

trafficology

AFFILIATE FOCUS BY GAMBLING INSIDER

FEBRUARY 2018

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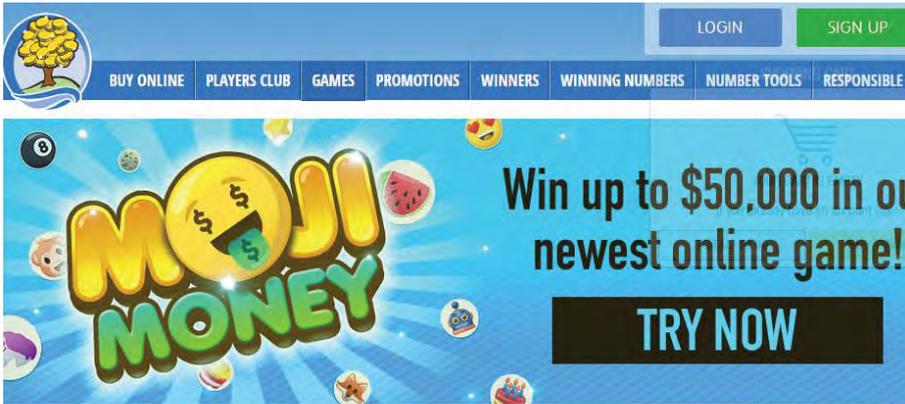
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DOES REGULATION EQUAL CONSOLIDATION?

As the threat of legislation continues to loom large, how will smaller affiliates remain competitive?

FIRST US STATE-RUN ONLINE LOTTERY AFFILIATE PROGRAM LAUNCHED



The state-run Michigan Lottery has announced the launch of a first-of-its-kind online lottery affiliate program, in partnership with marketing technology and services provider Income Access.

Michigan Lottery is a well established brand which has been in operation since 1972. Through its lottery operations it has

provided more than \$21bn to support public education, including more than \$900m in the 2017 fiscal year.

In 2014, Michigan Lottery expanded its traditional sales to online game offerings. Players in Michigan now have the chance to win millions of dollars in prizes each week online, playing both

draw and instant win games including Mega Millions, Powerball, Instant Keno, Cashword and Queen of Diamonds.

Its new Michigan Lottery affiliate program will be powered through Income Access' tracking and analytics platform. The affiliate program will cap at 20% revenue share, based on 20+ player acquisitions per month.

In a statement announcing the launch, Amanda Perkins, Digital Marketing & Analytics Manager at Michigan Lottery, said: "Michigan Lottery is the most successful online lottery program in the United States and the growth potential is significant with only about 8% of eligible players in Michigan registered to play online.

"We have partnered with Income Access to launch our affiliate program given the company's excellent reputation in the affiliate marketing space. We expect this affiliate program to open a new pathway to acquiring players and play a key role in the Lottery's overall player acquisition strategy."

With monthly online lottery net gaming revenue figures currently at approximately \$7m, Michigan Lottery is one of the fastest growing online lottery programs of its kind in the US.

Lorenzo Pellegrino, CEO of Income Access and Digital Wallets at parent company Paysafe, added: "Michigan Lottery is an important partnership as we look to extend our influence in the iLottery vertical beyond Europe. The brand's stature and long history of success provide a unique opening for affiliates looking to broaden their player base."

AFFILIATE SITE GAMBLING.COM LAUNCHES IN THE US

Malta-based affiliate network group, Gambling.com has launched a localised version of its affiliate site in the United States.

Initially the site will focus on the New Jersey market, but the group has confirmed that its ultimate intention is to cover regulated online gambling from every US state in the future.

However, in a departure from other Gambling.com offshoot sites, the US site will not feature sports betting as it is still illegal in most of the US.

In a statement announcing the launch on the Gambling.com Group corporate

site, Kevin McCrystle, Chief Operating Officer for Gambling.com Group, said: "Gambling.com USA is an excellent addition to our portfolio of localised sites and will provide a functional and uniquely American experience for users looking to find top quality gambling products and bonuses in the United States."

This latest launch follows other localised Gambling.com sites being launched in Norway, Finland, Sweden, Canada, New Zealand, Australia and Ireland last year.

Charles Gillespie, Chief Executive for the Gambling.com Group, added: "There is great excitement in the organisation

about the release of Gambling.com for the American market, as this company was founded by Americans and there are more Americans on the management team than any other nationality.

"We have been waiting since we started in 2006 for meaningful regulation to take place in the United States, and while the market is still small, we feel like now is the time to get involved.

"2018 will be an exciting year with the forthcoming ruling by the Supreme Court on PASPA, which if it goes in favour of New Jersey, could result in widespread legalisation of online sports betting."

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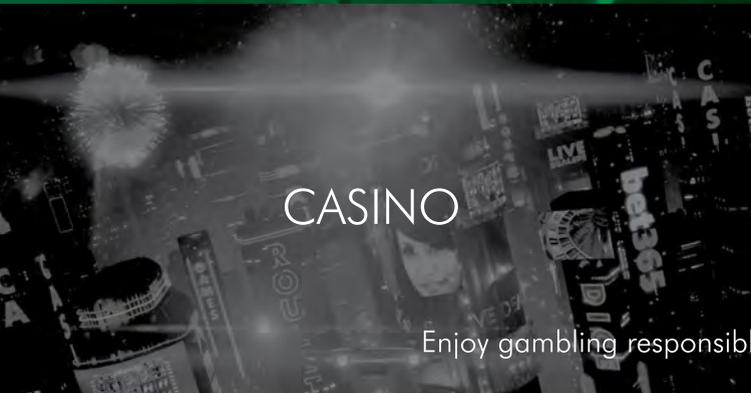
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EVERYTHING YOU NEED TO KNOW ABOUT THE LONDON AFFILIATE CONFERENCE

WHAT: London Affiliate Conference

WHEN: 7-10 February 2018

WHERE: ExCeL London

www.igbaffiliate.com/events/london-affiliate-conference

ABOUT: The London Affiliate Conference is one of the most high-profile events in the online gaming affiliate space, with over 5,000 delegates set to walk through ExCeL's doors this February. After last year's extremely successful conference, LAC is set to bring another show-stopping event to the capital.

LAC is renowned for creating an atmosphere that allows delegates to network in an easy-going environment whilst attending some unmissable sessions that would educate even the most seasoned-expert. The three-day event creates the perfect synergy between business and fun, with conferences throughout the show and exclusive networking events to conclude each day.

It's also worth noting that LAC is home to the Financial Partners Expo. The FPE brings together brokers, affiliates and introducing brokers in the retail finance sector. This part of the Expo is a great place for attendees to establish new connections, build their network, and learn about the constantly evolving industry.

AGENDA: With conferences held throughout the two-day Expo, attendees will be spoilt for choice. Day One has sessions including: The secrets of using psychology to increase your conversion rate, Progressive Web Apps: The newest, hottest features to accelerate your mobile performance, and A deeper look at the US online poker landscape: Regulated, grey and social operators. ▶

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On the morning of Day Two, Andy Edwards, Managing Director of online marketing company Madabout Media, will discuss affiliate opportunities in cryptocurrencies and how to make money advertising ICOs. In the afternoon, Andy Danson and Gabriel Voisin, both from the Gambling Group at Bird & Bird, will speak to attendees about how GDPR will impact their affiliate business and how to mitigate it. Before the bar opens, the final session looks at the top five ways firms were hacked in 2017, evaluating the most common causes of breaches and how they can be prevented.

NETWORKING: The show guarantees to keep you busy from the moment you land, offering networking events both pre-event and during the show. This year LAC has developed a unique mobile networking app, allowing attendees to mingle with the other guests before the show has even started.

On the first evening, guests can attend the opening night networking party at Trade Union, offering you the chance to meet your fellow delegates once you're finished with pre-registration as a warm-up before the busy days to follow. Day One of the Expo finishes with the Official Networking Party, hosted at the Tropicana Beach Club in the heart of London.

THE AFFILIATE PERSPECTIVE

Trafficology sat down with BGO Senior Affiliate Manager, Karolina Filip to discover what she is looking forward to most about this year's LAC

WHAT WERE YOUR HIGHLIGHTS OF 2017?

2017 was a big year for BGO. We were quick to adapt and apply the new game rules following recent changes in UKGC regulations. bgobuddies affiliate team was amongst the first movers to initiate "compliance revolution" within the affiliate marketing world.

In addition to regulation compliance, this past year has all been about innovation, which has been focused on improving conversions through a more valuable welcome offer and a better optimised player journey.

Also, BGO brands switched to a wager-free model across all products and verticals. We shifted focus to player retention. We have introduced a new gamification tool – The Vault – where players see themselves level up as their boost bar grows, the more they play. We have revamped the bVIP program, with more rewards and loyalty offers available to high rollers.

Throughout the year regular large scale promotions offering players the opportunity to win amazing prizes has helped affiliates to drive traffic through content and other channels.

WHY DO YOU LOOK FORWARD TO EVENTS SUCH AS LAC?

The bgobuddies affiliate program is always represented at the major industry events. LAC is a must attend Expo, being the biggest affiliate conference of the year. Those couple of days networking save months of Skypes, emails and calls.

WHAT ARE YOUR MAIN OBJECTIVES FOR LAC?

