

POISED FOR STEADY GROWTH THROUGH LOCAL ADAPTABILITY AND CONTENT UNIQUENESS

INTERVIEW WITH MATTI ZINDER

Mobile gaming is a global phenomenon with the core expansion, particularly since the UIGEA in the United States, currently centred on Europe but where the Asia-Pacific region is poised to dominate growth. Wagers placed in mobile gambling are projected to reach \$16bn by 2011 against a background of mobile gamers registering 750 million casino plays by 2009. The Asia Pacific region itself is predicted to contribute about \$6.7bn in 2011, compared to \$647 million in 2006. Nevertheless, entering an early mass market requires close attention to localisation, a tenacious perseverance in uncharted waters and state-of-the-art technology.



C GI: What are your impressions of what emerged from the recent Mobile World Congress in Barcelona?

MZ: As you know, we have been participating in 3GSM and subsequently GSMA for the past five years. In that time we have seen quite an evolution of our niche to the point where we are now perceived as an integral part of the overall mobile content space.

There was a lot of interest both from the gaming world – online and land-based casino operators – and from other players who are now coming to terms with the fact that this is a credible, serious business which they are now looking at much more closely.

There were a very large number of business-oriented participants at the Congress, whereas previously the innovation aspect was stronger. And that was principally about what kind of technology is involved, how the back office works in this situation, and how the whole processing system is put together.

Now, the issues and questions relate to operations. The main difference is that there has been a marked growth in the focus on business prospects rather than on technology and innovation, important as that naturally remains. For us, there is quite a bit of follow up to do on Barcelona and it is all related to the business area.

The bottom line is that I feel the whole offering that we have has progressed from a kind of novelty to a credible business



enabling forward thinking, aggressive businesses with broad horizons, to look purposefully at the early mass market.

CGI: The Congress in Barcelona is also part of your promotion within the Spanish market. How is that working out for you?

MZ: There are a number of developments that are occurring specifically in the Spanish market. In certain areas of Spain gambling is being made legal. What we are doing now is working with a couple of our clients and a number of

prospects to adapt our system to meet the legal requirements.

Firstly, it is compliant with all the legal counsel we have received; secondly, our solutions comprise a number of developments and capabilities putting us in a very unique position. It is not just the mobile application *per se* it also includes components of the back office and processing solutions that, together, fit in a very particular way with the legal guidelines set by these jurisdictions. This enables us to apply a very effective gaming solution. I think our presence at

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the GSMA and the context of what we have developed there was definitely instrumental in reaching this point.

CGI: What is the strength of the mobile games market in Spain?

MZ: The mainstream mobile games market is very big in Spain and the downloading of various types of applications is growing quite steadily. And it has one of the largest mobile content providers in the World – Zed. Obviously, the legal position is the critical issue here, just as it is for many other jurisdictions. So, considering the strength of the market in Spain, there is certainly a definite intent to do business, so through due diligence clarifying what the status of a given company would be if they were to proceed to launch in that market is fundamental. That is about where we are at present.

CGI: As part of your European expansion are the EU accession nations of eastern & central Europe a focus for you?

MZ: Many of the countries in this region are now undergoing rapid development – Armenia, Romania, Bulgaria, Poland. The legislative specifics are still very murky, but the key here is to work with the right local partners as it is so often with many emerging markets. That's where our main effort is: identifying and establishing close local partnerships in every one of these countries to ascertain the technical modifications that we need to make to adapt products to local conditions, just as in Spain.

Because of our very flexible and wide range of back office systems, processing solutions and adaptations on the phone, we are able to create versions of our product to specifically suite individual requirements. The primary issue therefore is working through the right configuration to address those needs and that's where we rely on our local partners.

Every country, after all, has its own issues concerning the provision of mobile content, so to achieve registration and transfer of the download application over the air and integration with the carrier networks, and so on, it is necessary to work with third party providers. Then there is the question of whether or not these markets can work in English, the lowest common denominator. If not, we need to assess the strength of the market and the potential it holds in order to localise the product. In a case where we think it is applicable and worth our effort then we proceed to localise it into the given language, which we have done in a number of cases already.

CGI: Might your range therefore include a bull fighting game!?

MZ: At this point we have a very well defined set of games that seems to be sufficient. We've developed one for Asia and the UK – the two main strategic markets. Of course, if we get feedback from any of our local partners that a very specific game has local potential, then we will explore that.

CGI: Of course, the games do still need to be relatively universal...

MZ: That's the beauty of our sector: firstly, the games are very simple. There is no need to create awareness or educate people how to play a slot machine, blackjack or in Asia how to play baccarat – it's a given; secondly, once they are launched they are extremely profitable. So the combination of acceptance and understanding by the target markets of what these games are and how to play them brings our offering to a very sweet spot from a business perspective.

