

PREDICTION AND REALITY: MOVING BEYOND THE BARRIERS

INTERVIEW WITH MATTI ZINDER

A huge amount of knowledge and experience has been amassed over the last four years placing long haul mobile gambling operators in pole position for the stronger signs of growth detected for 2008. With deepening content enrichment, growing multi-functionality, network standardisation solutions in prospect and growing popular use, the mobile gambling industry is set for more intensive technological change.



C GI: For the last four years it has been said dramatic growth in mobile gaming is expected but that has proved elusive, but what has been achieved in that time?

MZ: Quite a bit, although I think there was an underestimation of the barriers this industry was facing. Many people were associating the ubiquitous use of handsets with the experience that many people remember from the Internet. They were, in effect, saying: surely, the two have to work together? In essence that is true and there is a basis for a lot of optimism, but the technical and business barriers in the mobile space turned out to be much more significant than they are on the Internet.

Having observed the growth in the online sector and gaining an understanding of the mobile space over recent years – and we were one of the pioneers in this industry – many lessons have been learned and a lot of the obstacles have since been overcome. We have reached a point now where a mobile explosion is within reach. Quite a few of our customers, in fact, are already seeing significant growth and I think we are seeing the beginnings of a very, very strong upward curve.

Many of the barriers have to do with consumer acceptance, where many people still don't believe they can gamble on their cell phones. When we try to market it, it is still a very sci-fi prospect for some. Even so, more and more people are becoming accustomed to utilising their phones as something that is beyond a communication tool. There is much more download activity, content function, photos, communities, bloggs, on the phone and that tends to increase trust in applications downloaded via the cell phone.

We were, however, a little bit too early to predict this use of content on cell phones, but as the traditional interactive content market grows, mobile gambling content will grow too. Also, there are a lot of technology issues concerning settings. For instance, we realised that many people had issues setting their phones in order to be able to receive and interact with content on the mobile Internet. Again, that is not a concern on a PC. You click on Internet Explorer, usually, and away you go. On the mobile phone you have to make sure your settings are correct and that there are no download or application constraints. For mobile gambling use it's a bit like the early days of AOL dial-up; it's at that level.

So, in terms of user experience, confidence and technology barriers, there has been a huge amount of knowledge gained. We are now at a point where we know what the optimal configuration is and what the hurdles are that need to be overcome. That is why we can be very confident that 2008 is going to be a strong year for mobile gambling.

CGI: As each year passes, of course, that has been the prediction...

MZ: I say that every year! But I do think the difference is that in 2007 we could actually see the numbers and they are very, very encouraging and continuing to grow – better than we expected.

CGI: In a way the adjustment is also a bit like the effect of the first mobile phones coming onto the market...

MZ: It is...

CGI: What would you say were the key products or drivers over these past years that have brought us to where we are?

MZ: I don't think you can say there are one or two specific silver bullets. It was really a combination of many small advances that were made: a breakthrough in automatic phone settings; or enabling users with one click to configure their phones for any network in the World on any type of phone. Then there were usability issues we identified: game selection and user menus that we created and reconfiguration of GUI; integration of digital payment methods; the basic ability to accommodate over 800 different handset types – all of that simply required a lot of time to absorb and respond to before extensive phone coverage could be achieved. These are the main developments in an evolving process and, again, it took us a long time to gain the necessary experience and knowledge.

CGI: And there is not likely to be a dot.com boom or bust situation with this process?

MZ: There is going to be a limit to the amount of industry players because no one is going to be able to work in this market unless they have the mileage of experience – hard earned lessons that are not applicable across the board from one developer to another. In respect of a dot.com boom comparison, those who were the peak entry team to the mobile gambling market from the outset and have taken the time, effort and money to learn the lessons – they will be successful.

CGI: At the beginning of 2006 you suggested that there would be a different kind of mobile growth ahead. What has been the trend over the past year?

MZ: We are seeing a lot of interest from land-based operations aiming to extend their activities into the mobile space. That has been a very, very interesting development in particular markets and I believe it is one that will continue on into the future.



