



WEEK 37

FRIDAY 9 SEP 2016

THIS WEEK

- Coral moves sportsbook offering in-house
- Parisian Macau has 150 new tables approved
- Racing Partnership has new partners
- Guest Col: Chris Hirst, Fast Track Solutions

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TOP STORY

MORE PAYSAFE ACQUISITIONS ON HORIZON

Divisional CEO comments after Paysafe Group acquired Income access for CAD\$40m



It was announced last week that payment provider Paysafe Group has acquired affiliate technology firm Income Access for CAD\$40m (£23m).

Paysafe Divisional CEO Lorenzo Pellegrino spoke exclusively to *Gambling Insider* about the thinking behind the acquisition and what the future holds for Income Access under the Paysafe umbrella:

What can Income Access bring to the group that it has previously been missing?

Income Access is a capability-enhancing acquisition for Paysafe. It provides Neteller and Skrill with value-added services that extend beyond payments and will make our overall offering 'stickier' for merchants. This acquisition is also about gaining access to an enhanced merchant channel for Skrill and Neteller.

What position do you see Paysafe Group being in after the effects of the Income Access takeover occur?

It embeds our relationship with merchants as a preferred payment service provider for their affiliate payments and allows us to expand our collaborative marketing efforts to drive new customer acquisition. The enhanced merchant channel it brings strengthens our competitive position, **CONTINUED ON NEXT PAGE ►**



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among other benefits. It also leverages relationships to expand revenue-driving activity both in and outside the i-gaming space.

What changes, if any, will be implemented to Income Access' operations following the acquisition?

For the foreseeable future it's simply business as usual. Nicky Senyard stays on, now in the role of managing director, and Sarafina Wolde Gabriel has been promoted to VP Strategy and Operations. The Income Access team, which will maintain its base in Montreal, will benefit from some members of the Paysafe team, including Lee-Ann Johnstone, joining them based from our offices in London, responsible for business development and marketing.

What will be your level of involvement with Income Access and how will Nicky Senyard's day-to-day role as managing director alter from duties as CEO?

Nicky has done a great job establishing and running Income Access to make it the business it has become today. There will

be no immediate change in her day-to-day role, but as part of the Paysafe Group she will be collaborating with other areas of our business, identifying synergies and new ways of working together for the benefit of all. Nicky reports to me, so working closely with her, I will be responsible for the overall steering and success of the Income Access group, as I am for the Skrill and Neteller brands and with the management team who support me there.

KEY POINTS

- Paysafe Group has acquired affiliate technology company Income Access in a CAD\$40m deal
- Nicky Senyard will stay on as managing director of Income Access
- The move comes after Paysafe acquired Skrill for €1.1bn in August last year, when still named Optimal Payments

SPORTS BETTING

CORAL MOVES SPORTSBOOK OFFERING IN-HOUSE

The move ends Coral's partnership with Playtech-owned Mobenga

Coral has launched a new in-house online sportsbook, migrating its mobile and tablet offering in the process.

The desktop and mobile Coral sportsbook sites have been combined into one simplified product.

This brings an end to Coral's partnership with Playtech-owned Mobenga, and reasons given for the change are that the new platform will create a streamlined development pipeline, improving tracking, reporting and analytics.

Playtech signed a 10-year deal with Gala Coral in 2011 that allowed it to provide the operator with all of its online technology.

It is an interesting development, given that Playtech is set to own shares in the enlarged Ladbrokes Coral group, should the planned merger complete, pending the sale of 350-400 shops.

Mor Weizer, Playtech CEO, also made it clear that growing sportsbook revenue was one of the provider's top priorities when speaking to *Gambling Insider* on the back of Playtech's H1

results, where sport accounted for 10% of group revenue with €17.7m.

Coral's financial report for the 12 weeks ended 2 July, released last week, showed that online sports betting net revenue for the quarter was £19.4m, up 37% year-on-year.

ASIA CASINOS

MACAU APPROVES 150 GAMING TABLES FOR NEW SANDS RESORT

The Parisian Macau will open with 410 live-dealer tables

Casino operator Sands China has confirmed that the Macau Government has granted a quota of 150 gaming tables for its new resort, the Parisian, which is scheduled to open on 13 September.

Located on the Cotai Strip and boasting a half-size replica of the Eiffel Tower, the Parisian will open with an allocation of 100 new-to-market table games, receiving a further 25 tables in 2017 and 25 more in 2018.

