



Industry Report Global Online Gaming

Two Worlds Collide:
Traditional and real-money
Gaming converge in the
race for Social Casino

Authors:

Robin Harrison-Millan | eGR

Peter Warman, Emma McDonald | Newzoo BV

Shanty Elena van de Sande | Payvision BV



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1 SUMMARY

THE GAMING INDUSTRY IS UNDERGOING DRAMATIC CHANGES, ULTIMATELY DRIVEN BY CONSUMERS. THE FREE-TO-PLAY (F2P) BUSINESS MODEL, THE INCREASING POPULARITY OF SMARTPHONES AND IPADS AND A CONSISTENT GROWTH OF EMERGING MARKETS, HAVE PUSHED THE NUMBER OF F2P AND OF PAYING PLAYERS, THE TIME SPENT GAMING, UP TREMENDOUSLY. MONEY FOLLOWS THESE EARLY GROWTH INDICATORS, ILLUSTRATED BY A HEALTHY GLOBAL GROWTH RATE OF 7%.

Positive developments, which attract and inspire new companies, to surpass traditional publishers; Majong, Supercell and Wargaming are great examples of games each of which generated over \$200m dollars a year.

This whitepaper looks into online gaming, real-money gambling and the consistent growth of social casino – a sector which has been formed through convergence between the video games and online gambling industry, aided by the popularity of social networks and increased adoption of mobile and tablet devices as gaming platforms. We look at how

this industry has emerged, and discuss the regulatory restrictions placed on the gambling sector by various governments around the world, explaining how social casino, free from such restrictions, can flourish where gambling cannot.

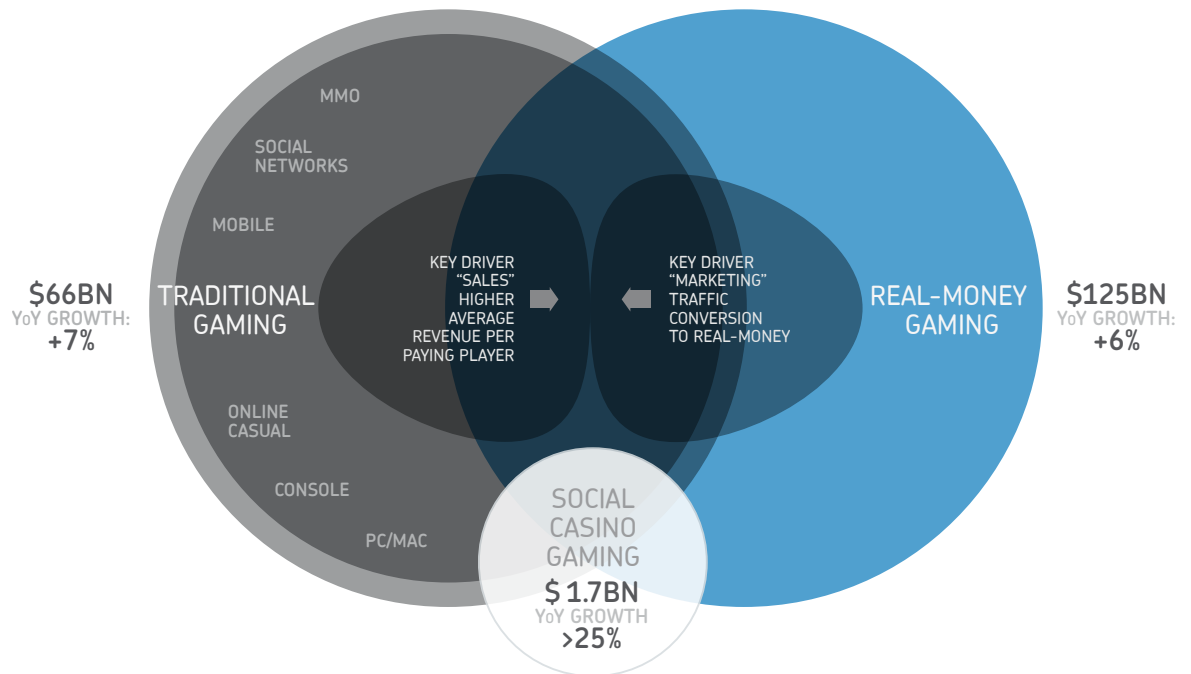
WE ALSO LOOK AT HOW THE SOCIAL CASINO SECTOR IS MATURING, PARTLY DRIVEN BY INCREASED COMPETITION AND THE LAUNCHING OF MORE PRODUCTS MOTIVATING LARGER ORGANIZATIONS TO COMPENSATE FOR THEIR LACK OF A SOCIAL CASINO OFFERING, BY MAKING ACQUISITIONS IN THE SECTOR.



1

SOCIAL CASINO

TWO WORLDS COLLIDE: TRADITIONAL AND REAL-MONEY GAMING CONVERGE IN THE RACE FOR SOCIAL-CASINO



Source: Newzoo /SuperData/IBIS World

THE ONLINE GAMBLING INDUSTRY TOOK OFF IN 1994, WHEN ANTIGUA AND BARBUDA PASSED THE FREE TRADE AND PROCESSING ACT, ALLOWING COMPANIES INTERESTED IN OFFERING ONLINE GAMBLING, TO APPLY FOR A LICENSE. A KEY GROWTH SECTOR EMERGED, FOR RETAIL OPERATORS LOOKING TO DIVERSIFY THEIR REACH. A LOT OF NEW COMPETITORS EMERGED, SUCH AS SPORTINGBET AND POKERSTARS, WHILE

BET365 SOLD OFF ITS RETAIL OPERATIONS TO BECOME AN ONLINE-ONLY OPERATOR.

While many companies have enjoyed huge success as part of what is today a \$30bn industry, online gambling is restricted to several key regulated territories in Europe – where regulated markets include the United Kingdom, France, Italy, Spain and Denmark – grey markets like Asia and Australia (where egaming is banned outright or heavily restricted) and black markets such as the United States, where states like Delaware, New Jersey and Nevada have begun to regulate the sector.



1

Online gambling works on the basis that operators (the companies which provide online gambling services) gain income by taking a percentage of amounts wagered, and players can win cash prizes. This differs from social casino operators, which allow players to buy chips to wager, or to pay for access to new parts of the game to save time, without winning real currency. As a result, revenues are derived from selling chips to users who pay money for the sheer enjoyment of winning. In addition, revenue is made through advertisements. Companies gain a percentage of income from players clicking on adverts displayed while games load, or through promotional banners shown during play.

THE CRUCIAL DIFFERENCE BETWEEN SOCIAL CASINO AND ONLINE GAMBLING IS THE FACT THAT SOCIAL CASINO PLAYERS DO NOT WIN REAL MONEY BUT DO PAY FOR AN ENHANCED GAMING EXPERIENCE.

AS A RESULT, SOCIAL CASINO GAMES DO NOT FALL UNDER STRICT REGULATIONS IMPOSED ON ONLINE GAMBLING. ON ONE LEVEL, AS THE VIDEO GAMES SECTOR MOVES TOWARDS THE SOCIAL GAMING MODEL, IT ALLOWS FOR DEVELOPERS TO BOOST REVENUES AND ENGAGEMENT AS THEY MOVE INTO A NEW SECTOR AND IT GIVES GAMBLING OPERATORS GREATER REACH INTO MARKETS FROM WHICH THEY PREVIOUSLY WOULD HAVE BEEN BLOCKED.