CGI: Industry is often impatient for markets to develop and maybe in the light of the online concerns with the US UIGEA law, does that suggest there is a concern to remain cautious or, on the other hand, push the boundaries?

MZ: There's no question about staying within legal boundaries – nothing illegal. The bottom line is that there is a very significant business opportunity here, even though it has been four years in the making. Consequently, this would be an optimal time to enter the mobile market. In fact, it is nearing a point where taking advantage of that growth is going to be difficult by the end of 2008 in my view because it will be much more crowded. My suggestion would be to look very, very closely at the legal situation in whatever jurisdiction an operator is interested in if making a move in the early part of 2008.

CGI: Different jurisdictions operate varying degrees of regulation have a concern for the effects of anytime, anywhere mobile gambling availability. Is this an issue for you?

MZ: It's transparent from our perspective because our system caters for any type of control that is required by the operator whatever the jurisdiction. In that sense the system is, so to speak, jurisdiction agnostic.

CGI: It does appear that interactivity is the longer term key to sustaining mobile gambling customer interest. How do you see that evolving?

MZ: That is very important and is actually one of the most critical success factors and probably will be so in any kind of interactive casino situation. Getting customers through the door is one thing, but to keep them interested, excited and continuing to provide them with entertaining experiences, that is quite another. That is where the real benefit is from an operational perspective. I will go on maintaining that position because there constantly needs to be an interaction with the client and that is a critical factor for success.

CGI: At the 3GSM conference you spoke about the connection between a virtual Vegas and a mobile Macau. What is the reality of that?

MZ: From the experience I have gained over the past few months it seems there is very significant interest in developing the connection between land- and mobile-based gaming – an area that we are exploring. Obviously, the operators are very cautious and taking care not to put their land-based casino operations at risk but, at the same time, there is a lot of interest in looking into how the mobile platform can be used to extend the players' experience through the actual physical connection. That is where the market is headed and where we were at the end of 2007.

CGI: Nevada has accepted hand held devices in casinos...

MZ: That's Wifi based and actually we see that as an interesting development that we are looking at very closely, but at this point in time we are focused on developments outside of the US.

CGI: How important for Spin3 has entering the Asian market been?

MZ: That is extremely important for us and we are already beginning to see some results despite localisation, handset and game selection challenges, including difficulties relating to operating systems and carriers. This market is where most of the growth will be.

CGI: That includes India?

MZ: It does.

CGI: How does Spin3 draw on Spiral Solution's core business?

MZ: That is very important because Spin3 is the tip of the iceberg. In order to provide a robust and effective mobile solution, you need much more than a client-server Java-based game, you need to have the tracking, business intelligence, risk management and CRM – all the things that comprise a suite of applications enabling an effective eCommerce and eGaming back-end which is absolutely critical to the success of this business and that is what we benefit from as a division of Spiral Solutions.

There is also a benchmark to compare it with because Spiral Solutions is active in the online space. Therefore, we have an idea of what to expect when we compare the value, numbers and various other types of networks. We can definitely see that mobile players have a value that is on a par with or higher than online players and that is encouraging.

CGI: The other part of that equation is the Microgaming partnership, a company whose pedigree is well known. How would you say Microgaming promotes and adds value to Spin3?

MZ: The partnership works very well and in many cases it has helped us to bolster our image as a trustworthy and credible provider of systems...

CGI: And monitoring standards in such a partnership is an important factor...

MZ: Everything we do is monitored by eCOGRA and that is important to maintaining that credibility and trust.

CGI: With betting conversion to mobile gaming formats, do you see that as a mainstream development creating fewer distinctions between betting and gaming?

MZ: Absolutely, this is already happening with Ladbrokes and we are leveraging their capabilities both with WAP betting and in their shops.

CGI: But does mobile gambling risk drawing the online customer away or is there a crossover occurring?

MZ: At this point there are two distinct client sets and no direct connection between online gambling and the mobile space, but as the online market matures and becomes more

tech savvy to make the move into the mobile space that will probably begin to happen in the near future.

CGI: With the proliferation of mobile game types driving competition there is a need for ever more innovative features. In your estimation what are the main ingredients for a winning format?

