

15<sup>th</sup> June 06



## **The Future of Betting and Gaming**

**20th Mar 2007**

**“Is the platform over-hyped or is its  
success overdue?”**

**Gareth Wong** MBA  
**Founder CEO**  
**Gareth@CXO.org**

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# GamBond™



- **Mission:** *Global Trust & Confidence*
- **Structure:** Independent, transparent, well-capitalised guarantee company
- **Product:** A financial guarantee of remote gaming gambling establishments
- **Triggers:** Insolvency, loss of license
- **Transparent:** Web-based disclosure  
FSA regulated

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# Gareth Wong



- 2002 Advised Camelot on their interactive strategy
- 2003 Conceived, devised & launched GamRock™ mobile gaming gambling brand & operation(s)



- 2004 Founded GamBond
- 2005 Published the “**mobile gambling** chapter” of “Internet Gambling Report”, covering iTV in 06

- 2005 Founded 

- 2006 Founded **Gaming Money Summit**



- Also Board Advisor to Gaming Gambling and Telecom firms.

- See more on [www.GarethWong.com](http://www.GarethWong.com)

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# Remote e-Gaming market

Various 'Classes of jurisdictions':

- Liberal/self-regulation (e.g. Curacao, Antigua, Costa-Rica)
- Well regulated (Gibraltar, Alderney etc.)
- Previously over regulated (e.g. Isle of Man)
- Up and coming (e.g. Latvia, Philippines)

International legal minefield:

- Prohibitions (e.g. \*\*US, HK)
- Combinations (e.g. Korea, Australia, Holland)
- Laissez faire (e.g. UK, regulated from Sept07!!)

**ALL market Forecast goes out of the windows, since "Unlawful Internet Gambling Enforcement Act" [UIGE] passed in US.**

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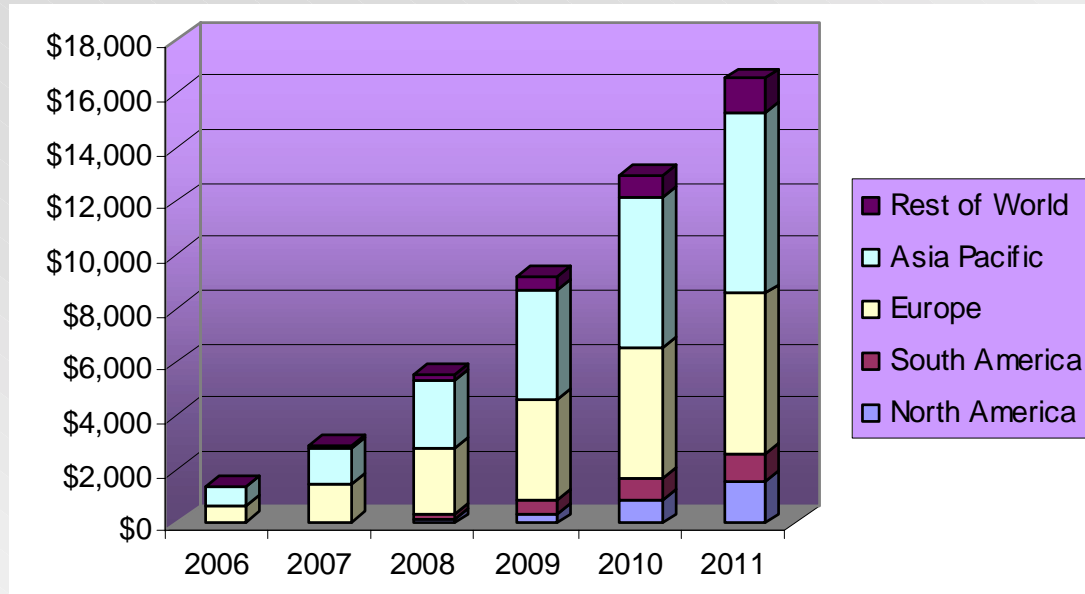
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# Mobile gambling market



Source: Juniper Research



➤ Break down by regions.



# Mobile gambling market [2]



- Juniper Research:
- 2005/6 predictions: \$23bln by 2011
- 2007, prediction: \$16bln by 2011

Total Revenues from Mobile Gambling (Casino, Lotteries & Betting).  
Regional Forecast (\$m) 2006-2011

	2006	2011
North America	\$0	\$1,595
South America	\$20	\$1,011
Europe	\$665	\$5,936
Asia Pacific	\$647	\$6,767
Rest of the World	\$25	\$1,266
<b>Total</b>	<b>\$1,357</b>	<b>\$16,576</b>

Source: Juniper Research

- If we are honest with ourselves, **probably NO One can really say/predict!**

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## Reality check [1]