2 FORWARD

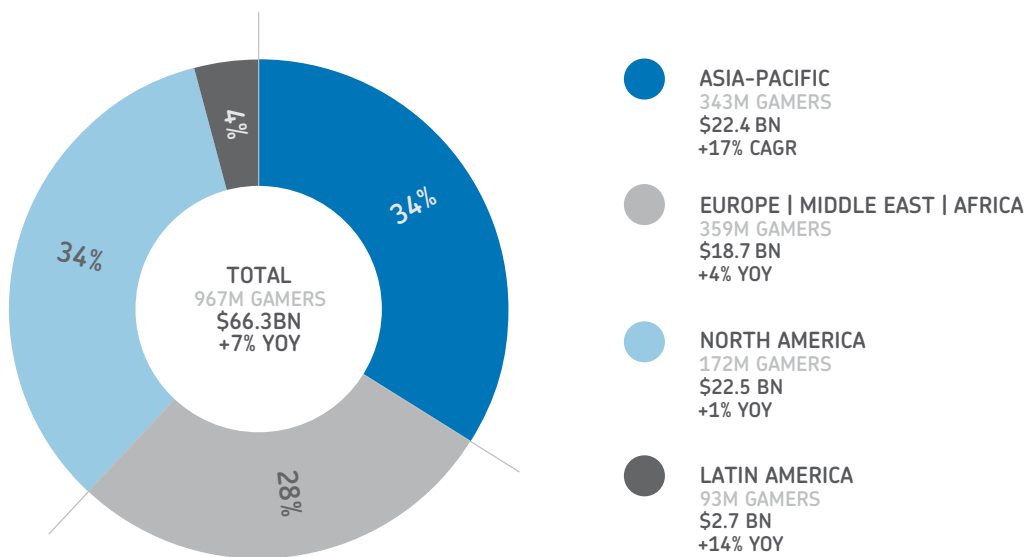
THE STATE OF THE GLOBAL GAMES INDUSTRY

GLOBAL GAMES MARKET PER REGION

THE ASIA-PACIFIC GAMES MARKET GREW BY 17% IN 2012, NOW ACCOUNTING FOR 34% OF THE GLOBAL GAMES MARKET. NORTH AMERICA WHICH SAW A MUCH SMALLER INCREASE OF 1% ALSO ACCOUNTS FOR 34% OF THE MARKET WITH EUROPE, THE MIDDLE EAST AND AFRICA TAKING 28%. LATIN AMERICA WHICH WITNESSED A 14% GROWTH IN 2012 MAKES UP 4% OF GLOBAL GAMES MARKET.

THE GLOBAL GAMES MARKET 2012 | PER REGION

Based on combined analysis of company financials, transactional data and consumer research



Source: Newzoo 2013 Global Games Market Report



2

Just as the gambling sector saw a shift from land-based to online with the rise of the internet, the traditional gaming sector is seeing a similar move from physical to digital. A report by video games market research firm DFC Intelligence estimates that by 2017 around 39% of console revenue will be derived from digital distribution and online revenue sources, but this trend may be accelerated, with SuperData Research revealing that digital content sales rose 39% year-on-year in January – traditionally a quieter period for commerce following the Christmas boom.

Most intriguing perhaps is SuperData’s assertion that Electronic Arts will see revenues from digital sales surpass those of physical goods by the end of 2013. This highlights a trend

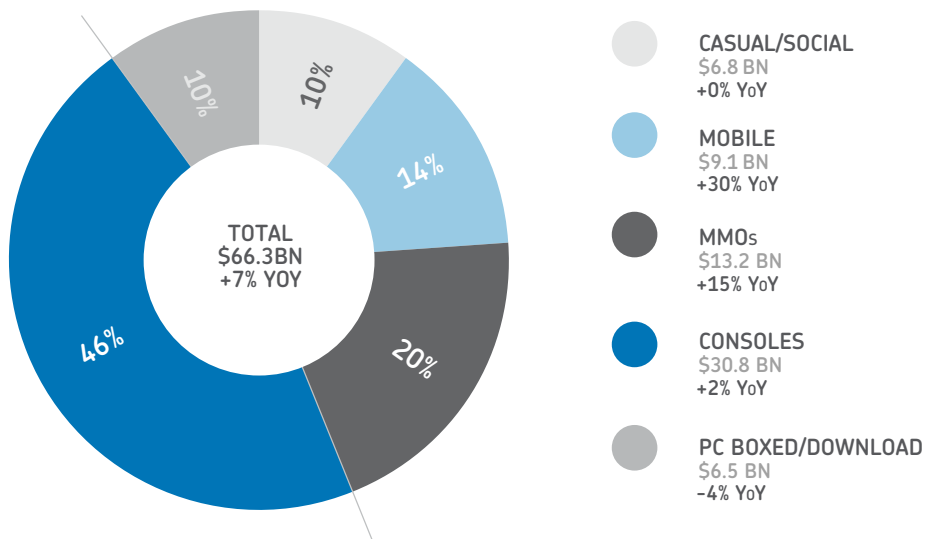
of players moving away from the traditional gaming platforms and towards the online space, and SuperData CEO Joost van Dreunen says the shift is inevitable: “EA’s physical content revenue has dipped below \$500 million while their digital revenue has steadily climbed. Continuing this trend, EA’s time as a mostly digital company is coming. And soon.”

GLOBAL GAMES MARKET PER SEGMENT

CONSOLE GAMES ACCOUNT FOR ALMOST HALF OF GLOBAL GAMES REVENUES, TAKING 46%. MMOs ARE THE NEXT BIGGEST PLATFORM MAKING UP 20% OF THE GAMES MARKET REVENUE. CASUAL/SOCIAL GAMES AND BOXED/DOWNLOADED PC GAMES ACCOUNT FOR 10% OF THE REVENUES EACH AND MOBILE GAMES WHICH GREW BY 30% IN 2012 CLAIM 14% OF THE REVENUE PIE.

THE GLOBAL GAMES MARKET 2012 | PER MARKET SEGMENT

Based on combined analysis of company financials, transactional data and consumer research



Source: Newzoo 2013 Global Games Market Report

This mass migration online has seen developers experiment with various different genres, which has naturally led to the emergence of free-to-play casino titles.



2

CASINO GAMES ARE GENERALLY ‘STICKIER’ THAN OTHER TITLES, DUE TO THE ABILITY TO WIN VIRTUAL CREDITS.

Therefore, casino games are seen as a lucrative revenue stream, especially as these games are not subject to legislative hurdles which affect the real-money gambling industry. Zynga was the first operator to launch a social casino game with Zynga’s Texas Hold’Em Poker, which has remained the most popular game in the genre with 6.5m daily active users (DAU) at the time of writing, and the success of the offering has prompted a number of other start-ups to launch further casino products in the space.

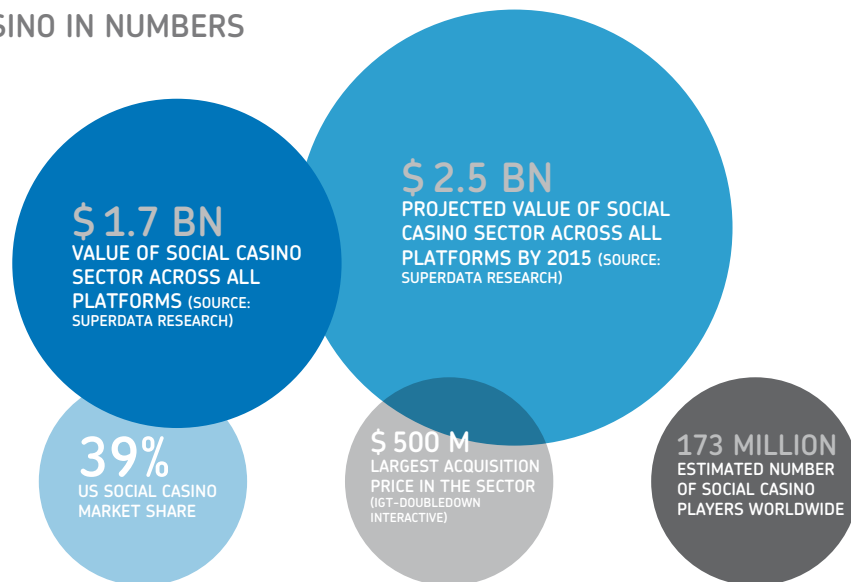
THE SUCCESS OF SOCIAL CASINO HAS PIQUED THE INTEREST OF THE REAL-MONEY GAMBLING SECTOR AND A NUMBER OF ESTABLISHED OPERATORS EITHER LAUNCHED OFFERINGS OR ARE MAKING ACQUISITIONS TO ENTER THIS PROFITABLE SECTOR.



