



WEEK 12

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THIS WEEK

- Amaya results reveal net loss for 2015
- Tennis match-fixing scandal rumbles on
- North Jersey casinos referendum confirmed
- Column: David Chang, CEO Betcade

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TOP STORY

MONEY LAUNDERING DEBATE HEATS UP

FOBTs make national headlines, so should betting companies increase AML measures?



GI asked those on both sides if allegations of money laundering in betting shops warranted increased regulation.

Adrian Parkinson, Consultant and Spokesman, Campaign for Fairer Gambling:

My view on it is that the figures are extremely low. We pushed the story about 633 suspicious activity reports (SARs – filed by the UK non-remote betting sector between April 2014 and March 2015) and one of the reasons we did that is not because we’re trying to say that 633 is a huge number – it’s actually not.

We don’t assume that fixed-odds betting terminals (FOBTs) are the be all and end all of money laundering. The point is that not enough SARs are being reported and that the product that is offered within betting shops that offers the best opportunity for people to launder money and transact proceeds are FOBTs, because of the anonymity.

The government is considering whether to include betting shops in the EU4 money-laundering directive. Why would you want to be excluded? All it asks for is that anybody transacting £1,500 of cash in a 24-hour period should be identified by a company and the company should keep a record of those individuals losing that amount of money. **CONTINUED ON NEXT PAGE ►**



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FROM FRONT PAGE ►

Ciaran O'Brien, Group Communications Director, William Hill:

These SARs should not affect the image of the industry. However, there is an active campaign who will misuse information to portray the industry in a negative light. Gambling does divide opinion and it does make good copy for the media.

If there is any suspicion of attempted money laundering, our security teams are informed and the customer would be approached for further details, such as proof of income. If appropriate, an SAR will be submitted. The idea that these are easy vehicles for money laundering does not make sense.

We are looking at ways the industry can cooperate more closely to share information and minimise risks.

KEY POINTS

- The industry has reacted to reports of potential money laundering occurring via UK betting shops
- Adrian Parkinson of the Campaign for Fairer Gambling thinks the published figures are lower than they should be

- Ciaran O'Brien of William Hill says high-stakes customer play can be tracked and reported as suspicious if necessary

FINANCIAL

AMAYA REVEALS NET LOSS FOR 2015 Analyst says Amaya's resources have had to be diverted

PokerStars owner Amaya has reported a net loss of C\$25.9m (£13.8m) for 2015, down from 2014 earnings of C\$125.2m.

More positively, adjusted net earnings improved 18% year-on-year to C\$372.2m.

The firm said the adjusted figure represents the earnings/loss from continuing operations "before interest accretion, amortisation of intangible assets resulting from purchase price allocation following acquisitions, stock-based compensation, restructuring, foreign exchange, and other non-recurring costs".

Amaya CEO David Baazov specifically highlighted "challenges" relating to foreign exchange and product rollout.

Revenue increased 8% to C\$1.37bn, adjusted EBITDA rose 11% to C\$586.9m.

Warwick Bartlett, CEO of Global Betting and Gaming Consultants, commented:

"In the investor call, Baazov said the firm would not be drawn into sponsoring in the English Premier League to promote the sportsbook, BetStars. The return on investment would not warrant this. This demonstrates the difficulty in being a late entrant into the competitive sports-betting market and having to divert resources to paying down the interest on the purchase price debt rather than on the product.

"Moving towards regulation clearly has a cost, as most other companies in the sector are beginning to find out. Having said that, revenues have held up very well indeed and are at a level consistent with those produced by the previous owners. The PokerStars brand is almost a monopoly provider for the provision of online poker."

SPORTS BETTING

NEW CLAIMS ABOUT POTENTIAL TENNIS MATCH-FIXING COME TO LIGHT

Investigation includes top players, says prosecutor

An Italian prosecutor investigating match-fixing in tennis claims that two



of the players being looked into have been ranked inside the world's top 20, prompting the Tennis Integrity Unit (TIU) to be further criticised for not heavily pursuing the issue.

