



WEEK 18

FRIDAY 2 MAY 2014

THIS WEEK

- BwinParty board criticised by SpringOwl
- Guest column: Abid Riaz on slot game maths
- William Hill announces 109 shop closures
- Tweets of the week



TOP STORY

MORE SHOP POWERS FOR UK COUNCILS

Bookmakers to be placed in new planning class



DCMS is concerned about the clustering of betting shops on UK high streets

Local authorities will be given greater power to control the number of betting shops in their areas under government proposals announced this week. A *Gambling Protections and Controls* report from the Department for Culture, Media & Sport (DCMS) says that bookmakers will be placed in a new planning class to ensure they have to apply for permission whenever they wish to open a shop in premises which previously contained another type of business. Operators can currently launch a new outlet without permission if they are taking over a premises from a bank, building society or estate agent, with concerns raised over clustering in certain areas.

The news was badly received by Irish bookmaker Paddy Power, which is looking to expand in Britain. Their head of retail for UK and Ireland Andy McCue described the "wholly unnecessary" proposals as "a fudge not a fix".

"In a market where the 'Big Four' incumbents control 90% of the market and openly welcome planning restrictions, challenger brands like Paddy Power will be prevented

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FROM FRONT PAGE ►

from offering choice and value to consumers," he said.

The new measures would also require customers placing stakes of over £50 on betting shop FOBTs to either play via an account, which will allow them to monitor their own play and staff to intervene if necessary, or load cash over the counter. The report calls on the bookmaker voluntary code of conduct currently in operation to be toughened and made mandatory, revealing that the Gambling Commission could incorporate measures into its licence conditions and codes of practice.

Analysts at Exane BNP Paribas described the report as a "best case" scenario for both William Hill and Ladbrokes, while Hills CEO Ralph Topping said the planned changes represented a "balanced response" to concerns relating to clustering and FOBTs. However Ladbrokes said the announcement was the "latest in a series of measures which will impact the betting industry, hit shop profitability and threaten jobs".

The DCMS also revealed that numerous groups, including the Remote Gambling Association, are to report back to the government on the current advertising landscape, while a £2m industry-funded programme to promote responsible gambling will launch this summer.

KEY POINTS

- Local authorities to be given increased powers to stop betting shop clustering
- Government also plans account-based system for larger FOBT stakes
- William Hill praise "balanced" response but Ladbrokes and Paddy Power critical

ONLINE

SPRINGOWL CRITICISE BWINPARTY BOARD

Investor urges shareholders to approve new candidates

Activist investor SpringOwl has called on shareholders of BwinParty to vote in favour of the independent director candidates it wants to add to the online operator's board to reverse the "value destruction" of recent years.

As part of a deal to purchase 6.1% of BwinParty in February, SpringOwl Gibraltar Partners has the right to appoint a director to the board but also wants to add an additional four executives.

Last week BwinParty recommended that shareholders vote against the appointments as they were "not in the best interests of the company".

However a statement from SpringOwl, which named the four nominees as Michael Fertik, Francis Grady, Kal Patel and Steve Rittvo, "urged" shareholders to vote for its "highly-qualified" candidates.

Jason N Ader of SpringOwl [below] said: "Our nominees are committed to reversing the years of value destruction overseen by the incumbent board. For



too long, the incumbent board has expected shareholders to cover the cost of the company's missteps."

KEY POINTS

- SpringOwl criticises "value destruction" by BwinParty board
- Activist investor seeking to add four independent directors

UK

HILLS ANNOUNCES MASS SHOP CLOSURES

Bookmaker to shut 109 outlets following duty increase



William Hill is to close 109 betting shops this year. The bookmaker says the move, which will put around 420 employees at risk of redundancy, is a "direct result" of the recent announcement that machine games duty – the tax on FOBTs – is to increase from 20% to 25%. The operator says the levy rise makes it less likely that the performance of current and expected loss-making shops can realistically be turned around.