The main objectives are to give maximum exposure to our existing brands and to showcase or announce the launch of our new brand. We also love meeting affiliates in person and putting a face to the people we speak to digitally throughout the year. Face-to-face chat is always a great opportunity to start a new partnership and get all questions answered. We always ensure to stock up on cool giveaways which serve as a handy reminder of the brand to the partner.

"THE SHOW GUARANTEES TO KEEP YOU BUSY FROM THE MOMENT YOU LAND"

Sponsored by UPayCard, this party is the best place for you to meet your fellow delegates and make those relationships count.

To conclude Day Two of the expo and the final night of the conference, join delegates in attending the iGB Affiliate Awards to celebrate the achievements of the industry over the last 12 months. Finally, before travelling back home, there is an unwind session at the Draft House on the Saturday, allowing delegates to relax and do some last-minute networking. ◀

WHAT WILL BE THE HIGHLIGHTS OF THE SHOW?

As always, there is going to be a huge attendance at the show, with over 5,000 delegates expected at the conference, which guarantees non-stop networking. LAC is also known for its engaging and highly-productive sessions on hot key topics that will shape the industry moving forward. Networking parties are usually a great success, along with the glamorous affiliate awards we are looking forward to. We are keeping our fingers crossed for bgobuddies to pick up the best bingo affiliate program trophy this year, which will be a true highlight.

WHAT WILL BE THE TOPICS THAT WILL DOMINATE CONVERSATIONS AT LAC?

Bitcoin will be heavily discussed. New brands, new emerging markets, and compliance are incredibly hot topics just now as well. For bgobuddies, we will have a big drive towards promoting our new UK-focused brand, coming up very soon.

IN YOUR OPINION WHAT DOES 2018 HOLD FOR THE GAMING AFFILIATE COMMUNITY?

More restrictions are going to come into force, placing further stress on compliance, including gambling prevention for minors. Regulators are enforcing further changes aimed at improving bonus terms clarity within the welcome offers. On the other side, we can foresee more gambling regulated markets and countries being announced this year.

WHY SHOULD AFFILIATES VISIT YOUR STAND AT LAC?

The bgobuddies booth is conceptualised as the Vault. All affiliates are invited to visit BGO's own Vault at J18 and have a meeting with us. And that's not all. We are running a special iPhoneX giveaway. To participate, qualifying affiliates will have a chance to pick the right key to crack the Vault on BGO stand J18.

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THE FINANCIAL PARTNERS EXPO: WHAT YOU CANNOT AFFORD TO MISS

WHAT: Financial Partners Expo

WHEN: 7th-10th February

WHERE: ExCeL London

www.financialpartnersexpo.com

With the financial affiliate and forex affiliate sectors expanding exponentially, there has never been a better time to increase your knowledge and gain critical game-changing insights, allowing affiliates and introducing brokers to mingle with 50 exhibiting firms and over 110 brand partners. The Expo will focus on industry updates, analysis, trends and aims.

Day One kicks off with a pre-registration, welcome drinks and the official opening networking party at the prestigious Tower Hotel, located on St Katherine's Way, which is just a stone's throw from historic sites including the Tower of London and Tower Bridge. The official opening networking party presents a great opportunity for attendees to mingle before getting down to the business of the Expo.

London's ExCeL convention centre plays host to the main event itself, with the centre located on a 100-acre site on the northern quay of the Royal Victoria Dock in London Docklands, between Canary Wharf and London City Airport.

The second day marks the first full session of talks encompassing SEO, leveraging structured data, the perils of negative SEO, progressive web applications and Google rankings. Highlights in the morning session include former Head of UK Search Partners at Yahoo!, Nichola Stott who will be talking about accelerating mobile performance.

Afternoon session highlights include the always lively SEO Rockstar panel, chaired by Chris Cemper and Fili Wiese.

A more relaxed atmosphere of networking is the order of business on day three of the Financial Partners Expo, with a variety of networking lunches and parties. The standout talk on Day Three is from Ken Muir, founder of iGaming Tracker and a veteran of the gambling industry with over 17 years experience in a variety of roles including seven as commercial director for Sky Betting & Gaming.

Ken will be giving attendees his insights into the content trends shaping the next generation of online casinos. This talk will encompass diverse topics including: How casino games churn – new content but more success?, and Supplier mix on sites, including different content for different countries, Live vs Table vs Slots and own brand game strategies.

Day Three also plays host the official networking party, giving affiliates and exhibitors alike a chance to let their hair down, network and build on the positive momentum pervading the entire Expo.

The Expo concludes with its famous unwind session, which gives the nights survivors the chance to gather their thoughts before heading home, laden with new insight into this growing sector. ◀





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EVENT PREVIEW



INTRODUCING THE UNIQUE AFFILIATE CONFERENCE LAUNCHING IN 2018... AFFILIATECON SOFIA

WHAT: AffiliateCon Sofia

WHEN: 15-16 May 2018

WHERE: Sofia Event Center, Bulgaria

www.affiliatecon.com

AffiliateCon is the must-attend event for affiliates wishing to get updates on technological innovations and the latest gaming verticals, and network with affiliates from around Europe.

Bulgaria's capital Sofia was recently voted one of the top TEN best places for start-up businesses in the world and as such represented the natural choice for holding such a groundbreaking conference.

The stunning Sofia Event Center provides the ideal setting for a relaxed networking environment. The

luxurious venue could not be further away from a warehouse-style exhibition hall, and the event's connection points and small booths offer an intimacy that sets it apart from other conferences.

The event will kick off on Tuesday at 10am with a number of formal and informal networking mixers, followed by a briefing on the legal situation currently facing affiliates. Prior to lunch, there will also be a Facebook Opportunities special featuring a key speaker.

A busy first day of networking will end with 'thank you drinks' and entertainment at 4pm, before the evening party gives attendees the chance to let their hair down and enjoy some great food and drink before dancing the night away.

Day Two will see the event's main keynote speakers covering topics including the gambling industry's two hottest trends of the moment, the rise of Bitcoin and the innovation success story of the last five years, eSports.

This year's event will feature a special VIP affiliate area where guests will be pampered with a chill-out area and ►

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private outside terrace. In addition there will be extensive break out areas, refreshment points and a massive balcony making the venue the ideal location in which to conduct business.

STUNNING SOFIA

Sofia is one of Europe's oldest capital cities, with a history going back more than 2,500 years. Replete with beautiful architecture, it was founded because of its naturally occurring mineral springs, and the city still retains its links with vitality and wellness.

The impressive Alexander Nevsky Cathedral features Italian marble, Brazilian onyx and gold religious inscriptions lining the interior; those brave enough to climb the 53-metre high bell tower will be rewarded with excellent views of the city. The Sofia Public Mineral Baths are another must-see attraction, having been on the site of a natural spring since the early 1900s.

The city's main airport is a mere 9km from the centre of town, and affiliates attending AffiliateCon Sofia will be able to easily navigate around Sofia on its buses and metro line trains. ◀

Q&A WITH AFFILIATECON SOFIA FOUNDER, JULIAN PERRY

Why did you decide to create AffiliateCon Sofia?

From the first time I went to AdTech in San Francisco as an affiliate almost two decades ago, to the numerous different affiliate events I have attended since, I have gradually formed a picture of the ideal affiliate convention. AffiliateCon Sofia is an amalgamation of all the best features I've seen in this time.

What sets AffiliateCon Sofia apart from all the other shows that already exist?

We have gone to great lengths to produce a truly relaxed networking environment in the timetable, and ensured that attendees are not overwhelmed by too many options on offer. We also spent a great deal of time picking the unique venue, primarily focusing on the layout of the conference in order to encapsulate the informal atmosphere we are trying to create.

However, whilst this is all important to the success of the show, the primary reason that makes this event so unique is the brands attending. Each brand will have a small booth or a connection point where they can sit down and speak to affiliates, as opposed to the flashy stands that are at many of the existing trade shows.

Furthermore, entrance to the convention is restricted solely to affiliates and the participating brands, in keeping with the intimate and exclusive nature of the show.

Other than networking, what else will be on offer for attendees?

Networking time will be broken up with keynote speakers and exciting roundtables running at various points, with details to be announced in the following month or so. We have also booked some special entertainment to close the convention each day, after a successful day of work. And of course, a spectacular party at the end of the first day will be the ideal place to cement those fledgling business relationships.



Why do you think it's so important to create the informal atmosphere you mentioned previously?

One big element I personally miss and that I find increasingly hard to find at affiliate events today is the ability to meet other affiliates. Many of my most successful ventures have come about from meeting and then working with other affiliates.

Sometimes this can be from sharing knowledge, but also from partnering together on a completely new venture using our combined skills and assets.

