



## Virtual Sports and eSports



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*Introduction*

# Meteoric rise

**T**he rise of eSports, virtual sports and daily fantasy sports has been meteoric. And as they establish themselves as some of the hottest markets in the egaming industry, players find they are spoilt for choice as they join booming online communities.

The current tech evolution is epitomised by the emergence of eSports, which continues its upwards trajectory. Moreover, through a community of hundreds of millions of fans, the growth of eSports is only set to increase as teams and organisations become better at monetising their brands.

For some though, growth hasn't been always been straightforward. Virtual sports have really taken off in recent years despite being introduced to high-street bookmakers over a decade ago to fill time between racing and other live events.

The sector has fully capitalised on rapid digital advancement, as well as customers who increasingly want instant gratification.

Daily fantasy sports have proved another interesting development in 2016 and together with eSports and virtual sports, the sectors signal the arrival of a new era of egaming customers who are unfamiliar with traditional casino offerings.

The industry-leading experts featured in this *EGR Intel/Virtual Sports* and eSports Report analyse the egaming transformation and provide an essential insight into further online advancements.

By Tom Simpson | *Report editor*



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### Steve Rogers

◆ CCO Digital Games

◆ Inspired Gaming Group

Steve Rogers is CCO Digital Games at Inspired, and has over 15 years' experience in the virtual sports sector. Prior to his current role, Steve Rogers was COO of Red Vision, which was acquired by Inspired in 2006.

Featuring: *Inspired Gaming Group*

# Get ready for 2017

Steve Rogers, CCO Digital Games of Inspired talks to EGR Intel about what we can expect over the next 12 months

**EGR Intel:** What developments have helped shape the industry over the past 12 months?

**Steve Rogers (SR):** The virtual sports industry is one which is evolving space, and with each year we see new technologies and products entering the market. This year saw Inspired launch its first on-demand, in-play virtuals products, Rush Football Live and Rush Golf Live, which will be followed by a full suite of on-demand variants in 2017. The release of these products, specifically designed for the mobile market, is indicative of the shift in consumer demand and playing habits.

Products which were previously perceived as providing filler content in-between live sporting events in betting shops have transformed to become a product strand in their own right, which players are enjoying on different platforms on-demand at different times in different places. And while the shift to online betting is ever increasing, the ways in which bettors interact in venues is also changing. We now have the ability to self-serve in betting shops through shop WiFi and personal digital devices.

Another key evolution in the virtuals market is in the quality and sophistication of graphics being used in products. The combination of cutting-edge motion capture techniques, razor-sharp HD graphics and 4k resolution enhance the user experience, bringing games to life and blurring the lines between the virtual and reality. The famous Aintree Race Course will be used by Inspired as the backdrop for its forthcoming Grand National: Race of Champions product which will combine footage of real horses filmed running on the actual course with sophisticated graphics and technologies. This mix of virtuals and real photographic footage is

something which we anticipate seeing more of in the future as products become ever more realistic and life-like.

**EGR Intel:** 2017 is set to be a huge year for online gaming. What advancements will have the most influence on the industry? What should we be excited about?

**SR:** The online gaming sector is growing every year, as more people rely on their smart phones and personal computers for entertainment. We anticipate sustained online market growth, specifically in mobile gaming, over the next few years with more games and products being designed specifically to be played on mobile devices. Inspired's suite of Rush Virtuals Live on-demand and in-play products, have been specifically developed for mobile platforms, and are completely aligned with the evolution in sports betting over the past two to three years.

*"Inspired is proud to be a key growth-driver in the virtual sports market and is deploying more products into more territories, to more operators than ever before"*

**Steve Rogers | CCO Digital Games, Inspired**

Following the success of Inspired's Mike Tyson Rush Boxing products in 2016, 2017 will see the launch of Rush Basketball featuring NBA legend Shaquille O'Neal. The product promises to be the most realistic and engaging basketball game on the market, with players being able to enjoy the action on demand whenever they want, wherever they want. Using brand ambassadors to promote and enhance virtuals products is something which Inspired has led the market on in recent years, and we anticipate making further brand announcements in 2017.



**EGR Intel:** What features are the most significant in differentiating Inspired's virtual sports from the competition in the current market?

