Asian Casino Executive Summit 2007

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Multi-channel Gaming

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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

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 Gambit
- 2006 Founded **Gaming Money Summit**
- Also Board Advisor to Gaming Gambling and Telecom firms.
- See more on www.GarethWong.com

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, Cyprus? Japan?, Macau?)

International legal minefield:

➢Prohibitions (e.g.**US, HK)

➢Combinations (e.g. Korea, Australia, Holland)

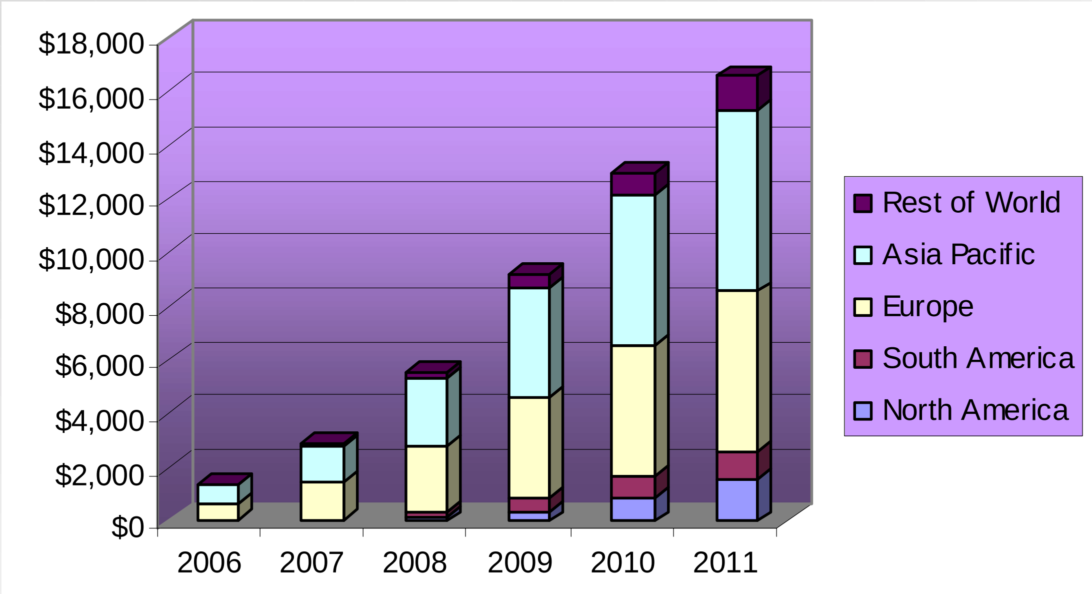
➢Lassie faire (e.g. UK, regulated from Sept07!!)

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

Given tax clarification now, UK will NOT likely be leading the regulations.

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

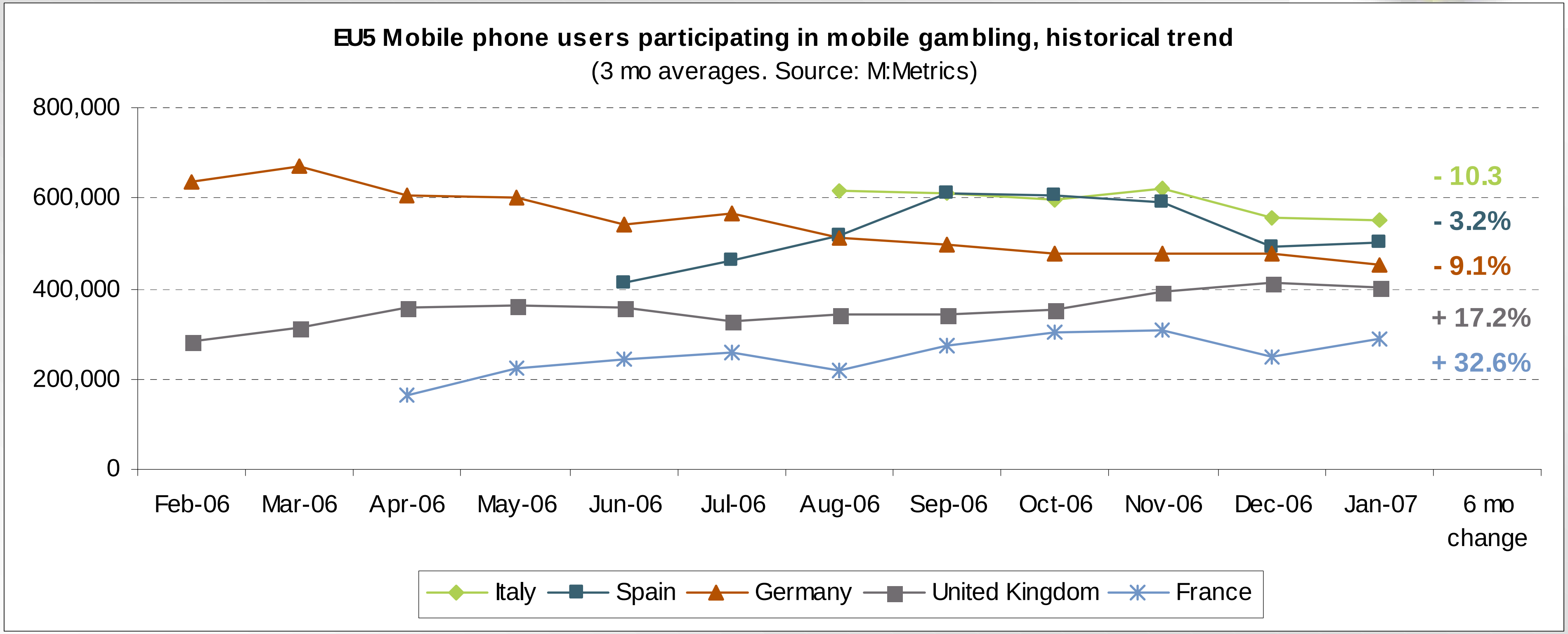
Total Revenues from Mobile Gambling (Casino, Lotteries & Betting). Regional Forecast ($m) 2006-2011