William Hill CEO Ralph Topping [above] said: "This is particularly disappointing as through the economic downturn we have worked hard to grow our retail base, but this

Tweets of the week

"Happy 1-year anniversary to @UltimatePoker and thus the birth of U.S.-regulated online gaming. Looking forward to many more (crazy) years!"
Marco Valerio [@AgentMarco]

"Massive gambling changes based on politics rather than science. Problem gambling is the issue not point scoring."
Gambling psychologist/Nottingham Trent lecturer @DrAdrianParke

"Betting industry disunity re gambling controls. William Hill praises gov't's 'balanced response', trade body ABB denounces 'scaremongering.'"
Financial Times writer @RogerBlitz

further planned increase in indirect taxation makes this action necessary.”

KEY POINTS

- William Hill to shut 109 shops following rise in FOBT duty

NEWS IN BRIEF

ROUNDUP: SOUTH AFRICA, NEXTGEN, IGT

The rest of the week's key stories

- A draft version of a **South African** online gambling bill has been released.
- **IGT** Q2 profits are down 67%.
- **NextGen Gaming** is launching two online titles with **Gala Coral** via content and system developer **Betdigital**.

GUEST COLUMNIST

“DO THE MATH”



by **Abid Riaz**
sales and account
manager, casino
software firm

“Slots fans are not short of options when it comes to spinning the reels. Be it five or three, branded or cloned, new content is being released onto the market on an almost daily basis.

In fact, with many sites offering hundreds of games, it could be argued players are now confronted with an overwhelming choice of products.

The reality for operators, however, is that those players will always have limited funds and will be choosy about which games they play as a consequence – especially in the longer term.

Providing games that captivate and entertain is therefore of greater importance than ever before. But what is it that those players want to spend their cash on and what exactly will have them coming back for more?

Graphics are obviously important as every shop window needs to welcome its customers in. But the current obsession with designers thinking they need to be Pixar to have a hit game takes things too far.

On a similar note, we know branded content has a short-term impact for the most part. Linking a game to a hit film, for example, can work well as an acquisition tool, but in the majority of cases it lacks longevity.

This is evidenced by the fact that few – if any – of the top-performing games in the UK or EU are branded. Like fireworks, they are pretty while they last.

Of far greater significance is the math model behind the game. If a player doesn't feel they have a chance of winning money they will not return, no matter how attractive the graphics, branding or soundtrack.

And they need to be able to quickly identify the ‘hooks’ in the game, be it the big-money reel symbols, certain features or the bonus rounds.

Once identified, they need to see that these hooks are actually achievable and also provide a level of entertainment that they want to experience again. After all, slots are all about entertainment.

We also think it's critical a product suite offers a diversity of jackpot multipliers and features, allowing the games to appeal to a wide range of player tastes.

The rhythm and flow of the game is particularly important. For example, players are realistic enough to know that most spins will be losers, so the rhythm and flow needs to make this part an enjoyable prelude to the elements of the game they most want to see.

If it's not obvious to a new customer within 10-20 spins how the game works and how to win money, it has failed.

As creatures of habit, it is crucial to have a user interface that requires little thought and retains similarities – or is even an exact copy – from one game to the next.

Yet familiarity should not extend to the math models behind the game. Just because a particular slot has been popular or successful once does not mean it will survive multiple re-skins.

These are just some of the ingredients that are required to make a successful slot game. But, as with any successful recipe, the ingredients need to be of high quality and prepared with great care and skill.

This challenge is the one which separates good games creators from great ones. After all, most of us can knock up a simple meal – but only the best chefs create dishes you'd want to eat again and again.”

Former Ladbrokes and Betsson head of VIP Abid Riaz recently joined Realistic Games to manage their new Gibraltar office and has helped oversee the release of a number of new slots titles

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

OUT NOW: Look out for the March/April issue of *Gambling Insider's* print magazine, including an interview with American Gaming Association president and CEO Geoff Freeman, as well as a look at how bookmakers are increasingly making use of statistics



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NET DEVELOPER (BACKEND)

Location: Malta; **Contract:** Perm

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REVOLUTIONISING I-GAMING RECRUITMENT

UX DESIGNER

Location: Amsterdam, Netherlands; **Contract:** Perm

A creative UX Designer for a role with an up-and-coming mobile casino. You will take responsibility for the development of the creative graphic elements, banners, screens, motion design and landing pages as well as vital visuals for the mobile and desktop brands. Ideal candidates will have a broad, creative design experience preferably from an agency background where a wide range of skills were required, yet be prepared to focus on fewer brands. This is a cornerstone hire for the company who have a view to helping aid career development.

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