According to prosecutor Roberto di Martino, more than two dozen non-Italian players have been named by gamblers, though whether they have connections with the ATP and WTA tours has not been specified.

Italians Potito Starace and Daniele Bracciali have been arrested and charged with crimes relating to match fixing, now di Martino wants to see more players investigated by the TIU, who he claims have only been interested in investigating Italian players.

Di Martino told BBC's File on 4 programme and BuzzFeed News: "I do not understand why there was no real initiative by the IU to establish if there was something dirty behind this."

The TIU countered: "The TIU, supported by the governing bodies of tennis, strongly refutes any suggestion made by the public prosecutor in Cremona,

Italy, that evidence of match fixing in tennis has been ignored."

US CASINOS

NORTH JERSEY CASINO REFERENDUM IS ON; STATE BREAKS I-GAMING RECORD AGAIN

State Senate and Assembly approve November vote; online revenues up

It has been an interesting week for the New Jersey gaming market. A referendum on legalising casinos in north Jersey has been given the green light, and the record for monthly i-gaming revenue has been broken for the fourth consecutive month.

Both the state Senate and state Assembly passed the proposed resolution, with the Senate voting 34-6 and the Assembly voting 54-15 with three abstentions, meaning that voters will get to decide on 8 November whether or not to legalise two casinos in north Jersey.

Atlantic City is currently the only region of New Jersey where casino gambling is legal.

That update was followed by the New Jersey Division of Gaming Enforcement's

releasing of figures for February, which showed that i-gaming generated \$14.7m, up from January's \$14.6m and showing a year-on-year increase of 41%.

Casino gaming win was \$189.96m, up 13% year-on-year, and overall gaming win was \$204.7m, up 15%.

TRIBAL GAMING

TRIBAL CASINO FAST-TRACKED TO AUGUST 2017

Massachusetts to have its first full-scale casino

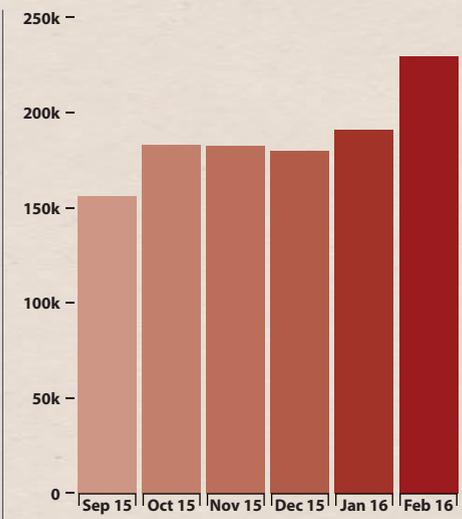
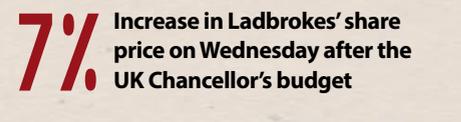
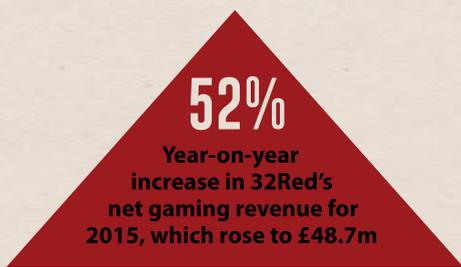
The Mashpee Wampanoag tribe has announced plans to open its \$1bn casino in Taunton by August 2017, with construction set to begin next month.

The site, which measures 150 acres, will be home to the First Light Resort & Casino which is expected to be Massachusetts' first full-scale casino, offering a full range of gambling games including blackjack, roulette and slots.

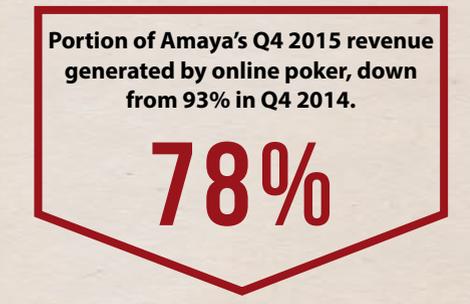
The second phase of the construction is expected to include three 15-storey buildings which would accommodate 900 hotel guests and entertainment space.