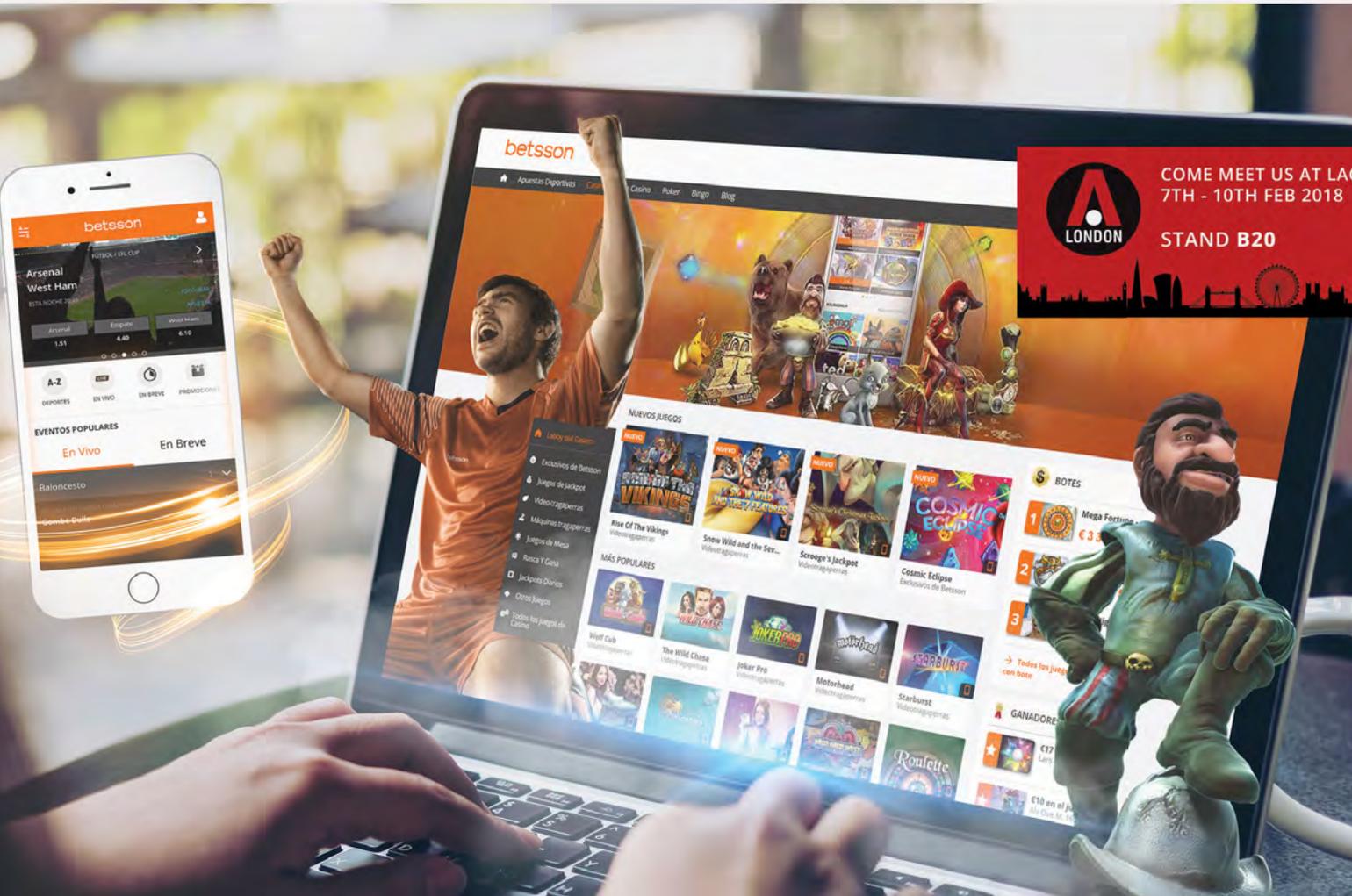
In creating AffiliateCon Sofia, we hope that the format together with the venue will create the ideal space for affiliates and brands to network in a fun and unique way. The luxurious Sofia Event Center creates a beautiful backdrop for attendees to mingle, and with excellent free food and drinks on offer, we're sure that we have the perfect recipe for a entirely successful launch.

What were your reasons behind choosing Sofia as the venue for the launch of this exciting event?

It's a beautiful and fun city but that is not the only reason. Bulgaria is a gaming-friendly regulated environment, and an easy place to get to if you live in the EU, Russia or Israel. There is also a large pool of affiliates located in Bulgaria and the surrounding countries.

How has the affiliate industry changed in the years that you've been attending expos?

A huge trend that is currently shaping the industry is the way affiliate programs now tend to focus on the very large affiliate companies rather than a high number of smaller affiliates. This has sometimes been driven by regulatory forces, for example in the UK, but is also seen as a way to maximise their return on applied resources. However, there are still many untapped affiliates out there, and you have to open a few oysters to find that perfect pearl.



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WHO IS GOING TO BE THERE?

With networking a priority for all affiliates at industry expos, it is important to know just who is going to be working the room. Fortunately for the attendees of AffiliateCon, biggest brands in the industry will all be represented. Here is a list of just some of the attendees already confirmed at the show:

ACTIVEWINS

The ActiveWins Program works seamlessly to provide innovative and competitive marketing tools to improve online gambling affiliate traffic conversion. Powered by ActiveWin Media, the ActiveWins program is managed by a team of affiliate



marketing experts. With access to the best brands in the online gambling industry, we tailor each of our incentives around individual affiliates. No matter what demographic your site audience is, we're sure to have a program that will earn you commissions.

BET365

bet365 operates a one-wallet system, where you will have the same login details and payment method for all their sportsbook, casino, poker and games. Affiliates will earn 30% revenue share for every referred customer who plays at any or all of their sites, and all betting and gaming activity counts toward commissions.

MEDIA SKUNK WORKS

Cutting edge SEO agency, Media Skunk Works is headed up by Paul Reilly, one of the foremost authorities in the world of search. The company focuses on quality link building and high grade content provision with exceptional security and confidentiality a standard part of the service.

LADBROKES PARTNERS

Ladbrokes Partners promotes Ladbrokes Casino and Ladbrokes Vegas Casino, and offers several different betting products such as poker and sports betting. CPA and hybrid plans available upon request and approval and earnings are bundled across all of Ladbrokes' brands within each month, so a positive balance at one brand can be offset by a negative balance at another.

VISTA GAMING AFFILIATES

Vista Gaming Affiliates offers a complete portfolio of casino and bingo brands. The Vegas Crest Casino brand welcomes players with 100 free spins and a \$2,500 welcome package, and as a new affiliate you'll earn 50% commission on all new players brought in within the first three months.

IHRE CONSULTING

Rather than operating an affiliate network model, Ihre Consulting is an introducing broker that helps get affiliates the best deals and tools from operators. They don't charge affiliates, passing on the cost to operators, and help create the foundations of the partnership to enable affiliates to get up and running quickly and smoothly.

INTERTOPS AFFILIATES

Intertops offers a broad variety of products, from sportsbook to casino to poker, coupled with an aggressive refer-an-affiliate program. Online since 1996, Intertops also guarantees that "lifetime" really does mean for life.

LEOVEGAS AFFILIATES

LeoVegas' affiliates are known as the Friends of Leo, and work on a commission structure of 25% to 35% tiered revenue share with no negative carryover. Friends of Leo can promote the highly successful LeoVegas Mobile Casino, LeoVegas web-based Casino and LeoVegas Sport, which are available on both desktop and mobile.

SPILLEREN AFFILIATES

Spilleren Affiliates is the official casino affiliate program responsible for the marketing of Spilleren Casino. Members have a choice of net revenue sharing, customised CPA plans and hybrid deals for all levels of affiliates with no negative carryover.

KINDRED AFFILIATES

With a history going back to 1997, Kindred Affiliates promotes both the Maria Casino and Unibet Casino brands. The two-tier Kindred scheme enables affiliates to place affiliate tracking links on their websites and get paid based on direct sub-affiliate performance.

GOWILD AFFILIATES

Founded in 2007, GoWild Affiliates showcases the GoWild and Wild Jackpots casino brands. The company has a special partnership with Neteller, and any affiliates who request membership in this bonus program will receive an extra 25% on all deposits that their players make through the payments platform.

BGO

The bgobuddies program offers a tiered revenue share structure and commission is earned based on net revenue. The program operates a lifetime revenue share policy, and utilises the Income Access software, giving affiliates access to a comprehensive reporting system.





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THE DIGITS

Trafficology has partnered with data experts Casino City Press to bring you an invaluable insight into website and traffic trends across the gaming industry.

This month we rank the top 20 poker sites and web portals

POKER SITES

Traffic Rank	Website	Owner
1	<i>pokerstars.com</i>	Stars Group
2	<i>winamax.fr</i>	Winamax
3	<i>americascardroom.eu</i>	Winning Poker Network
4	<i>pokerstars.eu</i>	Stars Group
5	<i>pokerstars.es</i>	Stars Group
6	<i>888poker.com</i>	Cassava Enterprises 888 Holdings
7	<i>adda52.com</i>	Gaussian Networks
8	<i>partypoker.com</i>	GVC Holdings ElectraWorks
9	<i>pokerstars.fr</i>	Stars Group
10	<i>globalpoker.com</i>	VGW Holdings
11	<i>poker.bovada.lv</i>	Lynton
12	<i>es.888poker.com</i>	888 Holdings
13	<i>player.pureplay.com</i>	RockYou
14	<i>pokerstars.gr</i>	Stars Group
15	<i>pokerstars.it</i>	Stars Group Reel Italy
16	<i>puntoscommesse.it</i>	Microgame Agile SpA
17	<i>pokerstars.pt</i>	Stars Group
18	<i>pokermatch.com</i>	Inplace
19	<i>khelo365.com</i>	K365 Web Assets
20	<i>skypoker.com</i>	Sky Betting & Gaming

POKER WEB PORTALS

Traffic Rank	Website	Owner
1	<i>pokertube.com</i>	180Vita
2	<i>pokernews.com</i>	iBus Media
3	<i>pokervip.com</i>	180Vita
4	<i>officialpokerrankings.com</i>	
5	<i>weaktight.com</i>	180Vita
6	<i>gipsyteam.ru</i>	
7	<i>highstakesdb.com</i>	180Vita
8	<i>pocketfives.com</i>	P5s Holdings
9	<i>cardschat.com</i>	CC Internet Media
10	<i>sharkscope.com</i>	CJM Solutions
11	<i>cardplayer.com</i>	Card Player Media
12	<i>pokerstrategy.com</i>	Playtech
13	<i>educapoker.com</i>	Aureka Internet
14	<i>pokerpt.com</i>	Hastoplay
15	<i>pokeroff.ru</i>	
16	<i>pokerlistings.com</i>	Rock Intention Malta
17	<i>clubpoker.net</i>	Studio W Agency
18	<i>pokeratlas.com</i>	Overlay Gaming
19	<i>pokernet.dk</i>	RakeTech
20	<i>academypoker.ru</i>	Crecept

Rankings are estimated based on a panel and should not be considered absolute ranking values.