3 ORIGINS OF SOCIAL CASINO

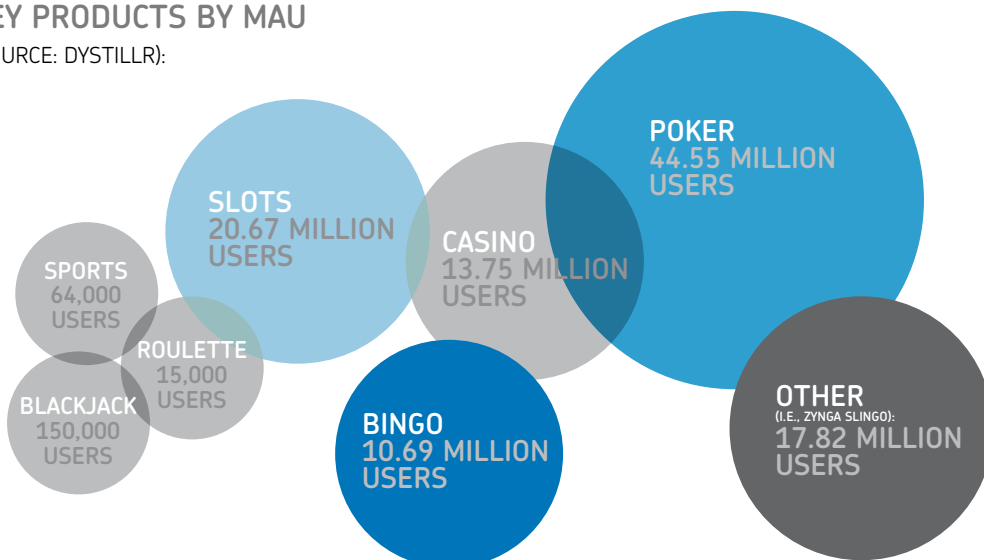
THE BEGINNINGS, GROWTH AND EARLY CONSOLIDATION OF THE SECTOR

SOCIAL CASINO IN NUMBERS



KEY PRODUCTS BY MAU

(SOURCE: DYSTILLR):





3

WHILE SOCIAL CASINO'S MARKET SHARE DID NOT OVERTAKE FARMING TITLES UNTIL APRIL 2012, ACCORDING TO ANALYTICS FIRM KONTAGENT, POKER WAS ACTUALLY THE FIRST GAME TO GO LIVE ON THE FACEBOOK PLATFORM.

Zynga Poker went live on the social network in July 2007, at the same time the company renamed itself from Presidio Media with the game remaining the company's flagship product and helping it become the leading developer on Facebook with 40 million Monthly Active Users (MAU) by April 2009. FarmVille launched in August of the same year.

However, the success of FarmVille – it became the first Facebook game to attract 10 million Daily Active Users (DAU) – overshadowed Zynga Poker, and saw Zynga focus its efforts on growing its -Ville franchise with titles like CityVille and FrontierVille, and the company did not release a further casino title until January 2012.

Dedicated social casino operators did not begin to emerge until 2009, following a 2-year gap with Mytopia (2006) and Product Madness (2007) as the notable exceptions. In 2009, numerous operators arrived in the market, with the likes of DoubleDown, Blitzoo and Ryzing.

2009 also saw operators such as Playtika and Buffalo Studios arrive on the scene, with companies like DragonPlay and BitRhymes – now Bash Gaming – launching. More importantly, in 2009 a real-money gambling operator acquired a social casino business, when 888

bought Mytopia in a deal worth up to US\$18m in June 2010.

This deal was unique in that there was little further M&A movement until May 2011, when Caesars Interactive acquired a 51% stake in Playtika for a rumoured \$90m. Paying such a high price for a stake in a company (the largest-ever exit for any Israeli gaming or gambling operator) that had only been formed 18 months previously, marked the beginnings of a huge interest in social casino. The success of the deal is reflected in the fact that Caesars then bought out the remaining 49% stake in December of the same year – the same month that Zynga went public.

This was followed by IGT's acquisition of DoubleDown Interactive for up to \$500m in January 2012, seen by many as the clearest possible endorsement of social casino due to the price – again for a company less than two years old.

SOCIAL CASINO HAS GROWN TO BECOME ONE OF THE MOST PROFITABLE SOCIAL GAMES GENRES.

SuperData research estimates that around 173 million people – around 20% of the 800 million people playing social games – play social casino titles, and the sector looks set to continue growing due to a lack of regulation, the absence of geographical and age restrictions, due to the fact that the inability to cash out winnings, clearly separates the sector from online gambling. Furthermore, **DEVELOPERS' RAPID ADOPTION OF MOBILE HAS ALLOWED COMPANIES TO REACH PLAYERS ON ANY PLATFORM, WITH INNOVATIVE AND UNIQUE GAMES.** Apple revealed that in 2012, Zynga Poker was the highest-grossing game in Apple's app store. This helps the sector appeal to a much wider audience than egaming, which sees around 50 million people gamble online worldwide.



4

CONVERGENCE

WHY “SOCIAL GAMBLING” IS A MYTH

“SOCIAL GAMBLING” IS A MYTH

WHILE THE SOCIAL CASINO PLAYER BASE IS MORE THAN THREE TIMES LARGER THAN THAT OF ONLINE GAMBLING, IT IS IMPORTANT TO HIGHLIGHT THE FACT THAT THE CONVERSION RATES OF THE TWO SECTORS ARE NOTICEABLY DIFFERENT. WHILE ONLINE GAMBLING OPERATORS AIM TO CONVERT AS HIGH A PERCENTAGE OF THEIR SITE VISITORS TO PAYING CUSTOMERS, SOCIAL CASINO DEVELOPERS ONLY CONVERT A VERY SMALL NUMBER OF PLAYERS, AND FOR MUCH SMALLER REVENUES.

PULL FIGURE:

Average Revenue per User (ARPU): \$0.3 – DoubleDown Casino ARPU: €256 (\$334) – Paddy Power (online gambling operator)
For example, IGT reported that its average revenue per user (ARPU) for DoubleDown Casino was 30 ¢ for the three months ending 30 September 2012, whereas Paddy Power – a leading online gambling operator – recorded ARPU of €256 in its full-year results for 2012. It is also difficult to benchmark conversion rates for social casino; while Slingo CEO Rich Roberts estimates that around 20% of his players monetize, rates can be as low as 3%, despite the presence of ‘whales’ – high-spending players who are responsible for the bulk of social casino revenues.

Social Gambling is a myth, because key features of social casino games – the ability to interact with other players, share wins and send gifts, are absent in real-money games

on the Facebook platform. These games – the likes of Bonza Slots (Bonza Gaming), Bingo and Slots Friendly (Gamesys), Magic888 and Bingo Appy (888) – are only available to UK customers over the age of 18, and require an account to be set up before players can access the games.

Slingo CEO Rich Roberts explains that this lack of convergence stems from the fact that there is no link between players who deposit to play social casino games and those who will gamble for cash: “We haven’t seen any correlation between people who spend money on virtual goods that will gamble, and people who gamble that will spend money on virtual goods,” he says.

“A lot of people look at the money being spent on virtual goods and imagine that being spent on gambling – you can’t make that comparison,” Roberts adds.



4

DOES SOCIAL GAMBLING EXIST?

While such titles can be seen as real-money gambling products, they should not be termed “social gambling” games. These are not universally available to all players, and are restricted by regulation, making them gambling on a different platform. As they are only available in the UK market, it is difficult to gauge their success, but to give more of an idea of real-money growth on Facebook we will look at Gamesys as a point of comparison.

27,000 – The number of UK players on Jackpotjoy Slots – Gamesys’ free-to-play social casino game (source: Metrics Monk) – 2.6% of its total MAU.

2,000+ – The rough estimate of MAU on its real-money Bingo Friendly app.