That allocation of 150 matches that of Wynn Palace, which opened its doors on 22 August, but is significantly

lower than the 250 gaming tables granted to both Galaxy Phase 2 and Studio City in 2015.

COO of Sands China, Wilfred Wong Ying Wai, told the Macao Daily News that the Parisian will open with a total of 410 live-dealer gaming tables, with 310 from other Macau properties operated by the firm. Of those tables, 49 will be for VIP gambling.

HORSE RACING

THE RACING PARTNERSHIP ANNOUNCES NEW BETTING PARTNERS

Latest sign-ups place broadcast ventures services in more 900 betting shops

The Racing Partnership (TRP), a broadcasting venture launched this month by a partnership of Arena Racing Company and seven independent racecourses, has confirmed a number of new betting partners.

Operators including Boylesports, Sean Graham, Bar One, Track Sports, Bambury, Fox's and Mulholland's are among those to have signed up to TRP services.

In addition to these Irish operators, East Midlands-based Mark Jarvis has signed up its 57 shops to TRP, taking the number of betting shops in the UK and Ireland signed up to TRP to over 900.

TRP will offer coverage of around 650 fixtures from UK racecourses every year, while it will also cover all South African racing.

Managing Director of Mark Jarvis, David Cox, said: "Naturally we have thought over the matter very carefully, and at the end of the day, it comes down to the fact that TRP content is essential for us.

"This is particularly the case from 1 January 2017 when six key racecourses move from SIS to TRP, including Lingfield Park, Wolverhampton and Southwell."

Director of TRP, Mark Kingston, said: "It is great news to have signed up a large number of independent licensed betting offices in Ireland and the UK in the same week that the channel successfully went on air.

"This creates real momentum for TRP."

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THIS WEEK IN NUMBERS

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



Stake in Sky Betting & Gaming held by CVC Capital Partners, rumoured by the Sunday Telegraph to be eyeing a stock market flotation of the operator early next year



Rio 2016 Olympic betting revenue in France, up 77% from London 2012



The year PokerStars would have been able to enter a regulated California i-poker market had AB 2863 been signed into law this year, but the state's legislature deadline has now passed



Paysafe Group's market cap, according to Yahoo Finance



Intralot's group revenue for H1, a year-on-year rise of 3%

The number of consecutive months Macau's gross casino revenue declined year-on-year, before August's 1% increase to 18.84bn patacas (£1.78bn)



Intertain's claimed share of the online bingo market – Intertain announced this week its intention to float Jackpotjoy on the LSE



The per share cost of Scientific Games' acquisition of DEQ Systems

5

Total number of complaints across two cases made to the Advertising Standards Authority regarding misleading free bet offers advertised by Coral – The complaints were upheld in both instances

5

GUEST COLUMNIST

THE BIG BANG OF LIVE CASINO



By Christopher Hirst

Co-founder, Fast Track Solutions

A decade ago a new product was introduced to the online gaming world, way back when online poker and sports were the dominating forces in the global online gaming market. This new product pitched a completely new experience, changing the way players play online casino.

The ability to play with physical dealers! In a real location! In real time! All through the comfort of your computer. Welcome to the future. Well, not quite yet.

The product vision in many aspects was way ahead of the capabilities of the technology to hand at the time,

and to execute on this vision was tough. The experience was lack-lustre with frequent disconnections and video streaming challenges. As a result, Live Casino as a product found itself difficult to break into mainstream.

10 years later things have changed, a lot...

Where there was once only a couple of Live providers, there are now dozens. Today Live Casino is a staple product for anyone looking to operate a successful online gaming site. A number of early adoptees are now reaping the results. Many blue chip operators are posting revenues of 20% in Live Casino of total Casino revenue, and it's still growing. Technology has finally caught up, and Live Casino is not shy about making the most of it.

Launching Live Casino into your Product Mix

If you're looking to launch a Live Casino product there are a few key things to consider:

It will take time for your players to adopt, irrespective of the main keys for launching successfully such as timing to market, quality of content and promotion. Measuring a successful launch of Live content works slightly differently from other casino products. Take RNG based content for example. If you launch a quality casino game to your players, you will see a big spike in activity for that specific game and then a subsequent decline after a period of time. This period of time is typically determined by promotional agendas, product positioning and competition. Regardless of these factors, the game will eventually decline in activity and settle at position of activity, usually determined by the quality of the content.