Over 20 complementary top lists are available on the iGamingBusinessDirectory.com website operated by Casino City Press.



REGULATION HEADACHES AND THE DECLINING ABILITY TO COMPETE: IS CONSOLIDATION THE ONLY ANSWER FOR SMALL AFFILIATES?



The spectre of regulation is looming large over the affiliate industry, placing a burden on affiliates, the likes of which many have never experienced, or are prepared for. So is there anywhere affiliates can turn for shelter from the regulatory storm or, with the goliaths of the industry waiting in the wings, is it inevitable that the only conclusion is consolidation?

Consolidation across every facet of the affiliate industry was an underlying trend of 2017, so much so that *Trafficology* published a special issue of the magazine in May 2017 educating affiliates on how to prepare their company for sale. And the appetite of the industry's biggest firms to

acquire more businesses doesn't appear to be slowing down as we head into 2018.

On the face of it, the reason for this is a simple one. As the industry matures, there are increasing benefits to be gained from economies of scale. That desired scale ►

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cannot be achieved in the requisite period of time organically, meaning that the businesses who are financially equipped to do so naturally turn to the acquisition market.

Concurrently, as the snowball effect of consolidation reshapes the market, smaller outfits become less and less competitive, leading smaller affiliates to find selling their businesses increasingly appealing. With increased supply and demand for these businesses in the market, consolidation is inevitable.

Catena Media is the super affiliate perhaps best known in the market for its aggressive 'scale through acquisition' strategy. Catena's recent streak of acquisitions began in early 2016 with the €15m takeover of askgamblers.com, at the time a record purchase of an affiliate, and didn't slow during 2017. The company accelerated the rate of its acquisitions over the subsequent 12 months, including ventures into new markets such as Japan and highlighted by the acquisition of all the affiliate related assets of Baybets in December 2017. The value of that deal, totalling €26.5m, has set a new bar in relation to the size of affiliate business sales.

Last month Catena Media's Acting CEO, Henrik Persson Ekdahl spoke to *Trafficology* about the company's continued appetite for rolling up the affiliate industry.

"We are actively looking at the markets in Spain, France, Italy, Portugal, the US and Japan", Ekdahl explained. "We are also going to continue to buy into sports which I think is important for us, we have moved into the financial vertical so we will now build up the financial lead generation side of the business. We will see new acquisitions in that, tapping into new geographic areas in fields such as forex, CFD, stocks and bonds and financial trading tools."

Ekdahl also explained a number of the criteria Catena uses to assess where to focus its acquisition strategy. "Primarily it is circumstances that determine an acquisition. However, we are now looking to regulated markets or those markets where there is a timetable towards regulation, as we have done with Japan.

"We are not looking to acquire affiliate networks or a group of sites, we'd rather buy one large asset for example when we bought AskGamblers or when we bought BettingPro, sites that are built on people wanting to use the product. The future is not SEO by link building, the future is SEO by content."

THE 2018 OUTLOOK

If leaders such as Catena Media remained focused on scaling through acquisition, this attitude will inevitably set the tone for the industry as a whole. Whilst organic growth is still considered the more desirable path to scale the business, where this is not possible, the search for acquisitions is inevitable.

Ory Weihs, CEO of XLMedia, is one advocate of the notion that the rate of acquisitions won't slow down in 2018.

"As in previous years, I would also expect the M&A trend to continue, although the consolidators will have to deliver better levels of organic growth and fully integrate these deals. This is something that as a UK listed company we have been focused on since day one", Weihs explained in an exclusive interview with *Trafficology*. The full interview with Weihs, in which he discusses XLMedia's success, and the future of the affiliate industry landscape, can be read on page 28 of this issue.

REGULATION AND THE AFFILIATE CONUNDRUM

It isn't only the rise of ultra-competitive super affiliates that are causing small players to consider their future. The emergence of regulation compliance has hit affiliates

hard, and not only the impending GDPR legislation, which comes into force in May. Something of a dark cloud is hanging over the industry in general, and with numerous high profile operators scaling back or eradicating their affiliate marketing efforts because of the fallout.

As the industry continues to mature, and the spotlight shines ever-brighter, affiliates will need to be comfortable with understanding and fulfilling compliance requirements. This is in sync with the general trend of the industry professionalising; gone are the days of running a successful

"AS THE SNOWBALL EFFECT OF CONSOLIDATION RESHAPES THE MARKET, SMALLER OUTFITS BECOME LESS AND LESS COMPETITIVE, LEADING SMALLER AFFILIATES TO FIND SELLING THEIR BUSINESSES INCREASINGLY APPEALING"

affiliate operation from a single laptop, affiliate marketing is now a multi-function operation. Specialists such as compliance officers will be key to the future prosperity of the affiliate industry, yet it is only possible to profitably hire specialists in this area once the business reaches a certain scale. This cost of compliance will be the major squeeze on the affiliate industry in 2018, and presents a huge advantage to the bigger industry players, many of whom are listed companies with a compliance division already firmly established.

A RACE TO THE EXIT DOOR?

You can be forgiven for thinking the landscape is bleak for small affiliates; the picture being painted by the conversation surrounding regulation certainly looks that way. But it is not all doom and gloom. For many, selling up and exiting the industry in the next 12 months will be appealing, but there are other options on the table.

As the industry leaders continue to increase their scope, it is inevitable that they will be less agile to the undulations of an evolving market. This development will make the market ripe for disruption, those affiliates that can react and fill the niches the giants cannot could potentially thrive in this new landscape, though this will almost certainly be dependent on reshaping their business. Moving away from gaming and into new verticals is also a distinct possibility that will be explored in future issues of *Trafficology*.

What we may also see is the banding together of affiliates in a much looser format than an official merger, or the outsourcing of compliance services at a fractional cost of in-house management, in order to reduce the burden of the regulation squeeze.

However the market shakes out, 2018 will be an eventful year for gaming affiliates as the future of the market is pulled in multiple directions by a variety of forces. Regulation and the need to scale will continue to be factors throughout the next 12 months and beyond. ◀

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THE BIG DEBATE:

HOW IS COMPLIANCE DRIVING M&A ACTIVITY IN THE AFFILIATE INDUSTRY?

With the volume of activity taking place currently, coupled with the shrinking size of the UK affiliate program market, M&A activity is at the forefront of minds of many of the affiliate industry's most influential figures. Gaming consultancy specialist and TAG Media Director **Tom Galanis**, Better Collective head of M&A **Michal Kopec**, and Gaming Innovation Group Chief Digital Officer, **Richard Brown** tell *Trafficology* how the metamorphosis of the gaming affiliate landscape is placing M&A in even sharper focus

Do you feel that the economies of scale can help large affiliate networks manage their compliance processes better?

Michal Kopec, Better Collective: Most bigger affiliates already have compliance resources in place, and that's an important starting point to know what exactly needs to be done as guidelines from operators are often not too clear. Start-up affiliates run by founders usually don't have the capabilities for that. That means they either need to spend money seeking external support, or they end up not being fully compliant.

Tom Galanis, TAG Media: From a compliance perspective, the more unilateral the content distribution, data gathering and use techniques at play in an affiliate network, the easier it is to maintain compliance. However, uniformity takes time so it's vital that larger affiliates on the hunt for acquisitions place more focus than ever on the practices of sites and assets they acquire to ensure they can maintain and grow them once taken over.

Richard Brown, Gaming Innovation Group: Yes, it does help. Having some scale within the organisation has allowed us to be extremely quick in responding to compliance requirements and guidelines. And therefore implementing them in a way that does not deter from the day-to-day. Also, being part of a group which has a heavy focus on compliance across all markets and business areas means that often we are ahead of the curve when it comes to implementation. We understand, why and how important it is and therefore usually action compliance details before they are required and above and beyond the baseline requirements. Whether we could do that without scale – probably. But it certainly makes it easier.

What impact has the contraction of the UK affiliate market had on your business?