CGI: Are you considering the Americas presently?

MZ: At the moment there are quite a few complications with any approach to the Americas; not least with the very low credit card usage and the fact that there are processing issues to overcome. It holds a lot of promise, but our focus right now remains in Europe and Asia. We do, however, think that Latin America is something we should begin to look at.

CGI: The Asia-Pacific region is, when you consider how Macau has followed on from Las Vegas, an enormous market. Where do you see yourself in the big developments in mobile gaming in Asia?

MZ: The demand is huge in Asia and we are using our games in a range of different applications and not only in a direct play-for-real version. We have a product range called SpinFone which is a pay-per-download solution that is being trialled by a group of land-based casinos to develop loyalty. They are using it as a loyalty points system rather than as direct game play, and that is proving to be very, very effective. The players use real money in the casinos and when they leave they load up a version of our product which is identical to the real play version but it is being utilised as a play-for-points loyalty system. Casinos are finding that increases the turnaround time of players going back to the casino which is raising casino revenue. Obviously, there is pick up on the real game play where that is possible, but this is where the excitement is at the moment.

CGI: Do you perceive much progress globally toward standardisation of networks for mobile gaming?

MZ: That still depends on the market, especially in Asia where you are looking at 20 or so countries with 20 different sets of local specifics. That is why we have been investing a lot of time and effort with people on the ground, interacting with potential clients, understanding the needs - we get down to a very high degree of detail.

At a strategic level in discussion you may agree that Asia is exciting, and it is, but in order to succeed it requires real commitment and immersion into the market. Of course, we accept that both the technology and the geographic location are new. The reality is that you may fall on your face a few times – and we have done that – before any progress is made; but every time we make a mistake or come up against a barrier we see that challenge as an opportunity for growth.

CGI: In respect of land-based casinos, what impact do you think server-based gaming will have on mobile gaming?

MZ: Any willingness to open up to new gaming models and

technologies on the part of a very conservative land-based casino business group is positive for us, especially given that by installing these systems we are able to leverage that in a number of ways.

CGI: Do you find game play is made more sustainable by being refreshed or is it better that new games are created?

MZ: It's a combination. Some games will never change – blackjack, baccarat, roulette – these are standard commodities. But to maintain loyalty in order not to commoditise you have to provide some sort of edge or unique offering for the players.

So where does that player decide to spend cash? It is going to be at a place where the gaming experience and everything around it, including additional offers, additional features within specific games, is unique. For example, Tombrailer, is a five-reel multi-line bonus-slot game and our Pub version has two bonus features. If you provide that as part of your game mix with the recognised staples like blackjack, baccarat and roulette – without which you cannot launch a casino – then you have additional innovative game options making all the difference.

Our back office and business intelligence systems allow us to define and to target players in a very active way enabling us to see the trends and discern gaming patterns. The overall result is a much more entertaining gaming experience for the player and a more profitable system for the operator.

CGI: Do you see the idea of handset use in casino properties catching on?

MZ: That is an area we are watching closely of course but I do not necessarily think that's where things are going. A Wifi device within an existing gaming establishment is not a particularly good thing. In that case I think it competes for player attention within the casino and doesn't provide any added value.

But a remote gaming experience that extends the casino's range beyond the physical location of the casino – that's where the added value comes in. Whether it is a real play or loyalty option, or any other solution, that's where the advantage is and where the mobile device really shines and not within the casino space.

The only thing that would add value would be a personalised communication and messaging solution that uses text messaging because virtually everyone does have a cell phone, especially in Asia. Instead of providing that as a competing gaming option to players, utilising it for its basic communication function in order to enhance existing game play and provide promotions – that's a different story.

CGI: Do you think that the growth and development in mobile technology is likely to make it easier to deal with gambling addiction problems or rather that its very mobility will always be difficult to control?

MZ: In many cases that boils down to the willingness of the

operator to take action. At the end of the day we are a technology supplier and that comes with a lot of different safeguards and it is down to the operator to decide which safeguards to implement and what not to. The technology, in fact, is not at issue here: there are a number of safeguards ranging from identification to gaming limits to server-side controls. The issue is how serious the gaming operators will be in enforcing and implementing these tools.

Our clients comply with the highest standards in the industry. Our business is conditioned by the fact that it will be accepted and seen more as an entertainment element. If there are cases where the technology is misused or used in the wrong context that will hurt our business, so we encourage our clients – in some cases even require them – to implement safeguards with the technology that we provide.

CGI: It will be interesting to see how this all unfolds...

MZ: We are not going to see an explosion but I believe in the upcoming months there will be a constant, progressive growth in the business which will bring us to a point at the beginning of next year where we will be accepted as an integral part of the interactive gaming business. **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.