While exact MAU figures for Bingo Friendly are not available, its user numbers are dwarfed by those of Jackpotjoy Slots, suggesting that there has been little crossover – even though users are able to access the game through existing Jackpotjoy accounts, removing a crucial barrier to entry. This reinforces the fact that the core social casino player base is US-based; suggesting that real-money gambling on Facebook will not gain traction until the US market opens up.

It should also be noted that social casino can drive high revenues in its own right, and Playtika investor Gigi Levy says that this was one of the key factors to prompt him to invest in the sector: “When I was at 888 we started hearing about Zynga’s poker revenues,” Levy explains “888 was big in poker and we started hearing numbers that we thought were crazy, because they were not very different from the numbers we knew from real-money gaming.”

As a result he believes that the opening up of the US market will ultimately see companies operate both real-money and social casino offerings in tandem: **“At the end of the day social becomes the early funnel for real-money.** In other

words, people who are playing Zynga Poker are not necessarily going to play real-money poker, but their propensity to play real-money poker is probably about 50 times higher than the general public,” he concludes.

GOING FROM SOCIAL TO REAL-MONEY

Due to the heavy costs associated with technical compliance, securing an egaming license and implementing strict age restriction controls, social casino operators cannot ‘flip a switch’ to launch a real-money gambling offering. Not only are the majority of companies in the space start-up businesses, but many still lack the mathematicians and gambling experience required to produce games which meet the technical standards needed for cash gaming products, such as a robust random number generator.

INSTEAD, SOCIAL CASINO OPERATORS HAVE CHOSEN TO PARTNER WITH EGAMING OPERATORS TO LAUNCH REAL-MONEY PRODUCTS, WITH PLUMBEE ESTABLISHING A JOINT VENTURE WITH SPORTINGBET TO START BONZA GAMING; CLICKFUN CASINO PARTNERING WITH BETWAY TO LAUNCH REAL-MONEY SLOT GAMES, AND IN THE HIGHEST ECHELON, ZYNGA PARTNERING WITH BWIN.PARTY FOR ITS REAL-MONEY, UK-FACING ZYNGA PLUS POKER AND ZYNGA PLUS CASINO PRODUCTS.

However, two key service providers have emerged to offer a turn-key solution which sees social casino titles integrated onto a real-money gambling platform. Betable is arguably the most visible, having completed one of the biggest funding rounds of 2012 in the technology sector, and having established partnerships with leading social operators including Slingo, Digital Chocolate, Mandala Games and Big Fish, powering its iOS casino app. Big Fish Casino remains the only operator to have launched a game, with one company to



4

have signed up to the Betable platform admitting that without first achieving critical mass of players, there was no value in launching a real-money solution. However, in the UK alone, Big Fish Casino generated revenues of \$38,564 from its app, featuring a real-money element.

But Betable founder and CEO Christopher Griffin believe that his solution will lead to closer ties between the two industries: **“Real-money and virtual currency is complementary and operates side by side. There are many implementations in which combining the two will provide the developer with great opportunities to create new and interesting monetization loops.”**

Odobo is the other firm to have entered this space, allowing developers to partner by integrating games onto its HTML5 gaming platform – making the titles available across iOS, Android and online, then offering them to real-money operators as a third-party content provider. This essentially allows the developers to create a secondary revenue stream through the real-money app alongside social casino income, using the Odobo system to market their products, and Austria-based developer Rabcat has already signed up to the platform.

PROOF IS IN THE PRODUCT

WHILE THE ONLINE GAMBLING SECTOR IS HEAVILY RELIANT ON THIRD-PARTY PROVIDERS, SOCIAL CASINO, LIKE THE VIDEO GAMES SECTOR, WORKS PREDOMINANTLY WITH PROPRIETARY CONTENT.

Perhaps the notable exception in this case is Plumbee, which runs third-party slots, albeit supplied through an exclusive agreement with QuickSpin.

Despite this one high-profile – and successful – exception, it is unlikely that third-party content will become key to the social casino sector. Without having to meet regulatory or technical

compliance standards, innovative developers are free to (re)design and update a game. Whereas an online gambling slot game may look and feel exactly the same on two different operators’ sites, social slots often include mechanics more commonly associated with mid-core games which retain players, despite their inability to cash out. Titles such as Zynga Elite Slots incorporate a character-driven, progressive element which allows players to ‘level up’ throughout the game and spin reels to battle different ‘boss’ characters, mixing the sort of gameplay seen in console games with gambling elements.

Ryan Janssen, vice president at mobile-focused venture capital firm m8 Capital, explains that this ability to create a sense of progression is key to ramping up retention in social casino titles: “When you’re using traditional gambling mechanics, it is hard to actually reward the player for increased play,” he says. “I think one of the difficult things for casino titles, from a games design perspective, is giving players the feeling of progression, which is one of the stickiest elements of other genres.”

TECHNOLOGY IS OF HUGE IMPORTANCE TO SOCIAL CASINO OPERATORS, DUE TO THE CONSTANT NEED TO FOCUS ON DEVELOPMENT, ENHANCEMENT AND INNOVATION OF THEIR PRODUCTS IN ORDER TO RETAIN CUSTOMERS.



5 REGULATION AND RING-FENCING

WHY REGULATION CONTINUES TO HAMPER AND A LACK OF REGULATION OPENED THE WAY FOR SOCIAL CASINO GAMES

REGULATED MARKETS



REGULATING MARKETS



BLACK MARKETS



REGULATION IS THE BIGGEST DIVIDER BETWEEN REAL-MONEY GAMBLING AND SOCIAL GAMING. THE INABILITY TO CASH OUT AND THE LACK OF CROSS-BORDER CONTROLS MEAN THAT SOCIAL CASINO CAN

REACH A MUCH WIDER AUDIENCE THAN REAL-MONEY GAMBLING. While real-money is one of the most regulated industries in the world, social gaming remains free from the shackles of any form of legislation.



5

In real-money terms regulation has always been tightly crafted, monitored and enforced in order to protect the young and vulnerable, to prevent fraud and money laundering and crucially, to create white markets whereby licensed operators pay a portion of either Gross Profits Tax (GPT) or turnover to government regulators. This is a method most widely adopted and increasingly so by European countries. Aside from the UK, which currently allows operators to advertise and offer their services to citizens via its regulated White List of approved jurisdictions (Antigua and Barbuda, Isle of Man, Alderney, Gibraltar and Tasmania) as well as from other offshore locations, including Malta, all part of the European Economic Area, a number of other EU countries have been regulated in recent years.

The first EU countries to be regulated were Italy (2007), France (2010), Denmark, Spain (2012) and Belgium (2013). A number of other EU countries such as Sweden, the Netherlands and Switzerland are all in the midst of consultation processes, in order to determine the right framework for their respective countries.

EVEN THOUGH AUSTRALIA PROHIBITS ONLINE POKER OR CASINO, IT IS A LARGE MARKET FOR ONLINE SPORTS BETTING, WITH A VAST ARRAY OF OPERATORS FLOCKING TO THE ISLAND.

A number of other countries, namely Greece and Germany, have struggled to formulate models which align with EU law. For example, Germany's northernmost state Schleswig-Holstein chose for a more liberal legislation, initiatives which came under pressure when the socialist party regained local governmental control.

Globally, the US has remained off limits since former President George W Bush signed in the Unlawful Internet Gambling Enforcement Act (UIGEA) in September 2006, prohibiting gambling businesses from "knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the internet and that is unlawful under any federal or state law". This meant that a large number of former US-facing sites immediately left the country with only a few exceptions, including PokerStars and Full Tilt. That was, until their sites were blocked by the US Department of Justice on April 11 2011 – otherwise known as Black Friday – following a number of indictments against select members of these organizations.

In December 2011, the Department of Justice altered its position on the 1961 Wire Act, concluding that "interstate transmissions of wire communications that do not relate to a sporting event of contest fall outside the reach of the legislation." This affected a number of states, because with state legislation approval pending, they could theoretically offer online poker, casino and bingo games. Since then Nevada, Delaware and most recently, New Jersey, have all passed laws to allow various forms of online gambling. Nevada and New Jersey legislation allows existing land-based casinos to act as operators with external, private operators such as 888 and bwin.party, which act as suppliers for US partners.