MK: We have seen similar activity on the operators' front, so it's quite natural that it's also happening with affiliates. Most of affiliates are facing a decision – either they focus more on expanding their business, or they will eventually have to look to sell. In both cases, it's probably a good thing for both sellers and buyers. The seller can exit, usually with quite decent profit, and the buyer can use their scale and resources to get most out of the assets they're acquiring.

TG: From a master affiliate perspective, it's difficult to look at a consolidated market with a great deal of love. That being said,

we are seeing new found levels of commercialisation in the affiliate space and this has meant we have been able to focus more on ensuring operator partners are sufficiently set up to cater to the high demands and expectations that these digital marketing behemoths now expect.

RB: For our publishing and paid services we have seen no real effect on our business. We are continually working with our partners to ensure that we are compliant and as said, we are extremely proactive in the area. This means we are well prepared and have mitigated any possible effects others may have felt. Sitting on both the operator and affiliate side, we have welcomed the increased focus on compliance. It has the players best interests at its heart and this attitude is reflected and a key part across GiG product portfolio.

Do you feel that the shrinking UK affiliate programs market (primarily due to the impact of increased regulatory scrutiny) makes the industry ripe for consolidation?

MK: It's definitely a reason for the growing M&A activity. A few years ago, affiliates were comfortable with working on a single affiliate programme strategy. Nowadays, affiliates have to spread their risk across more operators or more markets. Not all affiliates are able to do it because of their profile, resources, or skills. For many it's easier to look for an exit rather than keeping a riskier business running.

TG: I am going to contest this – I don't believe there are fewer affiliate programs in the UK going in to 2018 than there were 12 months ago. There are of course market forces at play and they are making the operating of affiliate programs incredibly challenging at the moment. The steps taken by the likes of LeoVegas and bet365 to significantly reduce their programs in terms of affiliate headcount will not directly breed consolidation.

What is far more likely is these companies increasing marketing activity in other digital channels and therefore a requirement now exists for many affiliates to step towards the technology that supports these channels to stay relevant – such as programmatic marketing and attribution modelling, and, unfortunately, away from the wonderful world of unique, review-based content or the more rudimentary direct marketing technique of email acquisition.

RB: I'm not sure "ripe" would be the word I use. The UK market is still a large and important market to everyone and there is room for activities of varying scope. There are many very good and talented smaller companies (or individuals) on the affiliate side who put in the work for compliance and will continue to be very successful in the market. That being said, there is of course some more opportunity, and perhaps need, for consolidation – on both the affiliate and operators side than there was perhaps two years ago. But I don't think that is unique to the UK, and with Sweden and Netherlands posing imminent regulation, the increase in regulatory scrutiny or compliance will become the standard practice, as it should be.

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RELOCATING TO A MANSION



iAffiliates has rebranded as Mansion Affiliates, marking a new chapter in the business' history. Managing Director and COO, **Shelly Suter** gave *Trafficology* the inside track on the reason behind the rebrand, and the company's goals moving forward

Lastly, whilst Casino.com has always been a globally attractive brand, we will be focusing our efforts on penetrating new markets across the rest of our brand portfolio.

What prompted the decision to rebrand iAffiliates as Mansion Affiliates?

Over the past couple of years we have focused considerable effort and investment into strengthening the Mansion brand presence in the UK. This has encompassed a range of large-scale marketing activities, such as the latest TV advert for Casino.com, and the ongoing Premier League sponsorship of AFC Bournemouth.

The Mansion brand name, with more than a decade of heritage in the industry, is a strong one – and we have been focused on the unification of our products and brands to leverage this. It was a natural step in this process that we would bring the affiliate arm of our business under the Mansion umbrella, to benefit from this strength and our ever-increasing brand awareness.

Is this part of a wider marketing strategy?

Absolutely. Our focus over the past year and continuing into 2018 has been the alignment of applying the Mansion brand vision and ethos across all of our brands. This has included the ongoing improvement and optimisation of both our marketing and products. These actions have brought in fantastic financial results, with significant growth in both acquisition and retention.

We already enjoy a strong market share in the UK, and this is spreading internationally. With the launch of our new sportsbook, MansionBet, we continue to enhance our group portfolio to the benefit of our affiliate partners.

Essentially, we are looking to ensure the same promise to our affiliates as our customers – an unrivalled and personal level of service – unifying our brand group focus on key values.

What plans does the group have for 2018?

We have an exciting year ahead, with our attention focused on three key areas. The first, is the expansion of our product portfolio with the launch of our new sportsbook. The Mansion brand name has become synonymous with Premier League football sponsorship over the years, and when combined with our dedication to providing customers with an incredible level of service, we believe will set us apart – whilst providing a lucrative acquisition opportunity.

We will also continue the work started last year on enhancing our casino offering, with ongoing improvements to our product, focusing on user experience and overall look and feel. In addition, we will be introducing fun new social features, such as gamification.

Where do you see the biggest opportunities for growth geographically?

Having recently relaunched Casino.com in Germany, we will concentrate our efforts on penetrating this market. In addition, we made a number of enhancements to Casino.com last year to ensure that the product met the high standards that players in the Nordic territories have come to expect. Owing to this, we are now set to be more present and visible in these important markets.

We have also continued to invest in the Italian market, and have recently launched our stand-alone Casino.com Italy app. The introduction of MansionBet to the lucrative, sports-focused Italian market will also present our affiliate partners with an exciting new opportunity.

There has been significant growth in the financial services and trading affiliate market, is this something Mansion Affiliates is positioned to take advantage of?

The financial services affiliate market has undergone tremendous changes over the past year. In parallel to its impressive growth, we have witnessed more and more affiliates from the financial market shifting some of their traffic to casino, which creates new opportunities for us. We continue to monitor the latest affiliate trends, and hope to see this cross-product tendency grow.

What are your thoughts on the regulatory tightening of the UK affiliate market?

We work closely with the UKGC, and appreciate the importance of regulatory tightening, which is a challenge everyone across the industry faces. We fully accept and embrace this, and ensure that we work closely with our affiliates to educate them on the requirements – which we believe actually strengthens our relationships with our partners.

Given the level of consolidation in the affiliate industry, does the group have any plans to boost its portfolio in 2018?

As mentioned previously, 2018 is an exciting year for us with many new ventures. We are currently firmly focused on enhancing our casino offering and players' experience, plus, introducing our sport betting brand – MansionBet. However, we always observe and consider market trends, especially around digital marketing and acquisition. We watch with interest how big groups are expanding their portfolios, and this is something we are certainly open to explore. ◀

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THE OMNICHANNEL APPROACH TO ACQUISITION

Trafficology sits down with XLMedia Co-Founder and Group CEO, **Ory Weihs** to chart the rise of one of the most successful companies in the affiliate industry



Can you please give us a summary of your career in the gaming affiliate industry?

I joined the industry in 2002 as a marketing manager for one of the earliest online casinos. Having dealt with various parts of the business including user acquisition, customer retention, and support payment processing, I quickly realised that the user acquisition component of the business was the one I was most interested in.

In late 2003, I decided to start my own business, which was effectively an affiliate network that actually evolved into a large network of Scandinavian-focused affiliate sites. During 2008, I merged with my two co-founders, who were running a media-focused affiliate business, which was the initial platform for XLMedia. At that point, we were three people in a basement; fast forward nine years, XLMedia now employs more than 400 people globally and has more than quadrupled in value since our listing in London in early 2014, to over £400m.

Is there one, or a number of factors that you can point to explain why XLMedia has been so successful?

I believe it is a combination of several factors. First is our investment in technology. Quite early, we recognised that in order to scale and to achieve great results from our publishing assets as well as media campaigns we had to have a strong software-driven platform supporting the business behind the scenes. These days our R&D team creates publishing platforms and media tools (such as our Rampix social segmentation system) which underpin our ability to grow and maintain margins.

Another factor is our varied approach to user acquisition, which we refer to as 'omnichannel'. We have always used multiple strategies when targeting new customers, from SEO focused websites, paid search, social advertising, video and programmatic campaign management, to name but a few.

We have invested heavily in HR, both in terms of core recruitment but also in terms of developing our staff and creating managers within our business.

Finally, and I think this is particularly important, is our focus on organic growth. Even though we have been highly acquisitive (both acquiring companies and assets), where possible, we will always develop something in-house first and complement with selective bolt-on acquisitions.

Do you believe that the industry has matured to the point that it is not possible for a new disruptor to challenge your market share?

No doubt, the industry has matured and is much tougher for new entrants to gain a substantial foothold in our key markets.

We have seen several peers in the last few years spend extremely large amounts of money buying up assets with various levels of success. Time will tell if they are capable of successfully integrating these businesses, actually benefit from scale, and create genuine organic growth. Catena Media is an example of a company successfully taking the aggressive roll up approach.

In my opinion, most consolidators are not focusing on organic growth or innovation to maintain market position. An example of a company creating interesting products and showing organic growth is Better Collective.

To summarise, I would say that generally, entrance barriers have become much higher and we believe our long-standing position as the largest player in the sector, along with our heavy investment into technology, scale, and diversification of revenue streams will help us cement our leading position in the longer term.

Similarly, as the industry continues to mature, is it possible to remain competitive purely through organic growth? Or are we guaranteed to see further consolidation in the industry as firms continue to acquire to remain competitive?

I think companies that do not have any history growing organically and lack a core technology base will struggle. For us, 2017 was one ►



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are there, particularly in light of the recent spotlight that the general media has placed on cryptocurrencies?

