



WEEK 12

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THIS WEEK

- **No more online poker down under**
- **Pennsylvania to reform online gambling**
- **Betfred gets social with Caleta**
- **Energybet pulls out of Poland**
- **Guest Columnist: Andrew Daniels, Managing Director, Degree 53**

AUSTRALIA BANS ONLINE POKER

Live sports betting also outlawed in regulatory clampdown



Australia's federal government has passed the Interactive Gambling Amendment Bill 2016 in order to close a number of regulatory loopholes, in turn placing a ban on online poker and live sports betting. The Australian Senate has been reviewing the propositions of the Amendment Bill since November 2016.

The Interactive Gambling Amendment Bill 2016 was introduced back in November by the Minister for Human Services, Alan Tudge. The bill came about after the Review of Illegal Offshore Wagering in 2015 recommended the tightening up of federal laws around gambling online.

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THIS WEEK IN NUMBERS



Amount Tabcorp was fined for breaching AML and counter-terrorism laws



888's full-year pre-tax profit increase for 2016



Drop in table games revenue in Pennsylvania



Number of casino expansion bills rejected by Mississippi Gaming commission this week



\$2M

Amount Edgeless.io raised in ICO crowdsale

The restructuring of Australia's gambling laws is largely divided, with a number of conservative MPs backing tougher stances and restrictions on online gambling, amid the growth of remote betting operators targeting Australian consumers.

However, Liberal Democrat Senator David Leyonhjelm told The Huffington Post Australia: "It's stupid. If you want to play poker, there are lots of opportunities in Australia, at casinos and tournaments. It's not as if there isn't a great deal of poker playing already, but they're just stopping it online. The whole world is online now."

Leyonhjelm said that the Australian online poker community has been utilising a loophole and claimed that the changes to the bill are unnecessary and ineffective. He adds: "The original 2001 law was meant to stop online gambling of many kinds, but it didn't, there was a loophole. If you have a virtual private network or offshore account, you will still play. It's a stupid situation to be in."

Furthermore, the bill has placed a ban on live sports betting to help reduce match-fixing, but Leyonhjelm claims that the amendments actually help it develop: "In the UK, there are licensed providers of in-play betting and the government taxes them. They raised hundreds of millions in revenue last year. They are also able to audit the betting to link sports events being rigged and correlate that back to activity, to follow the money trail."

Operators 888poker and Vera&John have shut down their market operations and it is likely that Pokerstars will follow. It is said that these operators do not want to operate in "black or grey market" territories and a large number of firms across most gambling verticals are set to follow.

During the Amaya Q3 earnings call, Chief Financial Officer, Daniel Sebag warned investors that the company was also considering withdrawing from the market: "In Australia, we currently offer poker and are reviewing the applicability of proposed legislation to player versus

player games of skill. At this time, it would appear likely that if the legislation passes, we would block players from Australia."

KEY POINTS

- Australian Senate votes against exempting online poker from legislative amendments.
- 888poker and Vera&John among the operators to withdraw.
- Bill first introduced in November 2016.

PENNSYLVANIA SENATOR UNVEILS ONLINE GAMBLING BILL

The bill is headed up by Senator Jay Costa



Yet another online gambling and gaming reform bill has been presented in Pennsylvania. The 207-page online gambling and gaming reform piece of legislation has been officially introduced by a number of Democratic State Senators.

Senate Bill 524 focuses on legalising and regulating online gambling operations across the state, whilst also seeking to legalise daily fantasy sports (DFS) and online lottery.

The four supporters and co-sponsors of the bill are Senate Minority Leader Jay Costa, Senator Vincent Hughes, Senator Judy Schwank and Senator Wayne Fontana.

Bill 524 is the third piece of online gambling legislation following the SB 477 and HB 392 that was introduced in the state House of Representatives last month. Although some of the provisions presented by the new bill are similar to the ones incorporated in its predecessors, it includes some



Net worth of Sheldon Adelson according to Forbes' Billionaires List 2017



Proposed online gaming licence fee for West Virginia

\$50,000

Length of Florida's proposed casino expansion freeze



reforms, mainly in terms of taxation and fees.

The Bill restores the local share tax imposed on host and surrounding communities. As well as the allowance for online gambling and DFS, the changes also include mobile tablet gaming at select airports and fixing the unconstitutional slots tax imposed on Category 3 casinos.

Nonetheless, the Bill, headed up by Senator Costa would impose a 25% tax on online gambling and DFS revenue, versus HB 392's far more tolerable 14%.

The legislation also offers a larger licensing fee estimated to \$10m, in comparison to the previous for industry vendors, boosting the sum from \$2m to \$5m.

The House Gaming Oversight Committee has scheduled its next hearing on the various gambling expansion proposals for 28 March 2017.

The new app is available on Google Play, Apple's App Store and through Facebook



UK operator Betfred has once more thrown its hat into the social gaming ring with the launch of its Betfred Social app, developed in partnership with industry supplier Caleta Gaming.

The move represents Betfred's latest foray into the social space, having partnered with social football games developer We R Interactive back in 2012.

Andrew Horne, Head of Content at Betfred, said: "We are very excited to offer this social casino to a wide audience and want all players to have fun and enjoy playing Betfred Social."

BETFRED ENTERS SOCIAL ARENA WITH CALETA GAMING



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David Marcus, Caleta Gaming CEO commented, "We're really excited to bring these new games to the Betfred audience. It's an incredible opportunity for players to engage with Betfred and play new content which has unique qualities."