MZ: Ease of use, functionality. Buttons need to be clear and easy to understand. The game needs to be clean, simple and very quick to play. We look at the overall flow from the moment the player downloads and is engaged with the game right through to registration, purchasing and player support: everything at that level must be extremely streamlined. The gaming and graphics obviously need to be rich and exciting; fun to use and attractive and it needs to make the player want to come back and play some more.

CGI: Having said that it is difficult to see how you can replicate the detail and range of online with mobile formats...

MZ: You can actually recreate that as most mobile screens today are very high quality. Even though it is a small package you can still get that critical definition and clarity.

CGI: OnCash may be treading new ground in land-based casinos, but how is this working out and where is it proving to be most popular?

MZ: A lot of interest is coming from South East Asia and this product is allowing us to overcome barriers of confidence and trust: when a player places a £50 note that is the limit of the players' exposure. On top of that the player is in touch with a physical person that can be seen and that significantly increases the level of confidence, breaking down the barrier of acceptance of the game. We see that as a major factor.

CGI: Is this being readily taken up by casinos?

MZ: Yes, in some cases, but it depends a lot on the locality and on the willingness of people to try new things. Obviously this is a commercially sensitive area but I can see that in some areas there is a very, very strong take up.

CGI: How strong is your representation in the Mobile Entertainment Forum and GSM?

MZ: On the mobile entertainment side we are well represented, having won two consecutive awards in 2006 and 2007 as the best gambling company in the overall spectrum of providers of content in the mobile entertainment sector. In fact, without taking too much credit, our involvement was one of the reasons gambling was introduced into the entertainment awards structure. At the 2006 3GSM award for best 'Made for Mobile' game we were runner-up to a Korean company that made a 'stone skipping' application, but in such a world premier event that did make waves for us.

CGI: Although there are a vast number of handset

types, do you see a standardisation of networks occurring anytime soon?

MZ: One of the things we are very interested in concerns applications that don't run on downloaded components but rather on web-driven applications such as Flashlight. That would immediately reduce compatibility problems because it would have a 'build-once-and-play-everywhere' capability. Unfortunately, the Flashlight take up hasn't been as significant as we expected...

CGI: Why is that?

MZ: There may be some licensing difficulties, but again, it is another one of those issues that relate to the complexity of the mobile content business. It makes it that much more complicated, but once there is general acceptance of Flashlight that will definitely make a positive difference.

CGI: Will interactivity lead to greater mobile use?

MZ: That is still in the realm of speculation at this point. It is probably going to take a few more years and at the earliest it will not be until sometime later this year before we can even seriously assess that at all. Although we are keeping an eye on the possibilities, our primary focus at the moment is specifically on mobile content and the migration from land-based operations – that's the current interest. **CGI**

MATTI ZINDER



Matti Zinder is the founder and CEO of Spiral Solutions Ltd., a full-service interactive marketing, advertising and technology development firm established in 1999. Foreseeing the direction where interactive gaming was headed, in 2003 he established Spin3, a division of Spiral Solutions, which to date is credited with developing and rolling out one of the leading mobile gaming solutions worldwide. Spin3 has been nominated as the Best 'Made for Mobile' Game system at the Mobile Entertainment Forum 2005 and at the World 3GSM conference 2006. In 2005, three leading full-service UK mobile casinos were launched using Spin3's proprietary platform and technology, and earlier this year, he was named one of the 50 most important individuals in mobile content worldwide by a respected and leading wireless industry publication. Matti has become a leading voice and authority in the area of mobile gaming, and has served as a keynote speaker at many international wireless industry symposiums and conferences, including the Mobile Entertainment Forum, Mobile Gambling Forum, MEM Asia and the Mobile Gambling Summit Asia. Prior to founding Spiral Solutions, Matti served as the Director of Marketing/East Asia at Elbit Defense Systems, a global defence electronics company and as Vice President of Marketing at eSafe Technologies/Aladdin, a NASDAQ listed company. He holds degrees in Chinese and Far Eastern studies and Business Administration from the Hebrew University in Jerusalem. Matti Zinder is proficient in a number of languages, including Mandarin Chinese, Hebrew and Arabic.