



SAP for Sports & Entertainment

Lottery and Betting

Creating Live, Continuous Engagement



Run Simple

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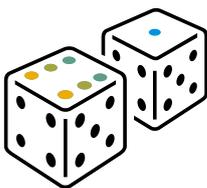
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Introduction

Humanity has an extensive gambling history. Almost every culture has ancient textual references to people gambling and hoping to win. It has since become a momentous, prosperous industry. In 2015 the global casino and gaming industry recorded a total gross gaming profit in the hundreds of billions of dollars. The lottery was the most lucrative area, capturing over one third of the overall market value. By 2020 the industry is forecast only to increase.

Conventionally, lottery and betting products were sold in stores, such as bars or tobacconists, depending on applicable regulations. Yet the industry pace has radically accelerated with the Internet of Things (IoT) and the arrival of the Millennial generation, who expect strong engagement with a brand 24 hours a day, 7 days a week. “Transversal digital channels” is a trending topic of discussion for companies and stakeholders. In the current digital age, with its wealth of new products, the threat of competition in the sector is a major issue, since any leisure activity can be switched or substituted by the user with minimal cost and effort.

With the arrival of e-sports and new leisure options for young people, as well as innumerable new mobile applications and gamification layers for virtually any activity, the gambling industry must act fast. It has to keep pace with new practices, operations, tools, and products to stay connected with its sectors. The digital era of gambling requires quick responses and a premium partnership with an end-to-end solution partner such as SAP. SAP can help you Run Simple, letting you provide your players with a brand-new premium experience.

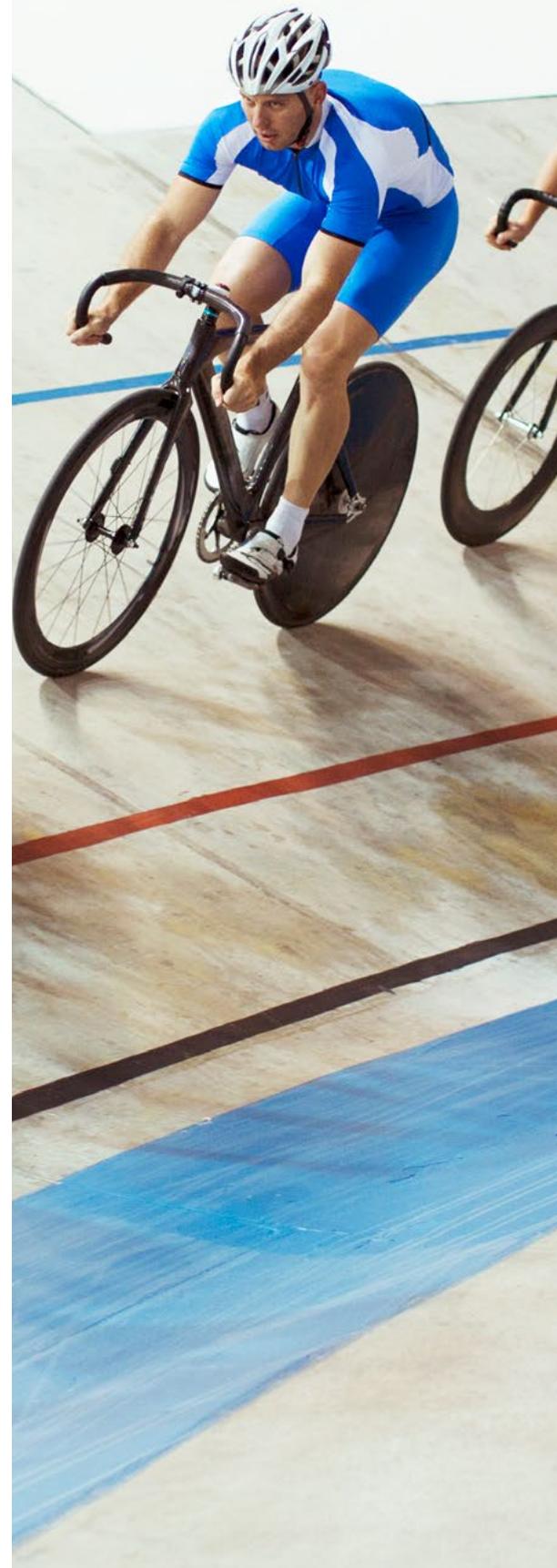


With the arrival of innumerable new mobile applications and gamification layers for virtually any activity, the gaming industry must act fast to keep pace.