	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
Total	**$1,357**	**$16,576**

Source: Juniper Research

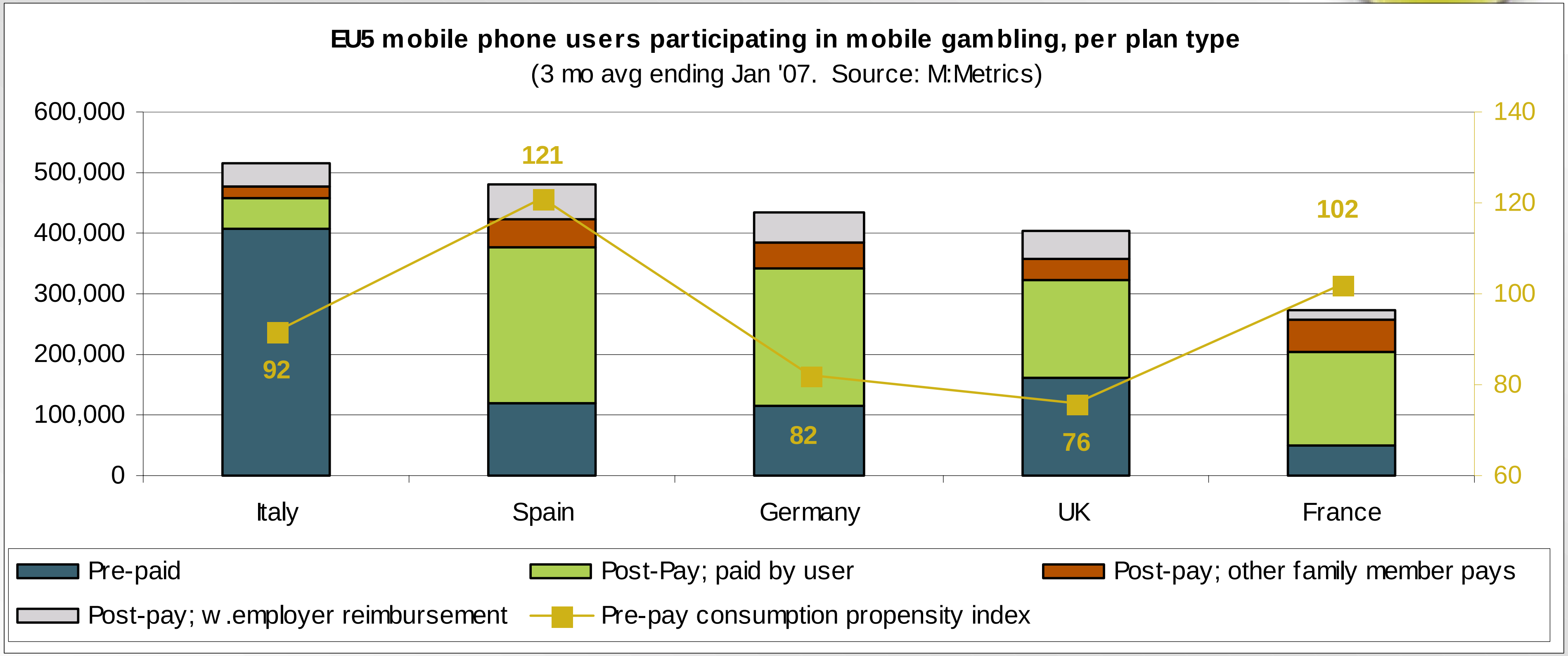
- If we are honest with ourselves, **probably NO One can really say/predict!**

Real M-gambling usage



- In the 5 main EU markets, 2.2m consumers engage in real-money mobile gambling every month. It is still an embryonic service, with penetration ranging from 1.6% (Italy) to 0.7% (France)

Real M-gambling usage cont.



