



WEEK 28

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THIS WEEK

- California bill hearings cancelled
- Only one bid for New York casino
- Rank loses tax appeal
- Columnist: Alex Capurro on local payments

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TOP STORY

GVC MAKES BWINPARTY PROPOSAL

Acquisition priced at 110p per share



Norbert Teufelberger, CEO of BwinParty, which is the subject of a proposal from GVC

Online gaming group GVC Holdings has made a proposal to acquire operator BwinParty for 110p per share. The proposal, which is understood to also involve provider Amaya Gaming, is said to be worth around £908m. If accepted by BwinParty, the proposal would then be formulated into an offer to the company's shareholders.

GVC Holdings chief executive Kenneth Alexander said: "Based on our experience with the successful Sportingbet acquisition and restructuring, we believe that the potential combination of GVC and BwinParty would result in substantial financial and operating synergies."

A BwinParty statement confirmed that its board has considered the GVC proposal and has "determined to work with GVC so that they can finalise their offer over the coming days".

GVC confirmed in May that it had "submitted a proposal with a view to the group acquiring the entire issued and to be issued share capital of BwinParty". A further announcement was made four days later, confirming that the proposal would be jointly financed by GVC and provider Amaya Gaming.

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Operator 888 Holdings also confirmed in May that it had submitted a proposal of its own to acquire BwinParty.

BwinParty first confirmed in November that it was in preliminary discussions with a number of interested parties, which it said could result in an offer for the operator. BwinParty non-executive chairman Philip Yea told the Financial Times in March that it was in "further discussions" with the potential buyers.

That development was reported on the same day that the operator posted an operating loss of €97.9m for 2014. BwinParty then recorded a 6% year-on-year total net revenue decrease to €155.3m for the first quarter of 2015.

It was announced in June that BwinParty is to sell all of its interests in World Poker Tour to developer Ourgame International Holdings for \$35m.

In a trading statement this week, GVC reported a 14% year-on-year increase in net gaming revenue to €120m for the first half of 2015. Sports wagers went up 19% to €823m, while sports margin decreased from 9.9% to 8.9%.

KEY POINTS

- GVC Holdings confirms 110p per share proposal to acquire operator BwinParty
- Acceptance of proposal would lead to formal offer to BwinParty shareholders
- 888 is also interested in a deal for the operator

LEGAL

CALIFORNIA ONLINE POKER BILLS REMOVED FROM GO HEARING

Hearings for AB 9 and AB 167 pulled from the agenda



Hearings for two separate bills seeking to legalise real-money online poker in California were removed from the schedule of a Governmental Organization Committee hearing that took place on Wednesday.

Assemblyman Mike Gatto [pictured] removed his AB 9 bill, which was introduced in December, while AB 167, a separate online poker bill that was introduced by Assemblyman Reginald Jones-Sawyer in January, was also pulled from the agenda.

Gatto said: "I believe this is the right thing to do at this point because there is no consensus on the issue yet. My bill has an 'urgency' clause, and thus it can be resuscitated at any time."

GO Committee chairman Adam Gray introduced his own online poker bill, AB 431, in February, which the GO Committee voted unanimously in favour of in April before the Assembly Appropriations Committee approved the bill in May.

KEY POINT

- Hearings for California's AB 9 and AB 167 have been cancelled

US

ONLY ONE CASINO BID FOR NEW YORK'S SOUTHERN TIER

Developer Jeffrey Gural applies for licence

Bidding for a casino licence in New York's Southern Tier ended on Monday with only one proposal submitted to the state's Gaming Facility Location Board, report the New York Times.

Real estate developer Jeffrey Gural, owner of the Tioga Downs racetrack [pictured], submitted plans for a casino worth nearly \$200m at the racetrack site in Nichols.

Meanwhile, the city of Boston has begun issuing subpoenas in its lawsuit against the Massachusetts Gaming Commission (MGC). Both parties have been embroiled in a dispute since January concerning the Commission's decision to grant a licence to operator Wynn Resorts.

Lawyers representing the city of Boston have alleged that the MGC bent the rules in awarding the rights to the Everett site in order to ensure the success of the Wynn Resorts bid.