REGULATING THE SOCIAL GAMING ARENA MERELY REMAINS A DISCUSSION ITEM DURING ANNUAL GAMING CONFERENCES WITH STUDIOS AND DEVELOPERS, WHICH ARE CURRENTLY ABLE TO OFFER GAMES TO AN UNLIMITED AUDIENCE. TAXING A \$3.5BN GLOBAL INDUSTRY IS OFTEN SPOKEN ABOUT, BUT THIS WOULD INVOLVE THE ADAPTION OF LEGAL FRAMEWORKS, COMPLEX TO APPLY AND FORMALIZE.



6 A COMPARISON OF SOCIAL CASINO AND REAL-MONEY GAMBLING

OPERATIONAL AND CULTURAL DIFFERENCES

THE ENTREPRENEURS, WHO FOUNDED REAL-MONEY GAMBLING BUSINESSES, HAVE BEEN REPLACED BY INDIVIDUALS WITH EXPERIENCE IN RUNNING PUBLICLY LISTED CORPORATE ENTITIES.

High-profile examples include Coral appointing former Alliance Boots and HBOS chief executive Andy Hornby as managing director; Paddy Power, hiring LOVEFiLM co-founder William Reeve as head of operations and Betfair hiring Guinness and Diageo veteran Mark Ody as brand director.

Due to the hierarchical, corporate structure of gaming companies, decision-making can become a long process, whereas social casino operators, whose founders are still in control, **are agile and react quickly to adapt their business in order to take advantage of new opportunities and anticipate market changes.**

Furthermore, while product is key to gaming companies, product development is hardly a priority – the majority of leading operators work with a small pool of third-party developers, leading to little differentiation or innovation in the games they offer. On the other hand,

social casino operators focus on the uniqueness of their product, with a heavy emphasis on technological development; social casino chief technology officers are often founders or board-level executives – something very rare in the real-money sector.

Another key difference between the sectors is the importance of analytics to social casino. **While online gambling operators use a form of analytics, they tend to focus more on high-level metrics such as return on investment and revenues, whereas social casino businesses use in-depth analysis, looking at players' behavior patterns, in order to determine how best to improve the user experience of their games,** based on what players click on, and when to time advertisements, how to avoid churn and when to encourage players to make an in-game payment.



6

Social casino operators begin to use sophisticated predictive analytics tools, more commonly associated with huge data-driven industries like the telecommunications sector. By analyzing data such as length of player sessions; how players react to invitations or gifts from friends; how they react to invitations from strangers, and how often they transact, operators can work out when a player is likely to spend money.

“It’s about describing players as human beings and making them into more than MAU and DAU through getting to know their habits and treating them with the sort of respect which allows you to see their true value,” Chethan Ramachandaran, CEO of predictive analytics specialist Playnomics, says.

The differences between the two industries’ data usage is highlighted by Plumbee CEO Raf Keustermans when talking about hiring a data analyst from the real-money gambling industry: “We had just hired a data analyst from a large gambling operator, and it was a big step up for him, so when it comes to data I would say the gambling companies have a lot to learn from the social operators.”

However, despite these differences, there are some high-profile examples of online gambling companies successfully developing social casino offerings, for example Caesars Interactive, which has successfully integrated and grown Slotomania, before acquiring Buffalo Studios in late 2012.

IGT, DESPITE MANY QUESTIONING THE HIGH COST OF THE DEAL, PROVED ABLE TO SUCCESSFULLY BOOST DOUBLEDOWN INTERACTIVE, SINCE ACQUIRING THE BUSINESS IN JANUARY LAST YEAR, WITH MAU INCREASING 29% SINCE THE BUYOUT, WHILE THE DIVISION CONTRIBUTED TOWARDS RECORD REVENUES FOR THE SERVICE PROVIDER’S ONLINE DIVISION LAST YEAR, EARNING US\$41.3M IN THE THREE MONTHS, ENDING 31 DECEMBER 2012.



7 BUYING THE COMPETITION

E-GAMING OPERATORS ENTERING SOCIAL CASINO THROUGH M&A ACTIVITY

AFTER ZYNGA'S DIFFICULT FIRST YEAR AS A PUBLICLY TRADED COMPANY, INVESTOR CONFIDENCE IN SOCIAL CASINO HAS DECLINED SIGNIFICANTLY. VENTURE CAPITAL FIRMS ARE LESS WILLING TO PUMP FUNDS INTO GAMES STUDIOS. HOWEVER, THIS DOESN'T IMPLY THAT COMPANIES WITH A UNIQUE OR PARTICULARLY INNOVATIVE PRODUCT OFFERING CANNOT SECURE FUNDING, BUT DUE TO THE NATURE OF MICRO TRANSACTIONS AND STIFF COMPETITION, A NUMBER OF THE PROFITABLE BUSINESSES HAVE ALREADY BEEN ACQUIRED.

However, lack of investor confidence has not entirely reduced the interest in acquisitions in the sector, with one industry investor saying that the investment landscape is "far from done," and that there is likely to be a lot of consolidation over the next two years. While one social casino operator has previously predicted that there was the potential for an "AOL moment" where a rapidly rising social casino business acquires an established real-money gambling firm, such expectations seem to have diminished over the past year, but Playsino CEO Brock Pierce believes there is still room for progress in 2013:

"I think Scientific Gaming should have looked at Zynga as an alternative to WMS," he says. "If I was at Zynga I would have thought of merging with someone like IGT as an alternative to the DoubleDown deal. Electronic Arts, I could see potentially doing those sorts of deals, so I think you could see big, iconic companies coming together, the new and the old."

THE M&A LANDSCAPE HAS BEEN DOMINATED BY REAL-MONEY GAMBLING OPERATORS AND SUPPLIERS ACQUIRING SOCIAL CASINO FIRMS, WITH THE MAJOR EXAMPLES LISTED BELOW:



7

Jun 2010: 888 acquires Mytopia: US\$18m (maximum consideration: \$48M)

May 2011: Caesars Interactive acquires 51% stake in Playtika: (rumored) \$80-90M

Dec 2011: Caesars Interactive acquires remaining 49% stake in Playtika: (amount unconfirmed, but full acquisition estimated to have cost up to \$200M)

Jan 2012: IGT acquires DoubleDown Interactive: Up to \$500M

APR 2012: Playtech initially looks to acquire social gaming developers CTXM and Viaden Gaming from company founder Teddy Sagi: €95M

APR 2012: Playtech performs U-turn, cancelling acquisition of social assets to set up a licensing agreement: €6M annual licensing fee

MAY 2012: bwin.party acquires assets of Orneon Ltd: Up to €18M in cash as part of €40M investment to set up social gaming division Win Interactive

NOV 2012: Aristocrat Gaming acquires Product Madness: Up to \$40M

DEC 2012: Caesars Interactive acquires Buffalo Studios: Up to \$100M

While M&A activity has been driven predominantly by the real-money gambling industry purchasing social operators, there is potential for leading media brands, looking to monetize customers to move into the sector. While this is more likely to be driven by an interest in the wider games space, the rapid emergence and growth of gambling-style games across social and mobile platforms, is likely to attract more attention to the social casino sector. Recently there has even been speculation that the comments by Yahoo's head of M&A Jackie Reses about two potential "significant" acquisitions referred to Zynga. Should these businesses move into the sector, with the financial cloud to offer higher multiples than the egaming brands, it could result in market-leading operators in the sector being snapped up.

ON THE OTHER HAND, THIS SEEMS UNLIKELY, AS LONG AS MARK PINCUS RETAINS CONTROL OF THE OPERATOR, BECAUSE, AS ONE INDUSTRY ANALYST EXPLAINED: "I THINK THE ODDS OF ZYNGA BEING ACQUIRED WOULD BE HIGHER IF PINCUS DIDN'T HAVE MAJORITY VOTING CONTROL OF THE SHARES, BUT I REALLY DON'T SEE IT HAPPENING AT THIS TIME," THEY SAID.