Pre-pay not a barrier to mobile gambling

- Whereas for most mobile content services, prepay users tend to consume less than contract users, the situation is not as clear-cut for mobile gambling

- In Italy and France, pre-pay users' likelihood to access mobile gambling services is similar to the market average; and in Spain they are 21% more likely to use mobile gambling services

Mobile Reality check [1]

Mobile Technology *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)**

Mobile Reality check [2]

Mobile content *"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!?)**

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 a '*pipe*'**
- **Not efficient CRMs from industry incumbents**

Mobile trends

Key trends:

- **Diversifications, incumbent focusing on new 'niches' either by brands or tariffs or bundling**
- **User generated content portals (e.g. SeeMeeTV)**
- **Misuse of premium rate charging (tel. Or mobile)**

Results:

- **MVNOs, tariffs and different data or mobile bundles confuses new customers further**
- **MNO desperately trying to move up the value chain (overtly or not)**
- **Potential confusion & mistrust regarding contents**

TV Reality check [1]

TV is the 'family medium', therefore 'trusted' until proven otherwise.

Consequently:

- **Generally well regulated worldwide (both on content and advertising)**
- **Separated into 'state owned' or commercial**
- **Perfect to leverage the 'channel' into people's lives (family/individuals).**
- **Becoming more targeted niches (men, business, women channel etc.)**

TV Reality check [2]

Market Supply Structure

Challenges of TV!

- **Access:**
  - **Return path for broadcast TV**
  - **Not yet achieved scale of interactive TV platform**
- **Monetising:**
  - **Typically by advertising**
  - **Prize competitions : Premium telephone lines or SMS**

TV Market pressure

Saturations & Total media fragmentations!

For what reason(s):

- **Too many channels, terrestrial plus satellites & cables**
- **Plus access to various contents (e.g. DVDs, IPTV, & other internet contents)**
- **Advertising shrinkage: Above the line marketing budget shift towards other medium [online, print & other type of marketing (gurella, viral etc.)]**