The Need for Live, Continuous Engagement

The term “millennials” refers to young adults living in the early 21st century. They typically spend 3.2 hours per day on electronic devices, and 80% of them engage with their favorite brands on social media. They spend more hours with video game consoles and other forms of leisure stimuli than any other generation in history. Companies keen to tap in to this lucrative market must react fast using the appropriate tools to persuade millennials to consider their entertainment offerings. The competition for millennials’ attention is fierce and requires a marketing and product strategy that satisfies the generation’s demands. Failure to meet those demands can result in a company getting shut out of the market, because betting is no longer a captive market, as it was for sole traders in the past.

Recent industry studies have shown that players demand the same experience from products and platforms as they do from other life activities. They require personalization and tailor-made offerings that reflect their profiles. Millennials are accustomed to looking for deals, coupons, and promotions when they book a plane ticket, rent a hostel or apartment, or buy clothes from online portals. So why shouldn’t this be the case when they play a betting game? The historical limitations of industry are a thing of the past, because it’s no longer about supplying a product for a price.



That is why it is essential to monitor conversations on social networks to offer real-time answers. Using sports betting as an example, why not chat with team fans to discuss the best player of the match and offer them personalized coupons about who's likely to score the next goal? What if these promotion algorithms could learn from fans' individual preferences and meet their demands every day of the week? An average betting house provides wagers for approximately 320,000 events per year; this means the potential markets – the options and variables available – are set to explode with millions of future options. As technology continues to advance in sports federations, more gaming and control points can be created.

Seventy percent of millennials are looking to connect with their favorite brands on social networks, but by following them or clicking the “like” button, they expect to get something in return. This is a unique window of opportunity to promote value brand propositions and to differentiate them from the competition. Combining demographic data with a millennial's profile creates a buyer type that generates predictive analytics models. And the more you know what you want, and what the public is looking for, the better you can adapt your product accordingly to generate loyalty and secure a sale.



Gaming companies cannot wait too long to bring new products to market. Not only does technology forever evolve, but millennials are a word-of-mouth generation.

An Industry Leading to Innovation

Curaçao, Malta, Gibraltar, the Isle of Man, Alderney, Kahnawake, and Misiones are some of the world's hot spots offering gaming licenses. However, regulations are expanding into new countries where gaming licenses are now legal, with the United States in sight as the next possible candidate. This ensures that the number of new players and innovative products will continue to rise.

Supported by the IoT revolution, the industry will continue to extend its presence in digital applications and devices, offering games based on nonpassive

skills of the participants. One example in which brands and casinos are already investing is the highly rated e-sports.

Companies cannot wait too long to bring new products to market. Not only does technology forever evolve, but millennials are a word-of-mouth generation. They provide feedback on demand, believe their opinion matters, and have access to the right channels to make their voices heard.



A “know your customer” procedure has been established as an industry standard. It is a requirement of nearly every regulatory body, and all deposition customers must comply.

Reduction of Fraud and Gaming Compliance

IDENTITY FRAUD AND KYC PROCEDURES

Identity fraud comes in multiple forms. It could come through a player's misrepresentation of his or her age, name, address, or even gender. As with any other e-commerce business, the e-gaming industry must provide "customer not present" procedures. These procedures are in place to ensure that the person buying the gaming product or service is who they say they are, thus ensuring the legality of the transaction.

To that end, a "know your customer" (KYC) procedure has been established as an industry standard. It is a requirement of nearly every regulatory body, and all deposition customers must comply.

The KYC procedure requires that you be in possession of three pieces of information that identify the person applying for your service:

- Proof of ID – a valid photo ID, for example, a passport or ID card
- Proof of address – something that proves the applicant's registered address, for example, a utility bill in the person's name or a bank statement
- Proof of payment – a scanned image of the payment card used to purchase the service and which proves that the payment method used belongs to the person on the ID

Possession of these three items ensures that the KYC procedures have been diligently fulfilled.