THIS WEEK IN NUMBERS

The facts and figures that have caught our eye in the past seven days



Delaware online gaming net revenue (\$) September 2015-February 2016
Source: Delaware Lottery



GUEST COLUMNIST

“THE GAMBLING APP TRENDS THAT WILL IMPACT 2016”


By David Chang
CEO, Betcade

This is an exciting time to be part of the gaming industry, it's a time of huge change. More competition than ever before and the challenge of engaging with a whole new generation of consumers with entirely new preferences have truly placed the industry at a critical crossroads. Major innovation is happening around all aspects of gaming apps, but there are significant trends that will have a real impact this year.

Personalisation

Studies show that consumers presented with too many options find decisions harder to make. Helping players get to what they want more efficiently instead of showing them everything improves their experience as well as your KPIs. Personalisation allows you to remove the clutter and focus on what each individual player wants, essentially customising each player's experience and forging a deeper connection. Players will engage more with an app that addresses their specific needs and abilities.

Simplification

In a competitive market, user experience is one of the most important ways to distinguish yourself. You need only look

at the runaway success of the minimalistic game Dots to see just how big the trend of simplification is. There are a lot of facets to simplification. On the design side we're seeing flat design and very simple navigation, and even a trend towards "no UI". But as important is the actual number of uses and function an app has, which is also trending more towards a smaller number. This trend is slimming down user experiences into separate apps instead of having a big Swiss Army Knife of functionality. A single game will perform better than a heavy, one-size-fits-all app trying to be everything to everyone. This might feel like a risk at first, but this trend towards simplification has met with success in other app genres. You'll get players engaged and playing more quickly and you'll have the luxury of being more focused and therefore having more effective re-engagement tools. Better performing games also let you effectively cross-sell into your other titles.

Native apps edge out container and hybrid apps

In all other mobile categories, we are seeing that users overwhelmingly prefer native apps to the mobile web. This trend has gone on for quite some time now and is only expected to continue. In many ways, container and hybrid apps have been a functional necessity due to some pretty severe constraints on mobile distribution from both of the big app stores. Once those constraints have been lifted by new players in the market, native apps, which are the preferred media, will simply perform better.

Universal app experience

Consumers expect to be able to engage with your content when and where they want. They have come to expect

a consistent experience at the same level of quality wherever they interact with you. The operators who come out ahead this year will do so by creating a single basic app experience – along with a unified account and wallet – regardless of whether players are interacting with you via web, phone or tablet. You can think of mobile as the always-on access point to your universal app. It's going to boost all of your other channels. Netflix is a great example of a brand that fully understands this and has leveraged it to their benefit and the benefit of their users.

The rise of Android

I've written about this in the past, so I won't go into it in as much detail here. But Android is the world's top mobile OS and in other entertainment verticals the revenue mix for iOS vs Android is 60/40 compared to gaming's dismal 95/5 split. Eliminating distribution constraints and the ensuing workarounds that are contributing to a sub-par player experience not only unlocks a major market, but more importantly gives players the world class experience they deserve, and that they are increasingly already accustomed to.

Betcade founder and CEO David Chang was formerly CMO and Head of Industry Relations at Gamblit Gaming, and previously founded two mobile games companies, both of which are still active today: Gamiker Inc and OnNet Europe GmbH. David has had extensive, successful experience launching and scaling companies in the games and gaming industries both in the US and worldwide and is known in both industries as an expert in online games, real-money gaming content and technology, regulatory issues and payment models.

OUT NOW: Look out for the March/April issue of Gambling Insider's print magazine, because it's time for this year's marketing special. Exclusive content in the issue includes interviews with Ladbrokes' new CMO Kristof Fahy and NYX Gaming Group CEO Matt Davey

