



WEEK 19

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THIS WEEK

- Q1 should please Paddy Power Betfair
- Premier League shock dents bookmakers
- DFS legal updates for Alabama and Idaho
- Guest column: Rory Shanahan, SG Interactive

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TOP STORY

PADDY POWER BETFAIR ENJOYS STRONG Q1

Operating profit and net revenue are up for first reported period since merger



Paddy Power Betfair CEO Breon Corcoran has overseen a successful Q1

Paddy Power Betfair has reported a 36% year-on-year operating profit increase to £42.5m for the three months ended 31 March, the first quarter that the merged group was in operation.

The merger completed in February and the results were reported on a pro forma basis, as though Paddy Power Betfair had always been a merged group.

Overall net revenue rose by 16% to £339m, while online net revenue was £195m, up 17%. A total of 95% of revenues were generated in regulated markets.

Sports net revenue was £254m, showing an upturn of 16% and EBITDA was £59.1m, up 27%.

Paddy Power Betfair said sports revenues were affected by adverse sports results in the quarter this year as well as last year, notably at this year's Cheltenham Festival in March, where customers' net winnings were over £20m.

The adverse sports results were also said to have led to a 1% decrease in like-for-like revenue in retail, excluding the impact of new shops and year-on-year currency movements. Overall retail revenue went up 5% to £67m.

The results of Paddy Power and Betfair will no longer be reported separately, though Betfair was singled out for US revenue, which increased 22% to £20m, as Paddy Power does not operate in that market. **CONTINUED ON NEXT PAGE ►**



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That means that the last understanding that could be gauged as to which brand contributes the most net revenue was in the last financial report, where Paddy Power's full year 2015 figures and Betfair's three months ended 31 January 2016 numbers were reported.

Paddy Power's full year 2015 net revenue was £1.09bn and net revenue for the group in the same period was £1.32bn.

On integrating the two businesses, Paddy Power Betfair said: "Our leadership team has been appointed and the restructuring of their teams, where required, has commenced. This involves the rationalisation of some duplicated roles and the consolidation of our office locations. We remain confident that our target of delivering synergy cost savings of £50m per annum will be achieved."

KEY POINTS

- Paddy Power Betfair reported increases for operating profit and net revenues for Q1 2016
- Adverse sports results impacted on sports revenues

- The results of the businesses have been reported separately for the last time

LEGAL

DAVID BAAZOV PLEADS NOT GUILTY TO INSIDER TRADING CHARGES If found guilty, the former Amaya CEO could spend up to five years in prison

David Baazov, currently on indefinite leave from the position as CEO of Amaya, is said to have pled not guilty to charges related to insider trading.

Quebec financial security regulator the Autorité des marchés financiers (AMF) announced in March it had brought five charges against Baazov, "in particular for aiding with trades while in possession of privileged information, influencing or attempting to influence the market price of the securities of Amaya inc., and communicating privileged information".

The AMF was reported by The Canadian Press to have said that Baazov and five other parties have all pleaded not guilty in writing.

The other parties charged were Benjamin Ahdoot, reportedly a childhood friend of

Baazov's, Yoel Altman, reportedly a lender and advisor to Amaya, Diocles Capital inc., Sababa Consulting inc. and Ontario inc., a biopharmaceutical company.

Privileged information was allegedly used by the accused between December 2013 and June 2014. The AMF also executed search warrants against 13 individuals alleged to have traded securities while in possession of privileged information or leaked private information about M & A activity related to Amaya, including Josh Baazov, brother of David.

AMF spokesperson Sylvain Th berge reportedly said that the penalty for insider trading ranges from \$5,000 to \$5m per charge plus up to five years imprisonment.

UK SPORTS BETTING

BOOKIES HIT BADLY BY LEICESTER CITY'S TITLE WIN

The unlikely success will cost operators an approximate £25m

Bookmakers have been paying out record sums on wagers after Leicester City was confirmed as Barclays Premier League champions on Monday.

Sky Bet has paid £4.6m on the Foxes' triumph, which was widely reported as having odds of 5,000-1 going into the first game of the season in August, paying out to 128 customers.

It is thought that the 5,000-1 odds make this the most unlikely win for bettors on a single event in UK sports-betting history.

A total of 57 Ladbrokes customers were also victorious, with 36 of which cashing out early and the highest remaining bet being a £20 stake, giving the winner a prize of £100,000.

The total cost of the east midlands club's success to operators is estimated to be around £25m, reportedly more than any other event in sporting history in the UK.

It was confirmed last Friday that both daily fantasy sports (DFS) operators would comply with the state's Attorney General's (AG) ruling that paid DFS contests constitute illegal gambling in the state.

That was followed by both operators pulling out of Idaho on Monday after the state AG had come to the same conclusion.