8 INCREASED MOBILITY

THE IMPORTANCE OF MOBILE IN THE GAMING SECTOR

WITH THE ONLINE SPACE INCREASINGLY SATURATED DUE TO THE SHEER VOLUME OF GAMES AVAILABLE, **MOBILE IS BECOMING AN INCREASINGLY IMPORTANT, AND LUCRATIVE CHANNEL FOR OPERATORS.** TRADITIONALLY THIS HAS BEEN DRIVEN BY APPLE'S APP STORE, WHICH OFFERS A HIGH LEVEL OF SECURITY; QUALITY PRODUCTS AND SAFE AND EFFECTIVE PAYMENT SOLUTIONS. THIS HAS ALLOWED IOS TO OUTPERFORM ANDROID, WITH APP STORE REVENUE FOR DECEMBER 2012 THREE-AND-A-HALF TIMES THAT OF GOOGLE PLAY OVER THE SAME MONTH.

However, Google Play was only launched in early March 2012, after its predecessor, the Android Marketplace, failed to monetize effectively, prompting the search giant to fold several entertainment stores, such as Google Bookstore and Google Music, into one dedicated portal.

Such difficulties in monetization have plagued Android games as well as its app stores. This has been blamed in part on a high level of game piracy across the platform and a lack of secure and integrated payment solutions – though this issue is being addressed with improved operating systems such as the Jelly Bean 4.2 upgrade – due to less strict quality control over app publishing.

Clickfun Casino CTO Daniel Fiske comments: “The stark difference between iOS and Android is how stringent Apple is regarding the submission process. It ultimately shows up in the uniform quality of software in the iTunes store, but results in a considerably longer submission process.”

As a result, there has been an increase in the number of mobile-first operators to emerge, and **while Android is seen as one of the most difficult platforms to monetize, the majority of these have focused on that platform.**

Tel Aviv-based Dragonplay has been able to establish itself as a force in the sector with its Live Hold'em Pro product, with Bash Studios



reported revenues of around US\$55m in 2012, driven by the strong performance of its Bingo Bash game, which is one of the top-grossing apps on Google Play and iPad.

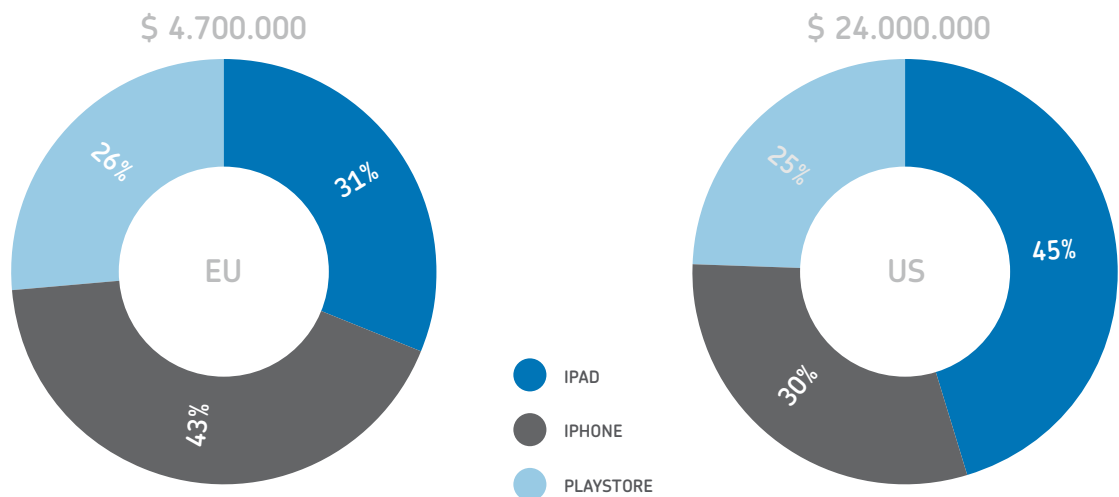
“Back in 2011, most social casino games were simple ports and we saw an opportunity to innovate – we realized the future was multi-device,” Bash Gaming CEO Summit Gupta explained, and since then many operators have also successfully launched products on iOS, notably Zynga, Playtika and Big Fish Casino, proving that **mobile is a key driver of social casino**.

This could force operators to invest heavily in mobile development in order to keep up with the market-leaders, and Dan Wiegenfeld, CEO of Best Casino operator Diwip, believes that this will put extra pressure on operators to develop cross-platform offerings: **“I think we’ve already started to see real cross-platform applications emerging in 2012, but I think that it will be a key issue in 2013.** You’ll have to be almost everywhere; on all mobile platforms including Windows 8; on all tablets of all sizes, and you’ll have to support all devices, which is especially difficult if you have multiple games,” he says.

KEY DEVICES:

- IPHONE
- IPAD
- SAMSUNG GALAXY SIII
- GOOGLE NEXUS 7
- AMAZON KINDLE HD

TOP 20 SOCIAL GAMES MONTHLY GAMES REVENUE | STORE BREAKDOWN: JANUARY 2013



Source: Newzoo /Distimo

TOP SOCIAL-CASINO GAMES JANUARY 2013|
IPHONE | EUROPE

Game	Publisher	Ranking in Games Top 200
Poker by Zynga	Zynga	12
Texas Poker	KAMAGAMES LTD	18
Slotomania - Slot Machines	Playtika LTD	34
Bingo Bash	BitRhymes Inc.	63
Slots - Pharaoh's Way	CERVO MEDIA GMBH	69
Coin Dozer	Game Circus LLC	77
Big Fish Casino - Free Slots, Poker, Blackjack and More!	Big Fish Games, Inc	79
World Series of Poker	Electronic Arts	105
GameTwist Slots	Funstage Spielewebseiten Betriebsges.m.b.H.	127
Big Fish Casino UK - Free and Real-Money Slots, Poker, Blackjack and More!	Big Fish Games, Inc	153
Okey Plus	Peak Games	158
Slots™	Shark Party	175
Bingo Rush by Buffalo Studios	Buffalo Studios	181
Lucky Slots	Blue Shell Games, LLC	198

TOP SOCIAL-CASINO GAMES JANUARY 2013|
IPAD | US

Game	Publisher	Ranking in Games Top 200
Bingo Bash HD	BitRhymes Inc.	4
Big Fish Casino - Free Slots, Poker, Blackjack and More!	Big Fish Games, Inc	5
DoubleDown Casino - Slots	Double Down Interactive	7
Slotomania HD - Slot Machines	Playtika LTD	8
GSN Casino	Game Show Network	13
Slotomania - Slot Machines	Playtika LTD	14
Slots - Pharaoh's Way	CERVO MEDIA GMBH	23
Poker by Zynga	Zynga	24
BINGO Blitz by Buffalo Studios	Buffalo Studios	27
Slots™	Shark Party	46
Poker HD by Zynga	Zynga	48
Bingo Blingo	SGN	50
Slots Journey HD	FishSticks Games	62
Texas Poker	KAMAGAMES LTD	64
World Series of Poker	Electronic Arts	79

TOP SOCIAL-CASINO GAMES JANUARY 2013|
IPAD | EUROPE

Game	Publisher	Ranking in Games Top 200
Poker by Zynga	Zynga	18
Bingo Bash HD	BitRhymes Inc.	21
Poker HD by Zynga	Zynga	40
Texas Poker	KAMAGAMES LTD	43
Slots - Pharaoh's Way	CERVO MEDIA GMBH	50
Slotomania HD - Slot Machines	Playtika LTD	61
Big Fish Casino - Free Slots Poker, Blackjack and More!	Big Fish Games, Inc	85
World Series of Poker	Electronic Arts	90
DoubleDown Casino - Slots	Double Down Interactive	93
Slotomania - Slot Machines	Playtika LTD	96
Coin Dozer for iPad	Game Circus LLC	102
BINGO Blitz by Buffalo Studios	Buffalo Studios	108
GameTwist Slots	Funstage Spielewebseiten Betriebsges.m.b.H.	145
Slots™	Shark Party	166
Bingo Blingo	SGN	198