KEY POINT

- Only one proposal has been submitted for a casino licence in New York's Southern Tier

UK

RANK LOSES SUPREME COURT APPEAL
Court supports Court of Appeal's decision on VAT dispute

The Supreme Court has unanimously dismissed operator Rank Group's appeal against a Court of Appeal decision regarding VAT it was ordered to pay to HM Revenue and Customs on its takings from certain slot machines between 2002 and 2005.

The dispute centred on whether the machines were subject to VAT, and

the Court of Appeal ruled in favour of HM Revenue and Customs in 2013, overturning previous rulings in favour of Rank from the VAT and Duties tribunal and the High Court. Rank appealed the Court of Appeal's decision.

Explaining the reasoning behind its ruling, the Supreme Court said: "The natural meaning of 'machine' in context supports the Court of Appeal's approach."

KEY POINT

- Rank Group has lost its appeal regarding the payment of VAT on certain slot machines between 2002 and 2005



Photo: UK Supreme Court

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"UNDERSTANDING LOCAL PAYMENTS"



by **Alex Capurro**
 Founder and CEO,
 Easy Payment
 Gateway

"There are 100s of payment solutions across the globe. There is so much noise in the payment space right now that for any given merchant, especially a start-up, it's difficult to understand which solutions are the right ones.

Should you go for alternative and e-wallet type solutions? Are credit cards enough? Does having one acquirer cover the entire world? Should you integrate into each solution yourself or go through a gateway?

These are the typical questions that any merchant will have. But offering local payments goes beyond all that. There are other factors that need to be taken into account, factors that sometimes are forgotten.

At Easy Payment Gateway (EPG) we believe that customer journey experience is also a very important factor in increasing your conversion rates. The payment pages that you offer your customers need to be adapted and localised to each country you target. That means localisation of the text, formatting and styling – even the colours you use are important for regions such as Asia. It's also important to know the preferred device of choice for each region you cover. Is it mainly desktop or mobile? This leads to the importance

of offering a good customer journey experience on both desktop and mobile versions of your site.

If credit cards are the payment method of choice, then 3DS (3-D Secure) vs non-3DS is also an important decision that needs to be made. At EPG we strongly believe in dynamic 3DS configuration, which basically enables our merchants to create rules in real time to determine whether 3DS should be on or off. These rules can be based on the country of the customer, value of the transaction, risk, mobile vs desktop, age of the customer account or any other combination of parameters the merchant wishes to use.

All of the above are important factors that need to be considered when offering local payments. Once understood, we can concentrate on offering the right payment solutions for every region that is required. It's important to remember that credit cards are not the main method of choice across the globe. For example, in northern Europe bank transfers and direct debits are the main solution of choice. Southern Europe is stronger with credit cards, as well as other parts of the world such as India and Brazil.

However it is also important to understand that having a local acquirer can increase the acceptance of your transactions by around 30%. It can also significantly reduce costs since there would be no FX conversion costs. So when choosing an acquirer it's important to understand if they offer local BIN ranges or if they simply have an international licence. Where you intend to offer your services will determine the type of acquirer you require.

There are other regions of the world, such as Asia for example, where the

main payment method of choice is China Union Pay and wallets such as Alipay. Without these solutions you will probably have a decline rate of 60% or more since the majority of customers from Asia will only use China Union Pay or Alipay. Similarly in countries such as Russia, local solutions are a must, with solutions such as Yandex and WebMoney being the main payment methods used by customers in that country.

Unfortunately one solution does not fit all. Offering credit cards or a very well-known solution does not guarantee a good success rate for any business. It's important to offer the right solution to each customer. Only then can we improve conversion rates."

Alex Capurro is the founder and CEO of Easy Payment Gateway Ltd (www.easypaymentgateway.com), a leading edge payment management platform. EPG is a Gibraltar-based firm that provides a range of technology and software services for the payment industry including a cutting edge routing engine.

Alex's experience includes being CEO of 21FIFTY, a software development company specialised in payment integrations and mobile applications, and CTO/founder of Myriad Payments, a unique gateway solution platform for the gaming industry.

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