Inspired is proud to be a key growth-driver in the virtual sports market and is deploying more products into more territories, to more operators than ever before. Our motivation is always to deliver Entertainment with an Edge to our players, be it through exciting brand partnerships, new product innovations, or original new game concepts. Our BAFTA award-winning graphics studio and widely experienced product team help to set us apart from the competition in terms of originality and quality, and 2017 looks set to be another year of strong growth and best-in-class product releases.

**EGR Intel:** How has customer demand changed? What do customers now want?

**SR:** Customers are increasingly looking for instant entertainment, and this is where on-demand virtuals really come into their own. Rather than having to wait for a specific match day, or scheduled virtuals event, players can now access thousands of virtual sporting events at any given time across the globe.

Creating a product portfolio which offers consumers a choice of games designed to suit their needs is key – from casual bettors to serious sports bettors, Inspired has developed product variants to reflect different requirements.

In a world now dominated by celebrities, it was a natural step for Inspired to use brand collaborations to generate interest in new products. Mike Tyson Rush Boxing and Rush Basketball Shaquille O'Neal exemplify how 'celebrity' endorsement can

elevate the profile of a product. Customers want to be excited and entertained, and these products provide the perfect combination of both.

**EGR Intel:** What developments can we expect over the next five years? Is there anything that stands out in particular?

**SR:** Virtual reality is something to be hugely excited about, and we anticipate seeing more of this in the gaming market over the next five years. Virtual sports already involve elements of the technologies used to create these products, but the line between virtual and reality will become less distinct in the future as graphics become more sophisticated and devices allow for an ever more immersive player experience. Imagine getting into the ring and trying to knock out Mike Tyson, or riding a winning horse around Aintree. It's impossible to know exactly what trends will emerge in the future, but VR is something to be very excited about.

Personalisation of betting experiences will become more advanced, be that players customising their own sports teams, or the devices on which they're playing. eSports are huge right now with millennials, and there is certainly opportunity to leverage the idea of digital social interaction and apply it to virtual sports. Imagine players across the globe virtually competing against each other, with the ability to bet on and back themselves...

Lottery will also evolve in order to compete with the more sophisticated and exhilarating offerings now available to players, but into what exactly it's impossible to say. The future of the gaming industry is a hugely exciting one and Inspired is looking forward to help shape it. ♦



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### Mario Ovcharov

◆ Chief marketing officer

◆ UltraPlay

Mario Ovcharov comes from a sports betting background that helped him and the UltraPlay team develop their betting platform. Mario has successfully managed to transfer knowledge from sports to create what is now the fullest eSports product in the industry. He has also developed models for in-play markets and odds, working closely with the largest eSports organisations and teams to create a better future for the whole eSports industry.

Featuring: *UltraPlay*

# A better future

Mario Ovcharov of UltraPlay details how eSports is transforming the market

**EGR Intel:** What opportunities does eSports present for operators? How can it be utilised?

**Mario Ovcharov (MO):** eSports attracts an audience that is completely new to gambling and has no experience in placing bets for real money. Most of them have experience with either social betting or betting 'skins' from their favourite game.

Real money betting is a new thing for them and they don't understand terms like 'handicap' or 'over/under', so those options need to be presented in a more understandable way for the gamer or even provide tutorials that show the whole process of placing a single or combo bet. It creates a huge long term opportunity for known and new operators to provide this audience with the perfect eSports betting environment which means that the users feel safe in what they are doing and have fun doing it. It can also be utilised by various methods.

Analysing what the eSports punters really like to have in a gambling website is definitely something that everyone should focus on. For instance, it can be features that require more social engagement, like sharing your bets on social media and receiving a reward for the social aspect, or even flashy designs that have all of the game and team logos. All those features tend to be catchier for the eSports punter. Overall, the key factor is to understand the demand and create a profitable betting structure around it.

**EGR Intel:** Should operators focus more on eSports? What will happen to those operators that don't give eSports additional attention?

**MO:** I guess it is up to every operator to decide if eSports is something they should chase or give special attention. It is important to note that there are operators who serve a much older audience and

adding eSports might not present any interest at all. But others that create a special zone where the punters have the option to watch the stream while they can place bets, see the logos of their favourite teams and simply feel like there is a special place in the website for their favourite thing, can be a huge plus ahead of others that just have it next to hockey and cricket, presented in the traditional way.