*Mobile has been & “will be” a Success worldwide!*

**For what reason(s):**

- **Initial common standards (ETSI/GSM)**
- **Economic/communication boom**
- **Substantial infrastructure investments**
- **Fully (over) regulated, most cases state owned**
- **Usually 1 or 2 dominant player locally (economy of scale for number of customers)**

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## Reality check [2]



*Mobile “could still be” a Success worldwide,  
but with challenges!*

**For what reason(s):**

- **Fragmentation of standards (GSM vs CDMA vs China’s CDMA vs. potentially )**
- **Saturations in developing countries (still big growth in developing or tech. Developing countries)**
- **OVER infrastructure investments (3G)**
- **Fragmentation of mobile operators/ Service providers (+ MVNOs) (supermarket!?)**

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## Market pressure



*Mobile operators are desperate to diversify their revenue streams!*

For what reason(s):

- **Saturation (e.g. 110%+ penetration) means squeeze on profit/growth**
- **Users still mainly use mobile for ‘voice’, not as much data/content as expected (hyped MMS, video not taken off yet)**
- **Competing consortia moves into payment failed**
- **Still pretty much as ‘pipe’**
- **Bad CRMs from industry incumbents**



## Mobile trends



*Mobile operators are desperate to diversify their revenue streams!*

For what reason(s):

- **Over Saturation (e.g. 110%+ penetration) means squeeze on profit/growth**
- **Users still mainly use mobile for ‘voice’, not as much data/content as expected (hyped MMS, video not taken off yet)**
- **MVNOs, tariffs and new data bundles confuses new customers further**
- **Desperate to move up the value chain (overtly or not)**

