q3 sees records broken

More new companies formed in Macau during Q3 this year than in any other quarter since records began, according to official data.

The Chinese special administrative region has a heavy concentration of gambling businesses, and its Statistics and Census Service have released data showing that investors incorporated 1,147 new companies in Q3.

Macau had 42,674 registered companies by the end of September.

INDUSTRY EVENTS

CAESARS VICE PRESIDENT TO SPEAK AT ICE 2014

Jan Jones Blackhurst confirmed

One of the most eminent women in the gaming industry will address assembled delegates at the ICE Totally



Jan Jones Blackhurst

Gaming exhibition's conference next year. Caesars Entertainment executive vice-president Jan Jones Blackhurst will speak as part of the World

Tweets of the week

“BREAKING NEWS: City Election Department says Suffolk Downs casino proposal has been defeated.”
Boston Globe News
[@GlobeMetro]

“I have yet to meet a UK publisher seeing iPads making up less than 90% of their tablet traffic.”
Tech analyst and consultant
Benedict Evans [@BenedictEvans]

“It's official: Gov Chris Christie is re-elected in NJ. Not bad for a guy who signed laws legalizing iGaming & sports betting.”
US betting and gaming commentator
Joe Brennan Jr [@joebrennanjr]

Regulatory Briefing programme at London's Excel.

The exhibition, held from 4-6 February 2014, always delivers one of the best conference schedules in global gaming and this year looks no different, with former Las Vegas mayor Jones Blackhurst bound to be one of the most notable speakers.

NEWS IN BRIEF

ROUNDUP: MALTA; BETABLE; WSOP

The rest of the week's key stories on *GamblingInsider.com* and the web

- **Reuben Portanier** and **Mario Galea** have resigned from their posts as CEO and chairman respectively at Malta's **Lotteries and Gaming Authority**.
- **Betable**, led by venture capital firm **Venture51**, are reported to have raised \$18.5m in their latest round of funding.
- **Mecca** have extended their deal to continue working with the UK version of **The X Factor** television franchise until 2015.
- **32Red** are launching an **I'm a Celebrity... Get Me Out Of Here!** slot game.
- 23-year-old poker pro **Ryan Reiss** has won the \$8.4m **WSOP Main Event** in Las Vegas.

GUEST COLUMNIST

"INDUSTRY STARTUPS: GOOD, BAD OR UGLY?"



by **Lee Richardson**
Gaming industry
advisor and
consultant

"Dragon's Den. Crocodile Lair. Lion's Cage. Anyone recently involved with a business startup will be familiar with these events that share a common

theme. Designed to showcase new business ideas, they allow entrepreneurs to pitch to prospective investors on a 'level playing field'.

Since joining Btwiice.com (a UKGC-licensed sports-betting app provider) as a non-executive director a few months back, I've been helping them raise both funding and their profile – which included their being shortlisted for EiG's Launchpad startup event in Barcelona during September.

That set me wondering as to how good (or bad or ugly) the e-gaming sector has been at encouraging startups, and this particular source of product innovation and new ideas.

Of course, innovation is in no way restricted to startups; new product platforms, categories, games and features have often been brought to market by established e-gaming operators and suppliers.

And many smaller, highly-successful providers have grown and been acquired by the likes of Playtech and GTech, for example, over the past few years, without the necessary presence of a well-developed startup environment at their outset. The e-gaming sector hasn't done badly from such a laissez-faire approach.

However, a steady supply of new ideas from new market entrants is positive for any sector, however vibrant, including our own; let's not forget how online poker first arrived.

One must applaud Clarion's EiG in their Launchpad initiative, now expanded to include the US; more than 100 aspiring e-gaming startups have applied over the past six years, with around 40 actually pitching their e-gaming ideas to an expert industry panel. Some have succeeded, others not. That's business.

However, I'm not aware of any industry-associated initiative which has done more for encouraging startups, plus there's other evidence to show that we can't ignore such enterprise.

I attended a recent startup event in London's Docklands, where over 100 attended to listen to six startups pitch their ideas to a 'generic' investor panel. In front of such an audience, I heard a prospective investor say that "I don't invest in the gambling sector".

It's a minority view, but such a perspective from 'outsider' investors has featured at every such event I've attended this past year. So while I believe the industry has done a huge job in raising the profile, and positive contribution, of the e-gaming sector, it's clearly a work in progress, as we remain a 'taboo' sector for many prospective investors.

This experience has simply reinforced my view that the e-gaming sector needs to more actively encourage and better foster startups. Irrespective of what others think of our sector, we should positively welcome them and harness the energy, new ideas and approaches they can bring.

Gaming Economics CEO and founder **Lee Richardson** is an industry veteran with substantial experience of both e-gaming operators and suppliers. *Gaming Economics* is an international advisory and consultancy business, and has successfully advised startups in the UK, Europe and the US

Want to be a guest columnist in *GI Friday*? Write to: editor@gamblinginsider.com

"Looking forward to day two of half my twitter feed pointing out how much better they are than whoever wins the Main Event tonight"
Poker journalist **Barry Carter**
[@Barry_Carter] on the WSOP

"Lot of people giving Reiss sh*t, think about yourself fresh out of (dropping out of) college, he's not even on this planet right now #haters."
Ex poker pro **Jonathan Aguiar**
[@JonAguiar] on WSOP champ **Ryan Reiss**

"Just finished reading all seven of Samsung's 2013 analyst PowerPoints. Two words that were nowhere to be found: Android and Tizen."
Mobile industry expert **Stefan Constantine** [@WhatTheBit]



SOFTWARE DEVELOPERS

Location: UK

Contract: Full-Time, Permanent.

Geneity are one of five Playtech companies based in the UK and specialises in the provision of online betting and gaming software to UK and global service providers.

We provide an innovative new suite of e-gaming products, built with years of experience in the sector, but re-designed from the ground up to take advantage of the latest trends in the market.

At Geneity you'll have the opportunity to develop on some of the biggest and best betting and gaming platforms in the business.

Apply to jobs@geneity.co.uk

odobo

ODOBO PROJECT MANAGER, GAMES

Location: Gibraltar

This job requires the talents and skills of a project manager that enjoys immersing themselves in the details of multiple concurrent game projects. We need a professional who understands the importance of time-to-market, accurate estimation, and thrives in a start-up environment.

The ideal candidate will possess the drive, determination and agile skillset to provide a world-class service both internally and externally across a wide range of projects, while enjoying the motivated and ambitious culture of a technology start-up in the gambling arena.

Apply at <http://odo.bo/gamespm>



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