**EGR Intel:** What role does eSports have in the market now? How big is it?

**MO:** I can tell that betting volumes have tripled every quarter since the end of 2014. eSports has matured over the past year to the point that it is now on par with some of the leading major sports in terms of viewership, following and interest. It is still far away from the betting volumes of football, basketball and tennis, but in the long run it shows that there is a lot of potential for growth. The whole

*"The whole industry around eSports is booming right now, the sector generated global revenue of \$325m in 2015"*

**Mario Ovcharov | UltraPlay**

industry around eSports is booming right now, the sector generated global revenue of \$325m in 2015 and we are very keen to see the reports for 2016.

More games are being sold every day, more in-game items are being traded every day, more mice and keyboards are being sold. You can see that many of the big operators are trying to close deals with the famous eSports teams for being their official sponsors and partners because they know that there is huge and loyal audience that may potentially transfer to betting.

**EGR Intel:** How big can eSports get? What have been the key drivers behind its surge in popularity and will it



continue to have the same effect in the future?

**MO:** It is a pretty big industry right now, it has been driven by a community that is much more loyal to its favourite game than a sports fan could ever be towards their favourite team. Many people play their favourite games every day or at least a few days per week, and seeing someone succeeding and earning thousands of dollars from the same game they play creates a good role model to follow.

While a few massive games continue to preen themselves in order to look more enticing to the mainstream, there are still numerous games and communities where you can get a glimpse of just how nascent the eSports scene really is. Whether looking at a big budget company trying desperately to position a new game in the upper tiers of eSports, or an indie game subtly tinkering with the relationship between players and viewers, outside the A-list, the possible challenges and delights that will come in the future are on clear display.

**EGR Intel:** What eSports developments can we expect over the next year? What can customers look forward to?

**MO:** Even as PC eSports dominate the mainstream, much like the quiet revolution in game sales, the phone and tablet revolution has quietly been making forays into the world of esports. Clash Royale and Vainglory are both pushing the boundaries of professional competition for mobile devices.

Unlike the digital card game Hearthstone, itself a wildly successful mobile eSports (but still played on PC during tournaments), these games are not turn-based, but trying to add elements of the real-time strategy genre into the mix.

Clash Royale just held its first major tournament this April, with a €10,000 top prize. But the future for these games are still uncertain – unlike grabbing your sibling's mitt, finding a communal bat and an empty street or lot – but the accumulation of micro transactions required to be a competitive *Clash Royale* player can cost well over \$20,000. Additionally, there will be more games that will see competitive scene. We have recently added Halo, Gears of War and Clash Royale to our offering.

There are also studios working on developing the wide and amazing future of the VR games that might soon become competitive games played by professionals.

**EGR Intel:** Is eSports the future?

**MO:** I guess we can only wait to see. But I know that eSports has a big future in all of its aspects and betting makes no exception. We will see much more coverage through TV operators around the world, this will help accept eSports as something that you can watch every day, and follow and support your favourite team and players. The same way in which football or tennis is accepted. ♦

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**Steven Spartinos**

◆ Co-founder and CEO  
◆ Kiron Interactive

Steven Spartinos is co-founder and CEO of virtual games provider Kiron Interactive. Established in 2001, the specialist supplier now services web, mobile, and land-based sportsbook and casino operators on four continents. Prior to joining the betting and gaming industry, Steven worked in banking and finance.

Featuring: *Kiron Interactive*

## Virtual sports' time to shine

Steven Spartinos of Kiron Interactive examines how better graphics, a wealth of different games and the advancement in new mobile technologies mean virtual sports' time has arrived

**I**t's now more than 13 years since virtual sports and number games were first introduced to high street bookmakers, and they have quickly become a regular fixture. They were initially used as a tool to fill the dead time between racing and other live events, but many traditional shop punters were quick to cast them aside.

Retail bookmakers haven't always been the quickest to adapt to new ideas and trends, but their confidence in virtuals has certainly been vindicated. The channel now accounts for between 10-20% of over the counter revenue, with significantly higher figures coming out of markets where delivering live sports is prohibitively expensive.

In marked contrast to this initial scepticism, the take-up of virtual sports on mobile is accelerating at a great rate of knots. The games have resonance among the video game generation, whose familiarity with graphical content has allowed them to become early adopters.