The operators have pulled out of six US states in the past six months, going back to when they opted to pull out of Nevada in October, while DFS has been made legal by three states – Indiana, Virginia and Tennessee.

by Wired, has reportedly privately confirmed that there is truth behind the rumours to the BBC, the Economist and GQ. Wright made the news public with his own statement, in which he aimed to prove the claim.

The website drcraigwright.net contains a blog post by Wright, which stated: "Be assured, just as you have worked, I have not been idle during these many years. Since those early days, after distancing myself from the public persona that was Satoshi, I have poured every measure of myself into research."

Wright went on to attempt to prove his claim by cryptographically signing it with one of Nakamoto's private keys.

Opinion on the claim is split, with Bitcoin foundation chief scientist Gavin Andresen claiming he met Wright in person and had cryptographic verification messages verified by him, while programmer Patrick McKenzie does not believe the signature is exclusive to Nakamoto.

DFS

FANDUEL AND DRAFTKINGS OUT OF TWO MORE STATES

Alabama and Idaho have been added to the no-go zone

FanDuel and DraftKings have pulled operations from two more US states in the past week.

ONLINE

BITCOIN FOUNDER CLAIM PROVOKES MIXED REACTION

Is Craig Wright Satoshi Nakamoto?

A man claiming to be "Satoshi Nakamoto", the pseudonymous founder of the bitcoin crypto-currency, has come forward.

Craig Wright, who was named as the founder by Gizmodo in December and also connected to being the founder

THIS WEEK IN NUMBERS

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



GUEST COLUMNIST

"IS YOUR UX DRIVING REVENUE?"



By Rory Shanahan
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Products &
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Interactive

UX, or user experience, is the all-encompassing experience a player has with your product or brand.

Investing and optimising the best user experience can positively affect your bottom line. The slightest change can enhance a user's experience and their value to you. As evidence:

- Expedia dropped an optional form field asking users to input their company name and managed to increase conversions leading to \$12m in additional profit.

- Veeam Software changed one word in their call to action. By updating the "Request a Quote" button to say "Request Pricing", they saw a 161% increase in click-through rate (CTR).

- Moz, a digital marketing company, created a new sign-up page based on user feedback and raked in an additional \$1m in annual revenue.

Even if you don't have a dedicated UX expert in-house, there are some simple things you can be thinking about when looking at your brand's user experience.

A/B testing can lead to an A+ experience

If there's the possibility that a simple change could make a big impact, A/B test it. A/B testing is when you compare two

variables over a span of time to determine which performs or converts better.

Ensure you have a large enough sample size and that you only test one thing at a time – otherwise it may be difficult to pin down what's actually responsible for the conversion increase. Some impactful items you can A/B test include:

- Call to action buttons
 - Location
 - Colour
 - Wording
- Email subject lines
- Email sends
 - Time of day
 - Day of week

Responsive design will have a positive response

Your customers are likely looking at all of your digital touch points on a variety of platforms and devices. It's important to make sure that your online casino, brand website, emails to your player database etc. are designed to be responsive so that they are easy to engage with, whether on a full desktop screen, an iPad or a mobile phone.

Search and filter functionality is your best friend

The ability to search and filter is an extremely common feature that users expect and look for when landing on a site. How accurate is your search functionality? Is there an option for players to filter by game type, brand etc.? Allowing your player to search and filter gives you a goldmine of data. Did they find what they were looking for and stick around or did they give up and bounce? Make refinements based on these findings to help your user get to the content

they want as simply as possible.

Players expect a seamless, integrated experience with your brand at every touch point. Are you delivering? Try out some of these optimisations to see if a small change can make a big difference.

Rory Shanahan has more than a decade of experience in the global gaming industry. As Director B2B Products & Marketing for SG Interactive, Shanahan ensures player and partner satisfaction for the SG Universe product suite. Prior to his current role, Shanahan was responsible for strategy and execution of company marketing initiatives and B2B social product development.

Shanahan joined SG Interactive (then Williams Interactive) as the head of marketing in early 2013. Prior to joining Williams Interactive, Shanahan worked with its sister company WMS Gaming as Senior Marketing Manager, directing WMS' B2B and B2C marketing communications efforts in support of more than 100 annual casino game launches. Shanahan began his career in the global gaming industry in marketing and operations for the World Series of Poker in Las Vegas.

Would you like to be featured as a guest columnist in GI Friday? Get in touch with your topic ideas and you could appear on these pages. Write to: editor@gamblinginsider.com

COMING SOON: Keep an eye open for the summer sports-betting special of *Gambling Insider*, out next week. The potential impact of the UK leaving the EU, the Horserace Betting Levy saga and potential casinos in the Eastern Med are just some of the other issues being tackled