TOP SOCIAL-CASINO GAMES JANUARY 2013|
GOOGLE PLAY | EUROPE

Game	Publisher	Ranking in Games Top 200
Zynga Poker	Zynga	7
Texas Poker	KamaGames	15
Legend of the Cryptids	Applibot Inc.	16
Live Hold'em Poker Pro	Dragonplay	23
Slot City - slot machines	Dragonplay	27
Slotomania - slot machines	Playtika	38
Bingo Bash	BitRhymes Inc	45
Coin Dozer	Game Circus LLC	51
GameTwist Slots	Funstage Spielewebseiten Betriebsges.m.b.H	64
DH Texas Poker	DroidHen	101
Texas HoldEm Poker Deluxe	IGG.COM	103
World Series of Poker	EA Swiss Sarl	119
BINGO Blitz by Buffalo Studios	Buffalo Studios, LLC	122
Best Casino Slots	diwip ltd	134
Deutsch Texas Hold'em	Boyaa	147

TOP SOCIAL-CASINO GAMES JANUARY 2013|
IPHONE | [US](#)

Game	Publisher	Ranking in Games Top 200
Big Fish Casino – Free Slots, Poker, Blackjack and More!	Big Fish Games, Inc	9
Slotomania – Slot Machines	Playtika LTD	11
Poker by Zynga	Zynga	16
Bingo Bash	BitRhymes Inc.	24
DoubleDown Casino – Slots	Double Down Interactive	32
GSN Casino	Game Show Network	33
Slots – Pharaoh's Way	CERVO MEDIA GMBH	40
Texas Poker	KAMAGAMES LTD	45
Jackpot Party Casino – Slots	Phantom EFX	56
Slots Journey	FishSticks Games	62
Lucky Slots	Blue Shell Games, LLC	71
Bingo Rush by Buffalo Studios	Buffalo Studios	85
Bingo Run	TiniDream Studios	87
Slots™	Shark Party	96
BINGO Blitz by Buffalo Studios	Buffalo Studios	106

TOP SOCIAL-CASINO GAMES JANUARY 2013|
GOOGLE PLAY | [US](#)

Game	Publisher	Ranking in Games Top 200
Slotomania – slot machines	Playtika	6
Slot City – slot machines	Dragonplay	7
Zynga Poker	Zynga	9
Live Hold'em Poker Pro	Dragonplay	11
DoubleDown Casino – Slots	Double Down Interactive, LLC.	13
Bingo Bash	BitRhymes Inc	14
BINGO Blitz by Buffalo Studios	Buffalo Studios, LLC	17
Legend of the Cryptids	Applibot Inc.	18
GSN Casino	GSN.com	22
Texas Poker	KamaGames	34
Best Casino Slots	diwip ltd	41
Big Fish Casino	Big Fish Games	46
Texas HoldEm Poker Deluxe	IGG.COM	47
Slot Galaxy HD Slot Machines	Galaxy Star Entertainment	48
Slots Journey	Murka	53



9 THE FUTURE OF TRADITIONAL GAMING, SOCIAL CASINO AND REAL-MONEY GAMBLING

LOOKING AT THE GROWTH OF EACH
INDUSTRY OVER THE NEXT THREE
YEARS

THE FUTURE OF THE TRADITIONAL GAMING MARKET

THE TRADITIONAL GAMES MARKET WILL CONTINUE TO UNDERGO DRAMATIC CHANGES, ULTIMATELY DRIVEN BY CONSUMERS. ONLY FIVE YEARS AGO CONSUMERS PLAYED GAMES PRIMARILY USING THE PC AND TV SCREEN. THE UPTAKE OF SMARTPHONES AND TABLETS HAS SINCE DOUBLED THE NUMBER OF SCREENS USED BY GAMERS, AS WELL THE NUMBER OF PAYING PLAYERS WORLDWIDE. THE INDUSTRY IS EXPECTED TO MAINTAIN A HEALTHY GROWTH RATE IN THE COMING YEARS, FUELED BY THE CONTINUOUS UPTAKE OF MOBILE AND SOCIAL GAMING, THE GROWTH OF EMERGING MARKETS, AND THE UPCOMING NEW GENERATION OF CONSOLES AND OTHER PROVIDERS BRINGING GAMES TO CONNECTED TVS.



9

THERE ARE FIVE KEY TRENDS THAT ARE SHAPING AND DEFINING THE FUTURE OF THIS MARKET:

1. MORE SCREENS

Only five years ago, gamers played mainly on two screens: The TV and the PC. With the arrival of the smartphone and tablet, that number has since doubled, giving room for more time and money spent on gaming. For now, gamers spread their budget across multiple screens.

2. FREE GAMES

Consumers have gotten used to the idea of playing a game intensely, before they decide to spend money. Low quality free games are becoming history, as new lucrative business models are proving successful.

3. GAMES ARE SERVICES

As monetization now takes place within the game at a moment the consumer chooses, publishers and developers are even more incentivized to keep their gamer engaged as long as possible. Beta periods are crucial involving the gamers in the final settings of the game.

4. BUSINESS MODEL BALANCING ACT

Now that games are services, the business model requires continuous balancing between value for the consumer and profit for the publisher. Monetization of the game should keep free gamers happy and provide room for spending by the “whales”. The launch of a game is just the start...

5. GLOBAL MARKET PLACE

The games market is now, per definition, a global playground. Online connectivity allows companies to localize and launch games anywhere on the planet. To secure growth,

emerging markets are a necessary part of any game company’s strategy.

The biggest challenge for large traditional game companies is the fact that running games as a service requires a different organizational structure and different competence. It is not surprising that the games showing the biggest growth are developed by relatively new companies, set up to run games as a service from day one. Key examples are; Riot Games (League of Legends), Wargaming.net (World of Tanks), Kabam (Kingdoms of Camelot) and SuperCell (Clash of Clans).

THE FUTURE OF SOCIAL CASINO IS HEAVILY DEPENDENT ON WHETHER THERE IS LIKELY TO BE ANY FORM OF REGULATION INTRODUCED. IT REMAINS VERY UNLIKELY THAT IT WILL BE CONSIDERED TO BE A SUB-SECTION OF REAL-MONEY GAMBLING, DUE TO THE INABILITY TO CASH OUT WINNINGS, ACCORDING TO A SPOKESMAN FOR THE UK GAMBLING COMMISSION:

“The key question for the Commission is whether or not a gambling-style product on a social gaming website is gambling as defined under the Gambling Act 2005 – more often than not it isn’t,” the spokesman explained.

“The gambling industry is innovative and technological advances are testing the boundaries of the Act so we monitor what is going on across a wide range of activities, whether on-line or terrestrial, such as lotteries, gaming machine sales and including social gaming sites, to ensure that unlicensed gambling – as defined by the Act – is not taking place,” he added.



9

A similar regulatory model to the egaming sector could be massively damaging to the social casino sector, as Plumbee CEO Raf Keustermans explains: “The big advantage that the social gaming sector has, is that it is a global market, with companies operating one game working across all territories. This gives you economies of scale, with one centralized system and centralized host for the product.

If we see what happened with the gambling industry it’s going to make that impossible; if countries all adopt their own individual models of regulation it becomes totally unsustainable.”

Any regulation of the social gaming sector is likely to be driven by a need for player protection, particularly of minors. As a result, regulation is likely to come in the form of age restrictions to games. Due to a lack of restrictions to prevent younger players from playing gambling-style games, it is feasible that this will come in the form of enforced age restrictions, similar to the model introduced in Japan, where the kompu gacha mechanic – seen as too similar to gambling – has been banned. High 5 Games has even restricted its High 5 Casino app to players over the age of 18, and still

managed to hit more than 1 million Monthly Active Users (MAU), leading to some industry commentators to suggest that social casino would not be massively affected by such a ban due to the fact that player demographics tend to skew older.

Revenue growth is likely to be affected by if, or when regulation is introduced for example, while the sector is expected to growth to US\$2.5bn by 2015, this could fluctuate wildly. For example, DoubleDown Casino is expected to see revenues spike to \$110.9m, according to SuperData Research – up 27% from 2012 takings of \$87m – the research firm expects them to plateau after that, declining to around \$77.8m by 2015 and remain flat around that rate.