Our main sectors are of course gaming, mobile games, financial services (credit cards, bank deposits, loans, credit scores etc.) and the general APP eco system. We are not and have not been interested in financial spread betting. We believe that mainstream financial products especially in North America and continental Europe represent a significant opportunity for XLMedia.

What is the selection criteria that you employ when you have diversified into new verticals previously? Is it purely market opportunities, or do you consider how the new vertical aligns with your existing propositions?

We constantly evaluate opportunities within both our existing verticals, such as more financial services products on top of credit cards, and focus on potential new ones, e.g. cybersecurity. When we evaluate a new product, we look at a combination of factors, from market size, competition, regulation, common business models and most importantly, how our digital marketing knowhow, such as tracking systems, performance based models, receptive clients etc., can best be leveraged to generate the most upside.

Are there additional new verticals that you are expecting to diversify into in 2018?

Our focus in the near future is on the following verticals: Gaming, mobile games, financial services and general apps. We will be testing the water across other sectors but in a small scale; cybersecurity would be a good example of one.

What do you think will be the overriding trends we will see in gaming affiliate marketing in 2018?

We will see more of the same in terms of increased regulation, which we welcome, and more opportunities on the 'media' side of things in countries that re-regulate gambling. The omnichannel approach to user acquisition will continue to become more prevalent.

As in previous years, I would also expect the M&A trend to continue although the consolidators will have to deliver better levels of organic growth and fully integrate these deals. This is something that as a UK listed company we have been focused on since day one.

"COMPANIES THAT DON'T HAVE A HISTORY OF GROWING ORGANICALLY AND LACK TECHNOLOGY WILL STRUGGLE"

A very important trend we are seeing and will continue to see is increased dependence on technology for both optimisation and scale. Again, this is something XLMedia has always been in the forefront of and will continue to be a priority for management. This is why we currently employ close to 100 developers, and growing.

Looking perhaps longer term, what does the future hold for online gaming affiliates? Are dramatic industry changes on the horizon, and if so how far away do you believe they are?

We will continue seeing the same trends of stricter regulation, more omnichannel opportunities, and smaller affiliates struggling to reach scale and compete on the media side of things, which will lead to more M&A.

I hope that we will continue to see the same positive dialog between operators and affiliates regarding user acquisition activity.

In summary – the market remains extremely buoyant with XLMedia at the forefront of innovation and market expansion. ◀

of our strongest in terms organic growth and I remain extremely positive about our future prospects.

You're active in gaming marketing in both the UK and US, but have stated before that you approach each market differently. Please explain how the approach differs and the reasoning behind this.

To clarify, the US gaming market is actually quite small for us and we focus on different products in the US, such as mobile games and financial products. Generally, though, the main guiding forces in how we approach each market are regulation and product demand. You need strong and sensible regulation, which we always welcome, and obviously we need to feel confident in selling the product. For example, we sell games, financial products and apps in the US, games in Asia, and gambling in regulated European markets in addition to other selective products.

Regulation also effects which methods we use. For example, in the UK we can use all distribution methods from the publishing assets alongside a broad selection of media outlets. Conversely in Sweden, which is not yet regulated but allows foreign operators to operate, most media sellers (Google AdWords, YouTube, Facebook etc.) do not allow gambling ads. Therefore, we focus on publishing assets and will of course use anything we can once regulation comes into play.

From our perspective, we are very active on all media fronts and do not sit and wait for the gradual introduction of gambling regulations to create the relevant technology abilities. As I mentioned, our technology puts us in an extremely strong position as and when more countries regulate.

You've diversified beyond gaming, notably into financial services. How large do you think the market opportunities



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THE ERA OF CRYPTOCURRENCIES IS HERE

2017 was undoubtedly the year cryptocurrencies hit the consciousness of the mainstream, and hit it hard. But with the huge increase in attention being focused on Bitcoin et al., are there opportunities for affiliates to generate new revenue streams, both inside and outside of gaming? **John Wright** of statsdrone.com has the answers



As an affiliate, it is imperative that you have your ear to the ground when it comes to the latest trends that may be potential new revenue streams. There have been plenty of these new trends that have risen up in the past five years, but the latest of these is perhaps the most exciting.

Cryptocurrencies is the definitive new revenue stream that affiliate should not ignore, for no other reason than its potential is greater than every other trend, including new tech such as VR and new sports betting markets such as eSports, combined.

Of all the cryptocurrencies in the market (of which there are many, and the number continues to rise seemingly weekly), Bitcoin is best known to the public, following its meteoric rise in 2017 which garnered plenty of mainstream media attention. One of the reasons cryptocurrencies is a must-investigate market for affiliates is that the we are currently on the cusp of widespread recognition of the market, meaning that there is a large group of individuals a) looking for information on the cryptocurrencies, and b) investigating how to buy and sell coins. In 2017, the price of Bitcoin rose from under \$1,000 a coin to over \$20,000, and the overwhelming consensus is that the

market still has room to grow. Bitcoin is the largest market in the cryptocurrencies stable, with the total value of all the coins in existence sitting at just under \$300bn; while the entire market cap is quickly approaching \$1tn.

Before taking your first step towards opening a new revenue stream on the front line of Bitcoin or any of the other cryptocurrencies, it is highly recommended affiliates take the time to learn more about how Bitcoin or that currency operates in the market.

CRYPTOCURRENCIES IN DIGITAL GAMING

There is a lot of change in online gambling in relation to cryptocurrencies and blockchain technology. Probably the best-known casino platform around is owned by SoftSwiss which has a growing number of casinos in its network. To date Bitcoin has been the primary target of cryptocurrencies in online casinos, with others offering alternative coins such as Ethereum and Litecoin. Bitcoin Cash is starting to become popular as it has low transaction fees and fast payments. If you go to any gaming conference, you are only going to see more and more of these gaming operators and ►

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OVERVIEW OF OTHER CRYPTOCURRENCIES

At coinmarketcap.com there are over 1000 listings for cryptocurrencies of coins or tokens, With Bitcoin's initial success breaking the \$1000 per coin value back in Dec 2013, it pulled a lot of entrepreneurs and developers into cryptocurrencies to create Bitcoin alternatives and competitors. It goes without saying very few of these currencies have the potential to replicate the success of Bitcoin; at best you could say that there is a plethora of useless cryptocurrencies that that in the medium-to-long-term are not going to amount to anything, at worst there have been accusations that a number of coin offerings are simply Ponzi schemes. Overall it's recommended you do your research before investing in any cryptocurrencies yourself or recommending them to your community; you can follow blogs like coingeek.com, wallet21.com and coindesk.com.

CRYPTOCURRENCIES AND AFFILIATES: NEXT STEPS

For affiliates looking to expand their revenue streams that have identified cryptocurrencies as a method for doing so, there are a number of ways to get involved in this growing industry:

- Online gambling
- Products & Services

Online gambling is clearly the more interesting topic for readers of *Trafficology*, but for this article at least let's focus on the products and services for cryptocurrencies that are outside the scope of gambling.

HARDWARE WALLETS

The product component of cryptocurrencies at the moment is fairly limited, while everything else is in the software and services field. There are a number of hardware devices that are becoming popular for users to store their cryptocurrencies offline; the top three hardware wallets are Ledger, Trezor and KeepKey. All three of these products have their own affiliate and referral programs so you can start promoting these products in a blog post, an email newsletter or simply create a dedicated website about cryptocurrencies or hardware wallets. As more and more people start to buy and store cryptocurrencies, hardware wallets will simply increase in demand. The commissions might not be the highest, but if you are able to drive volume then it's a decent slice of side income.

SOFTWARE AND SERVICES

There are a lot of software companies and services that are looking for more users and they need affiliates like you to help them get more sales. Not all sites have referral programs set-up as of today, but this is slowly starting to change as companies are realising the power of affiliates in driving sales. Many of these referrals tend to be on the flat fee side of things, but others also are beginning to offer revenue share.

What's great about these wallets and services is they are highly shareable and more receptive than trying to push online gambling. Interest in Bitcoin is only growing month-on-month following record highs and increased media activity.

INFORMATION FOR YOUR PLAYERS

If you are a gambling affiliate and want to refer players to gambling sites accepting cryptocurrencies then you should provide guides and information to your players to help them understand everything. The bonus is that you'll be able to refer them hardware wallets they can consider buying and refer them to exchanges and other sites and services. It's a chance to earn multiple commission streams from the same player. ◀

software providers that are integrating cryptocurrencies into their digital gaming offerings.

The reach that cryptocurrencies can potentially extend within online gambling seems almost endless. For example there are new online lotteries launching that are using cryptocurrencies for payments. Online sportsbooks are now starting to recognise cryptocurrencies as a new form of payments and offer crypto deposits. Online casinos have always been popular but they are only gaining in popularity as the price of Bitcoin continues to soar.

With ICE 2018 right around the corner (at time of writing), it will be fascinating to see how many tech providers and other gaming suppliers are demonstrating cryptocurrency-based products this year. Undoubtedly ICE is the core event where companies show off the products that they believe will shape the future of the gaming industry; it is a pretty safe bet that this year there definitely won't be any shortage of cryptocurrency-based gambling software and operators present.