ENERGYBET EXITS POLAND

It will withdraw fully on 1 April 2017 portion of his stake in Amaya

EnergyBet has announced it will be withdrawing from the Polish market and will cease to offer services to customer as of 1 April 2017. The news comes after many other online international gambling services have withdrawn from the market.

EnergyBet management have said they have been watching developments regarding regulations in Poland "closely for some time".

Like many other companies in the sector, EnergyBet had hoped that the Polish government would listen to the advice of the European Union and other authorities.

Nonetheless, the Polish overnment's new "highly restrictive and hostile

regulatory environment" made continued operations non-viable.

Accounts for all Polish residents will be closed and any balances returned, with bets placed before the cut-off date being honoured. The company says: "The decision to cease offering EnergyBet services to customers in Poland was not taken lightly, and any resulting inconvenience and disappointment is very much regretted."

EnergyBet CEO Marcin Sapinski says: "The Polish market has always been very important to us, and we share the frustration of Polish customers. We will continue to monitor developments, with the aim of returning to the Polish market if things change. In the meantime, we would like to thank our Polish customers for their understanding."

DAFABET GOES LIVE IN KENYA

Operator opens new "hub" office opened in Nairobi

Sports betting platform, Dafabet has announced that it will now

be available in the Kenyan market, joining other industry players such as Sportspesa, Betway, Betin and mCheza.

The launch is an important milestone in the company's plan for global expansion. The sports betting platform will now offer Kenyan citizens the opportunity to bet on over 30 international sports through SMS and desktops. Dafabet's portfolio will provide continuous live streaming of sports such as daily live UK Greyhound racing.

Dafabet has also opened a new "hub" office in the Kenyan capital of Nairobi, following the launch of the Kenyan-facing website and mobile betting application.

Director of Retail and Regional operations, Louis Watts said in a statement: "We are looking to expand throughout the African continent and it was important that our first initiative was to establish a major presence in Kenya – a market that is mature and respected, is sport betting-savvy and continues

GUEST COLUMNIST:



ANDREW DANIELS
MANAGING DIRECTOR,
DEGREE 53

UNDERSTAND YOUR CUSTOMER *Daniels drives home the importance of finding the right balance between innovation and improvement*

We've seen quite a few innovations in the gaming industry recently, from adopting Tinder-style app formats to bringing VR to online casinos. It's great to see that businesses don't stand still and continue to diversify their products, but does innovation compromise the actual experience that customers look for from gambling operators?

While there have been many great gaming launches in the past few years, there are also products that don't exactly hit the mark in terms of meeting user expectations and offering a seamless gambling experience. Some operators prefer to incorporate 'gimmicky' features to attract users, however, when the novelty factor wears off, they will need to provide appropriate gaming experience to retain them.

Review the core services

Innovating for the sake of being different can be a risky business. Product owners may change certain behaviours or functionalities to stand out from the competition, but it is possible this may not appeal to the customers, especially if they are already set in their ways. Operators need to look at their core product or service and their customers' objectives, preferences and expectations before implementing any crucial changes. The service should also be relevant to the medium and context. For example, there's no point focusing more on mobile if the majority of traffic comes from desktop. Similarly, any mobile offering needs to be tailored to smaller screens, so games or services need to be versioned to suit that platform, whether it's through a responsive design or an app.

Is the gambling industry ready for VR?

Earlier at ICE, we saw a few companies offering a VR casino experience for playing games, from VR roulette to simulating an entire casino lobby. It's a great marketing tool to attract people to the booth and introduce products via the latest tech, and it adds some fun to the business, but it may be trickier to sustain this in a conventional customer journey. VR is at too early a stage to really be available everywhere, as not everybody has a headset due to their

high price and hefty hardware requirements. Gambling is something many would also prefer to do in private without any hassle - registering and starting a game as quickly as possible is key. Unfortunately, having to wear a VR headset adds extra effort and time. VR needs more development and it may take a while for it to become a household item to be used on a daily basis, and making it part of a gaming service may not be for everyone at this point.

Social gaming

One of the most successful examples of innovation is social gaming. It's been around for more than a decade and it has come a long way. There are many casino-style social games similar to poker, slots, bingo and others (Candy Crush Saga, Slotomania) that don't allow players to win real money, and they are mainly played for entertainment in a relaxed environment. Users are driven by quick and easy level completions which can be monetised by purchasing extra credits or spins to progress through the game.

Developers saw an opportunity that these games could bring consistent revenue, particularly when mobile or tablet use was just emerging. They took the desktop gaming experience and versioned it to mobile or tablet devices to be accessible for more users. The entire experience is quite different from going to an actual casino and playing for real money, but taking away this factor has enabled companies to attract a different market that may not gamble at all in real life.

Customer first strategy

Operators can find out if their latest innovation or even a small change works by simply testing it on their own users. This can deliver invaluable feedback and highlight areas that need improving. It is worth doing ahead of any major releases and can save a significant amount of money, as well as improving the service in the long run.

When coming up with a radical idea for a product, it's still important to keep in mind the actual customer experience and what users want from the business. You could compare this to a service in a shop - the customer is there to buy something, and by creating lots of obstacles or distractions, they are taken away from their goal. Similarly, the gaming experience needs to be smooth and facilitate the user journey, not inhibit it. It's great to be ahead of the market and bring out something that no other competitor has as long as the feature meets the purpose of the customer and doesn't drive them away.

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