TO DATE PLAYER NUMBERS HAVE SOARED 160% SINCE MAY 2010 – WHEN SOCIAL CASINO’S MARKET SHARE OF THE OVERALL SOCIAL GAMING SECTOR WAS AROUND 15% - WITH MARKET SHARE REACHING A HIGH OF 32.6%, BEFORE DECLINING TO 31% IN OCTOBER 2012. ESSENTIALLY THIS MEANS THAT THE GENRE HAS SEEN MAU DOUBLING FROM YEAR TO YEAR.



10 PAYMENTS

HOW PEOPLE PAY TO PLAY

	US	EU*	FRANCE	NETHERLANDS	CHINA	SOUTH KOREA*
#PAYING SOCIAL GAMERS (MILLIONS)	18.9	17.9	1.9	0.45	57.4	1.9
ONLINE PAYMENT SERVICE	26%	28%	19%	36%	34%	11%
CREDIT CARD	25%	19%	41%	16%	20%	30%
PREPAID CARD/VOUCHER	21%	13%	6%	2%	8%	2%
TEXT MESSAGING	14%	11%	19%	5%	8%	51%
DIRECT DEBIT/STANDING ORDER	14%	12%	5%	5%	6%	6%
PHONE (TOLL NUMBER)	9%	9%	15%	13%	9%	8%
ONLINE BANK ACCOUNT	8%	13%	5%	32%	44%	10%
TRANSACTION FORM/INVOICE	7%	9%	7%	2%	2%	1%

* AGGREGATE OF UK, GERMANY, FRANCE, SPAIN, ITALY, BELGIUM & NETHERLANDS
 * BASEDON 2011 DATA

THE FIGURES SHOWN IN THE ABOVE TABLE OUTLINE THE PREFERRED PAYMENT METHODS OF SOCIAL GAMERS ACROSS THE US, EU AND ASIA. NEW UP TO DATE FIGURES ON KEY ASIAN MARKETS - TAIWAN, JAPAN, CHINA AND SOUTH KOREA, WILL BE MADE AVAILABLE IN THE COMING WEEKS. PLEASE SUBSCRIBE TO OUR SOCIAL MEDIA CHANNELS* IN ORDER TO ACCESS THIS DATA AS SOON AS IT BECOMES AVAILABLE.



10

Payments are derived in a large part through the iOS platform in social casino, due to the safe and securely integrated solutions provided by Apple. This is yet to be replicated on Android, despite Google’s platform becoming more secure for payments following its Jelly Bean 4.2 upgrade.

Other options, such as prepaid cards and solutions provided by companies like PayPal and Skrill are also increasingly popular, though are traditionally more widely accepted in the online gambling sector. Such offerings allow players to set spending limits and give an extra level of security, by providing a separate wallet to bank accounts, which account for a significant, yet smaller percentage of transactions in the sector.

PREPAID SOLUTIONS ARE FREQUENTLY USED, ESPECIALLY IN CENTRAL EUROPEAN TERRITORIES LIKE GERMANY, WHERE PEOPLE ARE LESS LIKELY TO USE CREDIT OR DIRECT DEBIT CARDS TO MAKE IN-GAME DEPOSITS, AND IN THE UNITED STATES, WHERE THEY ARE WIDELY AVAILABLE FROM CONVENIENCE STORES.

Credit cards remain popular; **around 25% of US players use credit cards to buy virtual items in social games, compared to 21% of EU players** (an amalgamation of UK, Germany, France, Spain, Italy, Belgium & Netherlands), despite a block on 7995-coded transactions – which referred to transactions related to casinos or betting – stopping players from making payments to gambling sites in the lead-up to

the implementation of the Unlawful Internet Gambling Enforcement Act (UIGEA) of 2006. However, this mainly affected MasterCard payments.

Direct carrier billing may become a key payment method in the near future. Direct carrier billing –in-game payments added to phone bills, rather than internet tariffs– is one of the most intriguing emerging payment methods, as it would allow for a seamless experience. As mobile cements itself as a core gaming platform, it is likely that these solutions will become increasingly popular.

WHILE THERE ARE NUMEROUS OPTIONS TO FACILITATE IN-GAME PAYMENTS, IT IS IMPORTANT TO REMEMBER THAT ONLY A SMALL PERCENTAGE OF PLAYERS ACTUALLY MONETIZE. FOR EXAMPLE, THERE ARE AROUND 800 MILLION PEOPLE PLAYING SOCIAL GAMES (173 MILLION PLAYING SOCIAL CASINO) WORLDWIDE, BUT IN THE US - WHICH IS THE LARGEST MARKET FOR SOCIAL CASINO GLOBALLY - JUST 18.9 MILLION USERS ACTUALLY MONETIZE. IN EUROPE, JUST 17.9 MILLION PLAYERS MONETIZE ACROSS THE UNITED KINGDOM, GERMANY, FRANCE, SPAIN, ITALY, BELGIUM AND THE NETHERLANDS.

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11 GLOSSARY OF TERMS

A. Casual & social games: Games played on or downloaded from dedicated gaming portals or games played within social networks such as Facebook or Google+.

B. Mobile games: Games played on mobile (smart) phone, iPod Touch, iPad or any other tablet or mobile device.

C. MMO games: All Multiplayer Online games, often referred to as MMOs or MMORPGs (Massive Multiplayer Online Role-Playing (e.g. World of Warcraft, Dofus, Star Wars the Old Republic, League of Legends). Also includes online communities, casual Memos and virtual worlds that are based around social interaction and entertainment (e.g. IVO, HabboHotel, Moshi Monsters and Farmerama).

D. Console gaming: Games played on an Xbox, PlayStation, Wii, DS, PSP and other consoles.

E. PC/Mac gaming: Games installed on a PC, laptop or Mac before playing. They can be downloaded from websites or services such as Steam or purchased as boxed product (CD/DVD).

F. Social casino: Free-to-play games which feature gambling mechanics, distributed through social networks and mobile platforms.

G. Free-to-play games: Games which can be played at no cost to the player, in which additional chips or bonus features that give players a special advantage can be purchased.

H. eGaming: Online gambling

I. iOS: Apple's mobile platform and a key platform for mobile gaming.

J. Android: Google's mobile platform and an increasingly vital gaming platform.

K. DAU and MAU: Daily Active Users and Monthly Active Users



12 ABOUT THE PUBLISHERS & EDITORS

12.1 ABOUT EGAMING REVIEW

eGaming Review (eGR) is the best read and most respected publication in the industry, with consistent exclusive news, interviews and comment from the most influential people. As the industry's only monthly publication, eGaming Review is able offer its readers more up-to-date insight and expert opinion on the

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Newzoo is the leading global market research firm focused purely on the games market. The company provides its clients with a mix of primary consumer research, transactional data and financial analysis across all continents,

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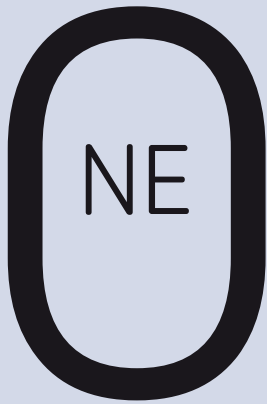
12.3 ABOUT PAYVISION

Founded in 2002 by Rudolf Booker, [Payvision](#) is a fast growing, independent Payment Solution Provider specialized in Global Card Payments for the e-Commerce market. Payvision offers Acquiring Banks, Agents, [Payment Service Providers](#), ISO, MSPs and their [Merchants](#) a secure PCI DSS Compliant, PSD Licensed International Payment Processing Network enhanced with innovative technology

Over the past decade, Payvision has consistently expanded its geographical footprint across the continents, resulting in vast knowledge and insight in the complexity of Card Payments and

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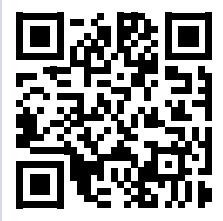


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