HISTORY OF GAMBLING

5000 BC – Evidence of table games found in Turkey.

500 BC – Ancient Greek and Roman cultures linked to gambling, including dice games, which were forbidden in Rome on pain of severe penalties.

1420 – Introduction of baccarat in France and Italy.

1600 – Origins of blackjack, like other table games, are referenced by different sources back to the 17th century.

1638 – First casino opens in Venice, Italy.

1796 – Birth of roulette in France.

1815 – First betting shops in London.

1829 – Introduction of poker in New Orleans, Louisiana.

1853 – Act for the Suppression of Betting Houses published in the United Kingdom.

1931 – Legalization of gambling in Nevada, with Las Vegas becoming a gambling hub.

1961 – Legalization of betting shops in the United Kingdom following a 108-year ban.

1973 – Number of betting shops in the United Kingdom peaking at 14,750.

1998 – Birth of online betting shops.

2011 – Online gambling legalized in New Jersey.

2016 – Era of Big Data meets the world of online gambling, with predictive analytics becoming a trending topic for the industry.

GAMBLING: MARKET SHARE

Lotteries and betting – online and offline – cover three major product categories:

- Sports betting
- Poker, bingo, and other games
- Casinos

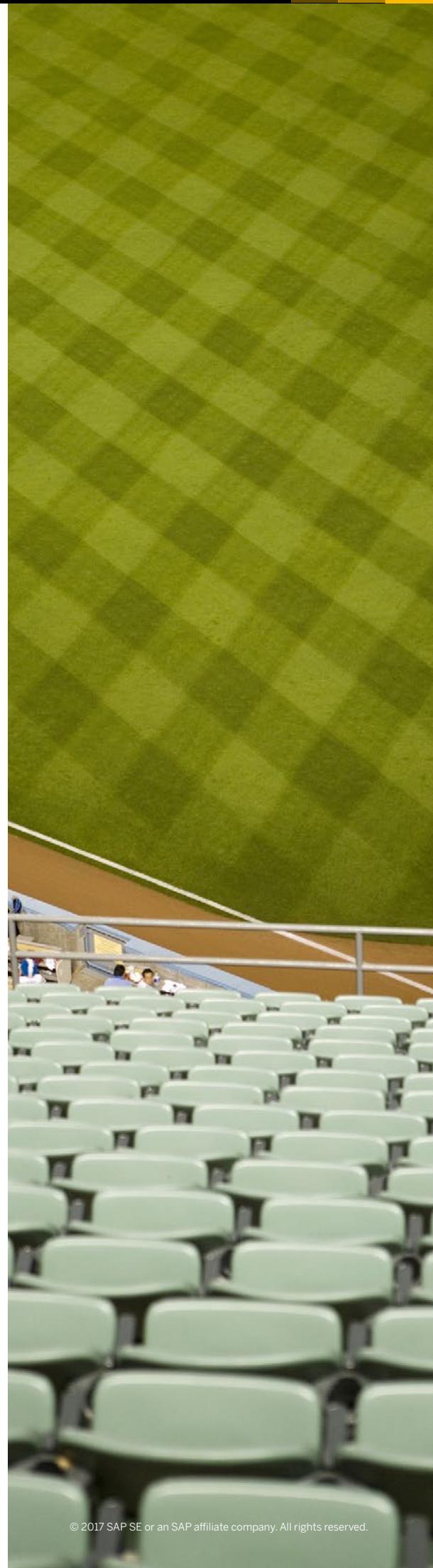
GAMBLING: PROMOTIONS

Online operators use bonuses and vouchers to attract new players and reduce churn rates. Some promotions include:

- Deposit match bonuses
- Loyalty reward bonuses
- Free plays

HIGHLIGHTS

Operators active in the online gaming industry must put in place appropriate inbound marketing processes to stimulate customer interest in their products. With adequate attention, they can encourage guests to become visitors, then customers, and eventually brand followers. With the competitor just one click away, an online gaming company can transition guests to loyal followers only by providing a helpful Web site that offers a personalized experience in addition to providing attractive products.



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