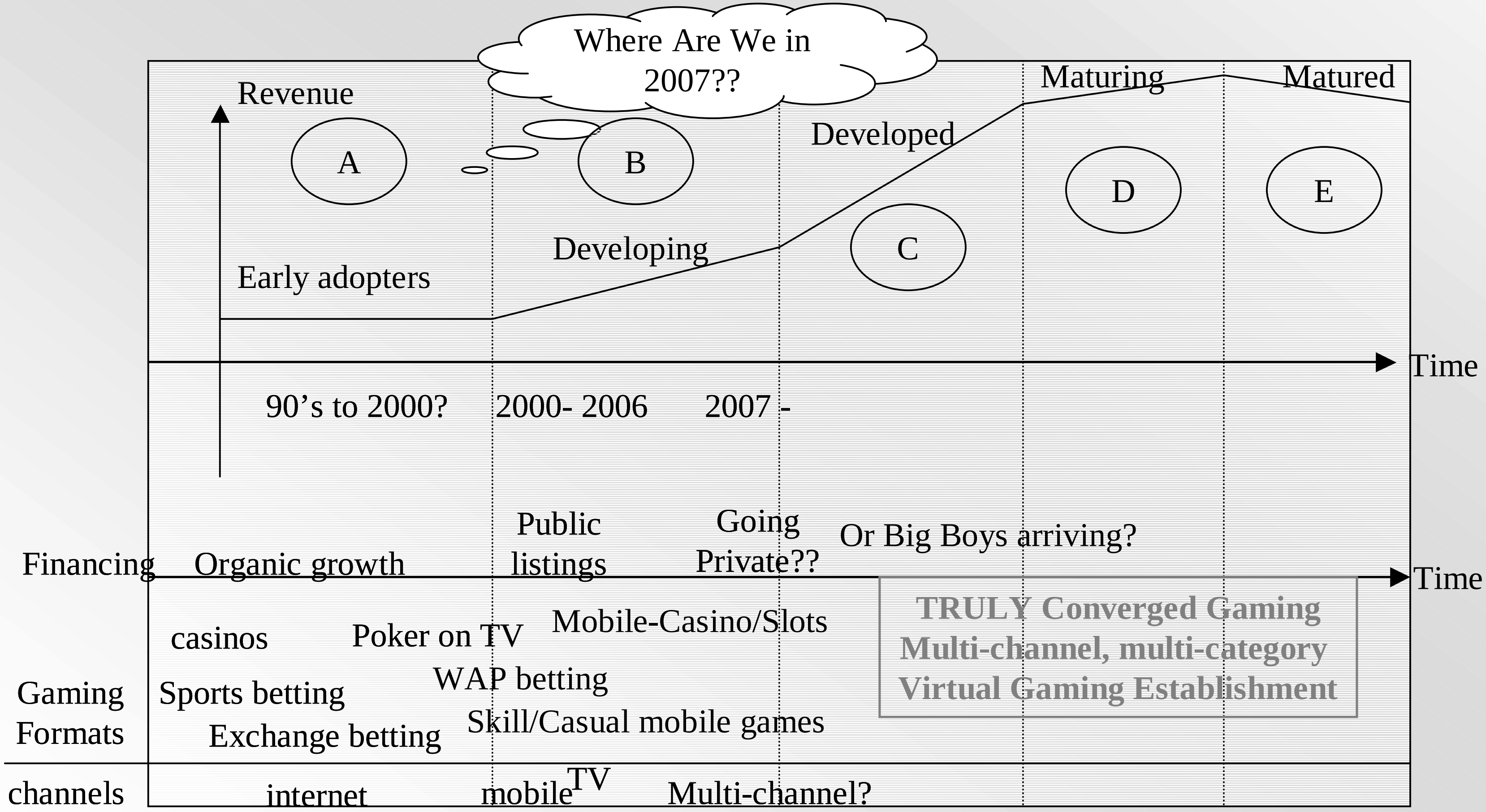
TV trends

Key trends!

Focus on new & 'fresh' contents:

- **New Formats (entertainment): Wife swaps, Big brother, Deal or no deal, Apprentice, etc.**
- **Dramas (culture forming soap), Sopranos, Desperate housewives, Heros, Dallas,**
- **Cinemas: hollywood, bollywood, national themes**
- **Mini-series/episodes (ad-funded Mobile, IPTV)**
- **Viral contents (drive awareness or viewers)**
- **Community driving traffic (Myspace etc.)**

Multi-channel Gambling Industry LifeCycle



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!
6. **Working with Telecom & TV regulators are key!**

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??**

Common Thread

Multi-channel Gambling: *Key Success Factors*

- ***LONG Game: Has to be legal (Legal fees can't avoid, probably need lobbying & political investments!)***
- Trust/confidence/ Brands
- Gaming formats (for the right channel)
- Easy of use (KYC, deposit, withdraw)
- Distribution (Viral promotion, retail, direct mail, partner channels)
- **Focus on changing/ identifying *culture forming habits*.**

Trust of Brands

- Mobile & TV is best (only?) way to reach the mass market (when they can't visit the gaming venue!)
- Mass market is brand conscious (loyal!?)
- More trust with Movistar/ Telefonica/ Vodafone/O2/ Orange, or HBO/Canal+/Channel 9 etc. than generic names like 'JackPotMobile' or "jack pot TV" etc.
- ***We now have Virgin Games & Endemol Gaming!***

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 or on TV (broadcast or interactive)?
- Appropriate products for channel & target is KEY, (e.g. ‘how lo’ from million21, racing TV)
- Maximise the use of capability of handset or TV return paths (e.g. new Mobile/TV poker clients)

Ease of use

- Can you signup from mobile or TV directly? (via WAP, SMS or J2ME clients? Or a telephone call?)
- Do all the necessary KYC on mobile or via TV?
- Call-centre call back appropriate?
- Mobile/TV or offline deposit/withdraw possible?
- Self regulations top-up: adopting & developing Best practices, industry code of practice

Distribution

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

Opportunities

- New Games: Skill & Casual Gaming with community
- Seamless Mobile & TV payments (national & international) for Provider of traffic (portal, mobile search, opt-in databases)
- Creator of traffic: World poker tour on TV!
- 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 (PRS) in UK

Where are the opportunities?

- Mobile & TV the best direct personal channel: TRUE
- People are starting to transact on mobile for micro payments (lottery, car parking tickets 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 for iTV & mobile gambling will also be substantial, but NEED investment & collaborations!!

Future of multi-channel gaming

- ➢Already successful content that has established following is key, rather than pure-product extensions.
- ➢Leverage geographical opportunities based on your company's strength
- ➢***Driven by Creatives, Brands, & local knowledge.***
- ➢**Key is to KNOW the customers' needs/wants on mobile, iTV & online: When What How Why?!**
- ➢**+ LEGAL!!**
- ➢**Would be driven** by one channel (e.g. right format on broadcast TV)
- ➢**Critical mass is key**: **Media play key roles** (e.g. Cultural forming TV/Radio programs)

GamBond™

Thank you

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Next Gambit Public events, £50/person, on Sponsorships, Finance, mobile & iTV.

details & signup at www.TheGambit.info