When you launch a Live Casino product the activity curve will work somewhat differently, with steady adoption rates on launch and a gradual increase of this activity over time. This growth curve can be accelerated through a number

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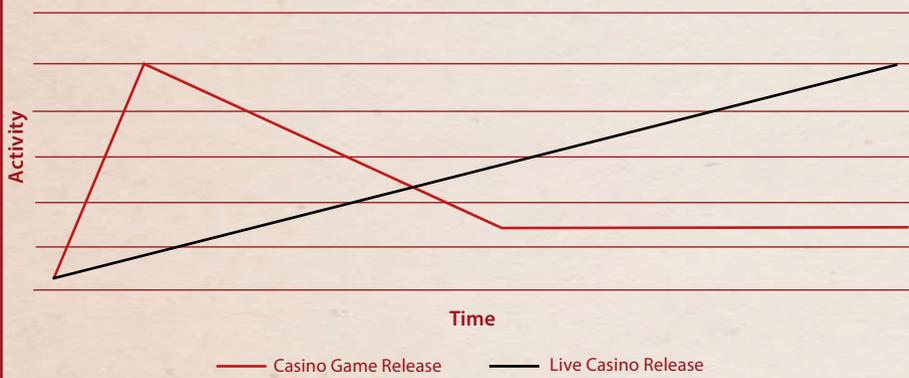
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Growth Curves of Casino game Release Vs. Live Casino Release



Casino activity and your existing player ARPU. I have often heard that promoting Live Casino to existing casino players may be counterproductive, as the margin in Live products is lower e.g. European Roulette & Standard Blackjack have margins of 2.7% and 0.6% respectively (Blackjack can present a much higher margin dependent on quality of play). Whilst looking at a typical RNG casino game you can expect an RTP of anywhere between 2-7% (dependent on the game). Therefore it's natural to be apprehensive. However, turnover on Live products tend to be significantly higher per user vs. slot content e.g. player generates 1,000 units in turnover on roulette and house takes 27 units in Game Win. Player generates 100 units in turnover on a slot and house takes 3 units in Game Win. In addition to this, as a rule of thumb, if there is a demand in the market for a product and the product matches the player's expectation in quality, your ARPU per player will

of external factors, such as marketing efforts and positioning. Nevertheless the underlining point is that it will take time for your existing players to adopt to your Live Casino product. This is down to player trust and player adjustment of experience to expectation.

Understand your Live Casino players
There are a number of different segments of Live Casino players. However for the sake of opportunity

there are two distinct categories of players that we will look at that will likely present the highest propensity of activity in your Live Casino.

1. RNG/Casino players
If you already have a strong player base of casino players, and you're either launching a Live Casino product or already have one, cross-selling players from casino to Live Casino can be a great way to boost Live

always increases the more products your player plays.

When cross-selling, give your players some patience. As I stated earlier it will most definitely take time for your casino players to adopt to Live Casino. As technology has improved the Live Casino product, it's really beginning to match player expectation in terms of quality of experience, so it's never been easier to cross-sell, simply telling your existing casino players that Live Casino is there can be enough. However, you will find that not all your RNG Casino players will want to play Live, in many aspects the two products are very different from a game play and overall experience perspective.

2. Live Casino only players

If you really want to catapult your Live Casino into the stratosphere of success, there's an abundance of Live Casino only players out there. These players have either already adopted to Live Casino and are

playing elsewhere or are current land-based table game players that haven't yet made that leap online.

In order to acquire these players, you need to understand what drives them to play only Live Casino, and that's trust. Ensure your brand and product embodies this.

Junketeering programs can be a very effective method of acquiring extremely high value VIPs to your Live Casino (if you can handle the swings). Begin networking with Junkets offline and soon enough you will find opportunities to bring players online.

Bring your Live Casino product to the front of your shop window and marketing activities, if players can't see it they won't play it.

Research markets in which trust of gameplay is the number one priority for a player choosing an online casino to play with. There are a number of markets out there that have extremely high acquisition rates for Live Casino.

The future of Live Casino is here

To sum up, Live Casino is too hard to ignore, if it's not a focus for your online casino it should be, or you will really be missing out. Leading operators on the market today are already deriving significant revenues from the product and it will continue to grow.

Christopher Hirst Co-founded FAST TRACK Solutions in 2016. Previously he headed up Live Casino for Betsson Group and has held various product ownership roles over the last ten years

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

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Guy Bartlett, Business Intelligence Analyst

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