Given the time constraints on modern-living, this demographic has less and less time to spend waiting around for the next live event. Sportsbooks will tell you that this has contributed to a decline in ante post betting in recent times. Yet the simple 'spin and win' nature of virtual games plugs that gap and fits the bill perfectly.

### Broadening horizons

As well as sports punters, the channel is developing a growing online audience among casino customers. These players are looking for fulfilment in new types of entertainment. In many respects, this is a younger audience focused on instant gratification again,

with virtuals now sitting alongside the new world of eSports and popular daily fantasy sports. But it is also an audience who have grown tired of the standard offerings in casinos and, in some cases, multiple iterations of very similar slot games.

Cross-selling sports betting to these customers is not always easy, particularly if they have not come to gambling from that vertical in the first place. Nor is a more knowledge-based product always appealing to a casino gambler. Virtual sports, on the other hand, successfully bridge that gap between a casino product and a sports one.

But where there's a will there may not be a way anyway, as bolting on a sportsbook is no small undertaking. White label solutions and third-party platforms exist, of course, yet for operators without the requisite trading or product knowledge themselves this can be an expensive and time-consuming process. Few if any are prepared to take the risk to differentiate themselves from their competitors.

But as a high-frequency, animated RNG product, virtual sports and their equivalent number games provide a simple compromise solution. They require very little expertise to install or run and provide entertainment for die-hard fans and the uninitiated alike. They don't demand any level of expertise from the player either, and there is no requirement to study the form book before having a wager. For these players, it is a snacking product which satisfies their hunger for fast-flowing fun and the opportunity to win some money.

### Opportunities

The appointment to view format of virtual sports, with an event scheduled every few minutes, minimises down-time and the propensity for customers to log-off when no live events are scheduled. Traditional markets are always available for this type of customer, while those looking for something a bit different can choose from a selection of unique betting markets designed to keep customers engaged



and coming back for more. This is particularly the case on mobile devices, where dwell times are much shorter.

Streaming live events can often be frustrating experience for punters too. Anyone who has placed a wager on a horserace or football match before tuning in to watch the action unfold, only to be greeted by a blank screen or suffer constant interruptions caused by poor connectivity, will vouch for that. And for those who are successful, the bill to stream the action often comes as something of a shock.

Kiron's industry leading Remote Gaming Server, Betman Online, alleviates high integration costs by providing a fixed-odds betting platform which seamlessly links with an operator's player wallet system.

The RGS itself features Kiron's full portfolio of virtual games, all with high quality video streams and a comprehensive range of betting markets designed to enhance player retention. In contrast to its 90-minute competitor, virtual football is over within a minute or two, suiting both customers who like quick-fire bets and casino players more used to quicker versions of gambling. There are no stoppages for injuries, controversial penalties, or dodgy red cards to endure either!

Consequently, sportsbook operators are now using virtual games in the same way that a casino would offer a side bet on blackjack or roulette. As punters betting in-play ride out a boring passage of play or await the streaming of the second half, they're offered the chance to enjoy a wager on a virtual game where the result is known very quickly. In many respects this echoes the early days of virtual sports in betting shops, where they were a complementary product. But to a growing number of players they are the destination in their own right.

### The way forward

Casino operators recognise the more attractive margin and more consistent returns on offer through virtuals. In competitive jurisdictions where regulation and taxation are proving costly, the opportunity to increase profits has never been more desirable. And what could be better than a profitable product that players love and increases dwell times?

One of the reasons they are loved so much is their ability to recreate the excitement of real sports in a virtual world. But the interactive technologies now available on mobile devices also make the games richer and more immersive. Graphics are much-improved and far more life-like than early iterations that were jerky and unrealistic. In addition, suppliers such as Kiron have continually added to the number of sports available to players. While horseracing, dog racing and football remain the most popular on offer, this range now includes a host of racquet sports, motor-racing, basketball, boxing and cycling. Kiron's 15-sport collection, which is the largest portfolio of its kind in the industry, allows international operators to tailor the sports on offer to their local audience, depending on which sport is popular in which territory.