BITCOIN BASICS

If you don't know anything about Bitcoin and how it works, it is highly recommended you take the time to learn about it. The things you want to understand specifically are

- Blockchain technology
- Cryptocurrency mining
- History of Bitcoin

Blockchain is the driving force behind Bitcoin; if you take that out of the equation, the whole thing simply doesn't work. The single takeaway concept anybody should know about Bitcoin and many cryptocurrencies is that you are your own bank. You can send money anywhere you want, store it anywhere you want such as your computer, online, on a piece of paper or on a device such as the Ledger Nano S for example. If there are two points to take away from this article it would be:

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25 WAYS OF DETECTING CPA FRAUD IN ONLINE GAMING AFFILIATE MARKETING

Whilst the overwhelming majority of the online gaming industry is above board, it goes without saying that there are unscrupulous players on both sides of the market that are not playing to the rules. Lucky Media Managing Director, **Christian Strutt** breaks down the top 25 tell-tale signs that the fraudsters are trying to pull the wool over your eyes



CPA Fraud is common in online gaming marketing, with more operators these days having a policy of working on revenue-share-only deals. With the continued international growth of real money gaming inherently comes the growth of new companies operating CPA Fraud schemes in all online gaming

sectors, including bingo, casino, lottery, poker, and sports betting.

CPA Fraud is identified as such when an affiliate company or media publisher agrees to send traffic to an online gaming operator (bingo, casino etc) on a CPA (Cost Per Acquisition) ►

basis. This means the operator pays the affiliate for each new depositing player (Acquisition) delivered. But instead of sending genuine traffic, affiliate companies send fraudulent traffic. This has become a sophisticated racket in recent years, how this is worked is explained further below.

On the flipside, CPA Fraud can also be committed by an online gaming operator, whereby they refuse to pay for genuine players delivered fairly and squarely. CPA Fraud can also be committed by operators through under-declaring the deposit amounts of players.

Here below are Lucky Media's Top 25 Ways of Detecting CPA Fraud, from both an affiliate and operator perspective:

1. AFFILIATE SOFTWARE

Over the years certain online gaming software platforms have received flak from affiliates for allegedly having features that allow operators to shave player data and de-tag player accounts from affiliates. We therefore advise affiliates to research the affiliate software used by any new program you take on, and do also be particularly wary about proprietary affiliate software systems.

2. ANALYTICS

Various free software tools are available that show you how much traffic any website has. Such tools should be used before taking on new affiliates on a CPA basis, to ensure traffic delivery volumes are realistic particularly for pre-paid CPA deals.

3. CHARGEBACK FREQUENCY

Chargebacks are commonplace with CPA Fraud, as often fraudsters organise fake/incentivised player accounts that deposit/wager to trigger CPA payments, and then those player accounts soon contact their bank/payment provider to chargeback/reverse all deposits made. Most chargeback fraud occurs within days/weeks of players making their first deposit, although some chargebacks do take place months later, making 'player chargeback fraud' a lucrative business for some rogue affiliates. Many rogue players make money from chargebacks also which is sometimes totally beyond the control of either affiliate or operator.

4. COOKIE LENGTH

Affiliates would certainly be advised to check their cookie length when on CPA deals though, and you should expect seven to 30 day cookies as industry standard.

5. DOMAIN RESEARCH

You can use various free online tools to verify domain age and ownership, as well as indications of traffic levels.

6. EMAIL ADDRESS FORMAT

We have seen some companies pretend to be many different companies at the same time, by simply having a series of different email addresses, websites and online personalities (mostly Skype IDs). Patterns can be spotted between the names of the various companies and websites, by the email addresses used. We have occasionally seen batches of fake player accounts employing batches of near-identical email addresses.

7. END OF MONTH TRAFFIC BURSTS

A common trait with fraudulent CPA suppliers is to send a burst of traffic at the end of the month. This shortens the time between delivering fraudulent player accounts, and getting

paid for them. Frequently CPA Fraudsters will send batches of traffic in the last few days of the month, hoping to get paid in the first few days of the month, before the CPA Fraud is discovered e.g. the player accounts all reverse their deposits.

8. FAKE DETAILS

Often companies looking to commit CPA fraud to online gaming bingo and casino sites will use fake details within their affiliate accounts, such as fake telephone numbers and office addresses. Likewise, fake/fraudulent player accounts will often use fake details.

9. INCOMING LEADS

We notice all suppliers of fraudulent CPA traffic, will approach your brand, with a CPA-only deal. CPA Fraudsters need a regular churn of new clients, so tend to reach out to all casinos on a regular basis. Although its fair not say not all affiliates working on a CPA basis are shady.

Rogue operators working CPA Fraud deals tend to approach the biggest and best affiliates with view to working on post-paid performance-based terms.

10. INDEPENDENT REVIEWS

We highly recommend that affiliates do their research and read some reviews about any new online gaming affiliate program you intend to promote. Most online gaming affiliate programs have genuine reviews from current affiliates available online.

Reviews on affiliates and media publishers are tough to find, although most top online gaming affiliates are already well connected and well-known.

11. IP ADDRESS MATCH

Both players and affiliates often try using the same IP Addresses and this is usually promptly spotted by security software. IP Addresses are usually banned across entire bingo/casino networks making this type of CPA Fraud less prevalent now than it was years ago, despite proxy servers still being readily available.

12. MEETINGS

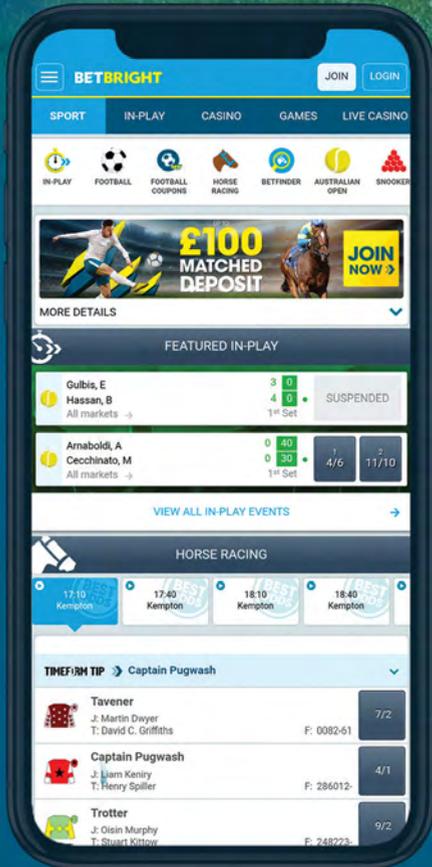
Meeting up with CPA suppliers always helps give reassurance that ROI will be achieved on any deal. CPA Fraudsters will rarely attend popular industry events for meetings. Additionally, meeting VIP players face-to-face is increasingly important as this will help develop long-term relationships.

13. NAME SIMILARITY

We have seen player fraud made obvious when players sign up family members to Refer-A-Friend schemes, and those family members have the same surnames as the affiliate. We have also seen affiliate CPA Fraud whereby almost all players delivered have double-barrelled names (either first name or surname). Frequently we see CPA Fraudsters operating with popular text book names as well, as these companies revolve electronic personalities, using multiple Skype/emails/websites for the same operation.

14. NO AFFILIATE COMPANY DETAILS

Frequently we see CPA fraudsters operating without any company details at all. Many CPA fraudsters will simply put in a random email address, and payment details, with no company details. This is because they want to be paid, but they want no trace back to any company, when the deal ►



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goes wrong e.g. all of the players delivered start charging back shortly after CPA payment has been made.

15. NO LINKEDIN PROFILE

We find that the majority of people and companies in the business of CPA Fraud will not have an active social media profile on LinkedIn. Likewise, most dodgy agencies or Affiliate Managers tend not to have active LinkedIn profiles.

16. ONE-TIME PLAYER FREQUENCY

A large percentage of companies/affiliates supplying CPA Fraud traffic will send players that only deposit once. By measuring the number of players that only deposit once, it is easy to spot many CPA fraudsters within a few days of receiving their first batch of players. Affiliates can also often spot if their traffic is being shaved, if they are sending quality traffic and they see some unnaturally high percentage of players have only deposited once.

17. PAYMENT METHOD

We have noticed some CPA fraudsters have lots of similar websites, which they pose to be different companies using separate affiliate accounts, but they are all linked to the same payment method. For instance, we had a company open ten affiliate accounts all linked to the same e-wallet ID, using 100s of fake IDs to send fake player accounts. Certain payment methods are more associated with chargebacks also e.g. credit cards get more chargebacks than debit cards, when it comes to player accounts being reversed.

18. PAYMENT PRESSURE

We notice most CPA fraudsters pressure for payment, frankly we find this is because they generally want to get paid before the players they have delivered cancel and reverse their deposits. Many CPA fraudsters will also want pre-payment and will pressure to get the pre-payment hurried through.

19. PRE-PAID TERMS

Many webmasters or companies with little or no traffic will only work to pre-paid terms, offering fixed rates and no guarantees. Most credible affiliates work to a revenue share, hybrid or CPA commission, and realise that payment for traffic will generally be on monthly post-paid terms. Most pre-paid fraudsters will operate a 'Sales Urgency' scenario to rush through the deal, whereby they only have a few places left on their site, so you have to move quickly.

20. REFERRAL URL

Fraudulent CPA traffic can often be spotted by checking the Referral URL in Google, when the sites sending the traffic are inspected.