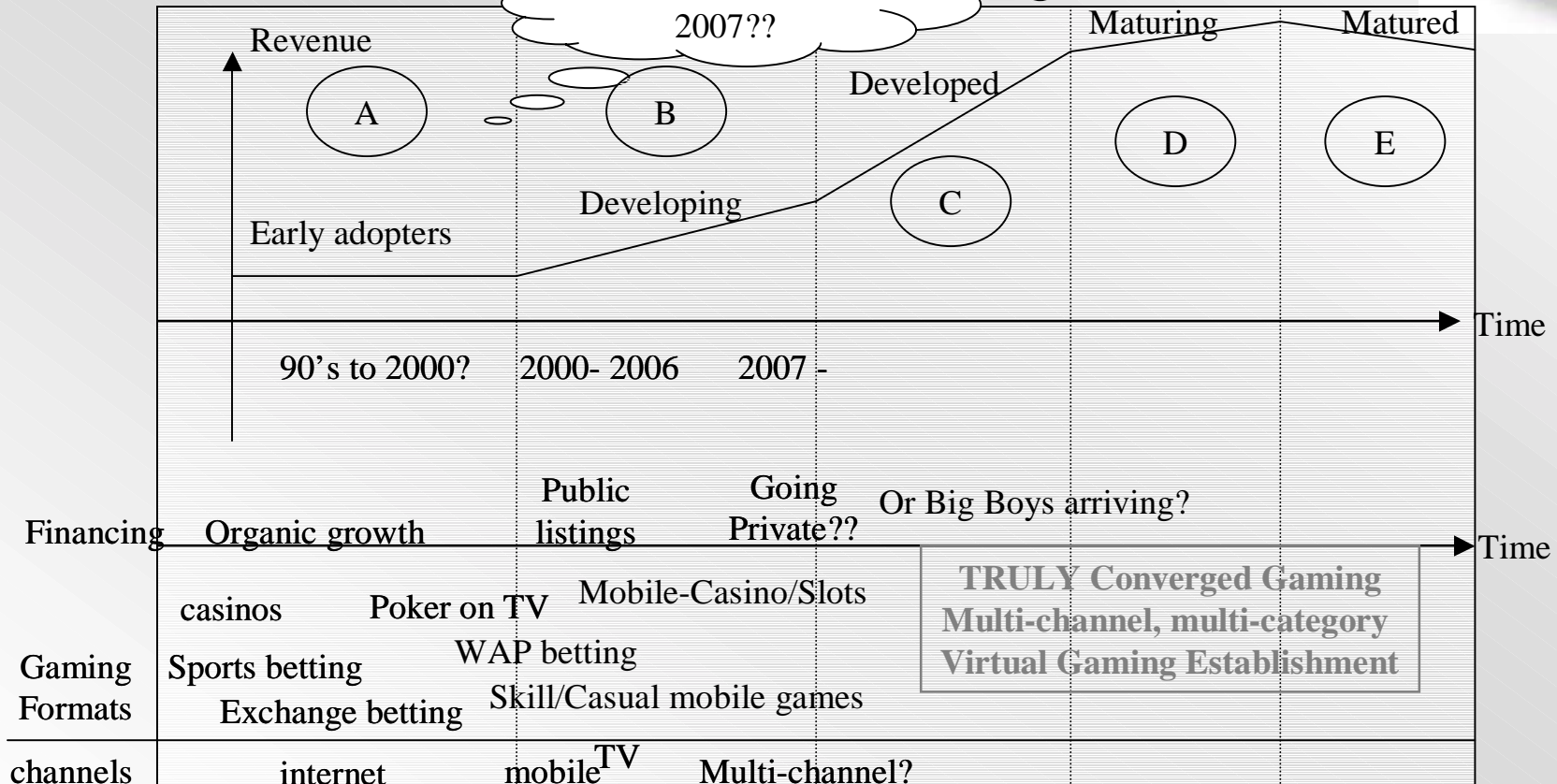


# Mobile Gambling Industry



## Life Cycle

Where Are We in 2007??



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# Regional Challenge, USA/CA

(Results gathered by worldwide expertise in the last two days  
Mobile Gambling Summit America Oct2006.)

Everyone is adopting, wait & see or  
damage limitations.

Find & work with WHAT are legal:

- LEGAL way (Horse racing, Casinos,  
state lotteries etc. ... )
- Skill gaming?! Walt Disney etc.  
Signed Fun Technologies...
- Q: WHO Makes money!?
- Solving the payment challenge  
'anyone'?



## Regional Challenge, Asia [2]

Legally: challenge is whether/how/when to enforce the law (towards consumers, operators or those get caught?) Consider:

1. Identify key partners
  - a. Identify future trends
  - b. Keep track of key stake holders
2. Find, locate & 'befriend' the lawful licensees
3. Know what 'role' you play (s/w, payment, marketing, etc,)
4. Establish viable, legal & scalable business model
5. Situations are games & jurisdiction specific!

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## The Goals/Prizes



➤ **Profit? No. of Customers? Geographical region?**

**KEY:**

➤ **Seamless Signup, Pay-in/out & via mobile**

➤ **Asia or South America could be the best prize or just a market that is RIPE for...**

➤ **Devising/Finding the Holy Grail (right products/format/game/ cost vs prizes) for your target market!?**

➤ **but WHO are in the best position??**

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# Common Thread



## **Mobile Gambling: Key Success Factors**

- Trust/confidence/ Brands
- Gaming formats
- Easy of use
- Distribution
- **Focus on changing/ identifying culture**

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# Trust of Brands



- Mobile is best (only?) way to reach the mass market
- Mass market is brand conscious (loyal!?)
- More trust with Movistar/ Telefonica/ Vodafone/O2/ Orange than generic names like 'JackPotMobile' etc.
- Where are likes of Easymobile or Virgin mobiles?

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# Mobile gaming format



- So far, mainly product extensions of existing online products
- Need to bear in mind the target audience & what they aim to do whilst mobile?
- Appropriate products for channel & target is KEY, (e.g. 'how lo' from million21)
- Maximise the use of capability of handset (e.g. new poker clients)

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## Ease of use



- Can you signup from mobile? (via WAP, SMS or J2ME clients?)
- Do all the necessary KYC on mobile?
- Call-centre call back?
- Mobile deposit/withdraw possible?

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# Distribution



- Acquire new or ‘monetise’ existing user base?
- What is the RoI of the campaign?
- What are the demographic of mobile gamblers?
- How to target them? (online, flyers, beer mats? Sport-programs?)
- How to ‘deliver’ the content?

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# Opportunities



- Skill & Casual Mobile Gaming
- Seamless mobile payments (national & international)
- Provider of traffic (portal, mobile search, opt-in databases)
- Security software (needed to build trust if consumer is aware of any risk)
- True multi-channel gaming (TV, mobile, billboard, online, shops etc.)
- Learn from experiences, ITV-PLAY etc.

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## Hype or Fad?



- Mobile is the best direct personal channel: TRUE
- People are starting to transact on mobile for micro payments (CCLondon, lottery etc.): True
- Good channel, but is it for Gambling?: jury is still out (or not as we know it!)
- Product extensions going to be successful: Probably NOT!
- Waiting for the right games format/ marketing/educational push: TRUE
- Argue: Success is overdue, but **NEED** investment & collaborations!!



# Future



- Geographical opportunities depends on your own company's strength
- *Key is to KNOW the customers' needs/wants on mobile + LEGAL!!*
- **Need** further investments by major brands
- Critical mass is key
- **Media play key roles** (e.g. Cultural forming TV/Radio programs)
- Mobile data/traffic/revenue need to be pooled = help each other!

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# **GamBond™**



## **Thank you**

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**Next Gambit Public event on 11 April, £50/person, on  
Innovation with Endemol, Betfair, Gottabet speaking**

**details & signup at [www.TheGambit.info](http://www.TheGambit.info)**

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