21. SOCIAL MEDIA PROFILES

Companies in the business of CPA Fraud rarely have a social media presence on sites like LinkedIn, and often have no social media presence at all. Likewise, staff from these companies rarely have professional or personal social media profiles. CPA fraudsters often use multiple Skype IDs to communicate electronically, so one person may be operating a handful of personalities – each one being an affiliate company with its own website.

Sometimes fraudulent players and companies are visibly connected on social media platforms such as Facebook and LinkedIn. Rarely affiliates will sign up themselves to try and claim a CPA payment. Also, we have seen smaller affiliates get lots of their friends to sign up, friends they are clearly connected to on social media.



22. “THRESHOLD-QUALIFIER” DEPOSIT FREQUENCY

One clear way to establish CPA Fraud is when a “Threshold-Qualifier” like “€20 in Deposits” or a “€25 Deposit and Wager” requirement is in place; and then all of the players deposit/wager the exact requirement. We have seen many companies operate CPA Fraud like this, whereby fraudsters organise clearly incentivised traffic, or simply get their friends to sign up to trigger CPA payments. In those cases it is clear to see that it is CPA Fraud because naturally not all players would deposit/wager above the CPA deal trigger requirement; made privately with the affiliate delivering traffic. Most affiliates already know that 10% to 40% of their players make the site minimum deposit, so know what to expect from operators offering CPA deals with deposit/wager requirements.

23. TRAFFIC BURSTS

We have seen many CPA Fraud suppliers send traffic in bursts, then wait to see if the fraud is identified, before sending more fraudulent player accounts. CPA Fraud suppliers often also wait to get paid, to see if their fraud has yet been picked up on, before potentially sending more fraudulent player accounts on a CPA basis.

24. UNNATURALLY HIGH CONVERSION RATES

Incentivised and fraud traffic is often easy to spot when there are exceptionally high conversion rates. The two KPIs are the Click > Registration, and Registration > First Time Deposit, conversion rates. If stats read ten Clicks, ten Registrations, ten Players for example, then it's clear that there is probably CPA Fraud taking place as traffic would never convert so well naturally without being incentivised.

25. WEBSITES WITH NO AFFILIATE LINKS

We have seen lots of CPA fraudsters with advertisements on site that have no affiliate links. We have seen many CPA Fraud outfits operate great looking websites, whereby 90% of the links are untracked. The remaining 10% with affiliate links to track the traffic, are presumably companies that they are currently sending CPA Fraud traffic to. When you use analytics software to check such sites its clear they have no traffic, and they are sending friends/fake ID's/heavily incentivised traffic through the 10% of advertisers with affiliate trackers on. ◀

IT IS TIME TO FOCUS ON PRODUCT OVER PRICE

Graham Ó Maonaigh, Head of Digital at BetBright, believes that the repetitive race to the bottom with promotions is greatly damaging the industry for affiliates and operators



and compete on price when fundamentally everyone has the same product.

BetBright was founded with the ideals of eCommerce and SaaS product development at its heart. We are building a new sportbook product from the ground up that is unique in a sea of operators all selling bottled water with a different label on the outside. With technology we can control, and build stand out features that the players love to keep them engaged and coming back for the different experience that can't find with other operators. By investing in the product, we aim to create key differentiation with our competitors and not need to engage in a needless race to the bottom.

The gaming industry is in real danger of boring the players. Operators need to stop looking at each other or affiliates for blame on why the industry is feeling under siege. Regulators are there to help ensure that trust and fairness exists to allow for everyone to safely enjoy themselves. The rush to beat each other on price has led to corners being cut and the negative stories of departures from the affiliate business.

Looking beyond the industry for examples of those stand out ideas that created the paradigm shifts. Who would have thought only two years ago that we would have several governments and car manufacturers announcing the end of production of combustion engines? Tesla is just one company who never made a car but have changed an industry fundamentally with a belief in product.

BetBright is working on bringing features to market that from the worlds of eCommerce and mobile to the sportsbook. The tech industry has had strong rounds of disruption. Currently the four horsemen of Amazon, Facebook, Apple and Google compete to bring the next new to market to capture the imagination and precious time of their users.

How can a focus on product over price help affiliates and ensure the future is bright for their relationships with operators?

Affiliates need to be working with operators that strive to disrupt the tired model of the industry. BetBright wants to utilise data and trends to bring personalisation to sports betting, freeing up the bottlenecks of complexity that exist in online sports betting. If more focus is put on reducing friction for customers, they will play more and enjoy the experience more, not feel frustrated by a platform that doesn't feel as innovative as it could.

BetBright knows that we need our partnerships with our affiliates and to leverage their experiences. We understand that while the industry is busy looking at each other, our real competitors are other apps that users spend their precious time on. Only together can we take on the challenge of disrupting the old order. ◀

Building a successful business as a gaming operator in the tightly regulated, hyper competitive market, has many challenges. None more so than trying to stand out from the pack with a new offering in the sportsbook or casino space. Constant attention must be given to the marketing mix to ensure you have what it takes to grow against the competition, while playing by the regulations that are designed to protect the industry from ultimately destroying itself. Constant attention is paid to promotion as the differentiator and price driven offers.

In many ways this relentless focus on price based promotion has in the short-term benefited the customers. The long-term impact, however, has not been easy to quantify in the constant rush to increase volumes, both for operator and affiliate alike. The race to the bottom in the war for the more competitive promotion seems at face value to benefit the affiliate with a strong comparison website. But over time the operators feel squeezed. They pull away from their long partnerships built with affiliates and continue their race to the bottom in price promotion elsewhere.

The customer too has suffered from the focus on price-based promotion. The industry is heavily lacking in any real product innovation as most operators are just delivering the same white label product with their own branding strategy on top. Of course, all you can do is go after different target markets

IS THERE ROOM FOR THE START-UP AFFILIATE ANYMORE?

Recently, affiliates have hit the headlines for the wrong reasons. First, Sky Betting and Gaming cancelled its UK Affiliates program blaming tightened UK regulations. Now, LeoVegas is the latest to join the bandwagon, releasing a short statement to say it will also be downsizing their affiliate operations. This has left many questioning the future of the affiliate space and whether its lifeline is coming to an end.

But before drawing conclusions on this, it's important to take a step back and look at how the current space has evolved.

WHERE DID IT ALL BEGIN?

Affiliate marketing was brought to life in 1994 and gradually made its way into the online gaming sector. Growing rapidly over time, today it has established itself as one of the main revenue streams for online casinos and bookmakers.

An important way for many to acquire new customers, affiliate marketing in this space has been accelerated by the increased cost of pay-per-click advertising in recent years.

Naturally, the huge demand for affiliate marketing has encouraged a flurry of companies to pop-up, making competition in key markets such as the UK hugely aggressive. And with so many affiliate companies vying for the same attention, it is now more challenging than ever to cut through the noise and acquire players.

SO WHO ARE THESE AFFILIATES AND WHERE DO THEY COME FROM?

Traditionally affiliates were seen as small, one-man-bands or start-ups driving innovation by executing quickly and evolving with the ever-changing gaming landscape. Yet, as the sector has evolved, it has split into two.

On one side you have a group of affiliates that have grown into established businesses with significant advertising budgets and skilled teams. Here, larger media groups have acquired a number of leading affiliate companies to drive greater efficiency and build more compelling partnership propositions for gaming operators. On the other side, you have smaller start-up affiliates that are earlier on in their journey.

BOTH SIDES OF THE COIN

Analysing both start-up and super affiliates allows us to see the good, the bad and the ugly, and provides us with a clearer insight how the industry will evolve.

Let's look at the super affiliates. Able to storm into the lead with large advertising and acquisition budgets, their scale brings efficiency and high player volumes that make them a very attractive partner for leading gaming operators. Yet, these larger operations require structure and, on occasion, this reduces the innovation, speed and agility they are able to achieve.

On the other hand, whilst start-up affiliates are able to innovate and iterate as they go along, their lack of budgets make it hard to get the exposure that the bigger players do. This leads to the question: Will affiliate start-ups in the gaming industry slowly disappear?

Gambling Deals has transitioned from a start-up into an established business, with a unique model that has allowed it to cut through the noise. The site offers cashback to players in the casino, bingo and sports-betting space. As the first in this space to offer cashback, the site has successfully been able to bring a new model to market for players whilst helping operators attract high net worth individuals with high lifetime value. All players are KYC checked to stay in-line with regulation but, as mentioned above, expansion and ensuring Gambling Deals has the execution capability of a larger super affiliate is a challenge.

From briefly looking at both sides, it is clear that for the online gaming industry to innovate and operate best practice, it needs to work with both super and start-up affiliates. But with change on the horizon, how likely is it that this will be possible?

2018 AND BEYOND

In the beginning of this article we touched on the tightening of UK regulations, which had forced some larger casinos and book makers to close their affiliate programs. It's likely that this is set to continue as the UK Gambling Commission gets stricter on responsible promotion within the industry.

This may well encourage accelerated consolidation within the affiliate space, with operators signing deals with super affiliates and large media operators who have their own compliance team and are able to regulate for them.

That said, this won't be the end of the start-up affiliate. Every industry needs innovation to push forward and it's the start-up affiliates that are, and will, continue to be the driving force behind innovation within this space.

STEFANO GORGONI
COO of Gambling Deals



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