Thanks to much-improved graphics and the growth into multiple sports variants, virtual sports is now one of the fastest growing sectors in the industry, attracting new devotees on a daily basis. The format suits online channels, and mobile in particular and has great appeal to customers who've grown up using the latest devices and operating systems. As a result, virtual sports has earned its chance to power itself to thrust themselves to the forefront of the industry. ♦





### James Watson

◆ Head of eSports  
◆ Betradar

Having been at the front-line of the various breaking eSports integrity issues, particularly those developing around the winter of 2014, James Watson successfully designed, created and managed the eSports integrity arm of Sportradar. His unique experience and knowhow across eSports, betting, digital content and integrity have since seen him move on to manage the entire eSports offering provided by Sportradar.

Featuring: *Betradar*

## A credible offer

James Watson, head of eSports at Betradar, explores the rise of eSports and how the industry evolved to welcome it

**I**t's fair to say the gambling industry is still getting to grips with the implications of the rise to prominence of eSports. The demographic is very different and, moreover, essentially one which is new to betting, meaning that both operators and suppliers are having to learn very quickly how to cater to this audience.

An example of just how much the world of eSports is different to traditional sports betting is the recent controversy over skin betting. I don't want to go over the ins and outs of what happened this summer as the events have been covered extensively elsewhere.

But what is striking is what the landscape looks like now. The skin betting market might have almost entirely disappeared in the wake of the actions of Washington State Gambling Commission and Valve, the publisher of CS:GO. But by some estimates, it leaves behind it some \$3bn of turnover by betting volume that hasn't really got a home.

Obviously, a large element of this market we wouldn't want to be involved in – that part of the skins market that either consisted of underage betting or was from black market jurisdictions such as the US.

Yet what is left is a proven appetite for eSports betting; the market exists and it is our goal to empower our clients with the tools that we feel will help them capture some of that betting turnover within the regulated space.

One avenue that is being explored by many operators and suppliers is in-play betting. The initial instinct of the betting operators is to think that in-play betting is a natural fit with eSports. The reasoning is that what works in traditional sports will work in in-play and I can see why people think that is attractive.

### Why eSports?

The availability of data provides an obvious jump-off point. eSports events are incredibly data-rich with the action coming thick and fast. It's a wealth of data but this in itself causes problems when it comes to collection and modelling. Our desire to fully get to grips with the nature of eSports data lay behind our decision to partner with DOJO Madness, an eSports third-party data provider.

The Berlin-based company was founded in 2014 by Jens Hilgers of ESL fame – another Sportradar partner – and despite being quite young, the business already has much experience handling eSports big data. Alongside our deal with ESL, the partnership with DOJO Madness fits perfectly with our ambitions to provide our operators with the best in-play eSports product, matching their eSports expertise with our betting and sports data capabilities.

Very early on in our discussions it became clear we shared the same viewpoint when it came to in-play and eSports, and how we both felt improvements could be made. We believe that success in eSports betting doesn't mean you have to be first with any particular product. Rather, we think it is about getting it right.

It brings us back to the demographics. The eSports audience is very new. The most popular products – CS:GO, DOTA 2 and League of Legends – have only been around for a few short years. Any betting offering, whether in-play or not, has to impress this new audience. Many may be millennials (though by no means all) but they are exceptionally discriminating when it comes to eSports.

### Differences

The eSports audience can see through fakery. They are sharp cookies and if they see a poorly run event, for instance, they will notice. Credibility within the eSports universe is vitally important and anyone that messes up is unlikely to be given a second chance.

You need authenticity and this is where I think



*The skin betting market might have almost entirely disappeared in the wake of the actions of Washington State Gambling Commission and Valve, the publisher of CS:GO*

**James Watson | Betradar**

the questions about in-play and its adoption in the world of eSports truly come into focus. We have developed a suite that offers depth. With CS:GO, we have worked on offering round-by-round betting as a first step. We see it as a natural evolutionary step. Next up will come player-based and objective-based markets, head-shot percentages and the like.

This will be a gradual process. For the sake of the credibility of our operators, we aren't going to overwhelm them and rush out with over 100 markets right way. We don't think that's the right way to go about this, and, more to the point, we really don't see a true clamour on the part of the audience. We – and they – are still in a learning phase. I don't think it serves any operator's purpose to spook them with their betting offer. Better to let them understand how the betting markets work first than to overload them.

The danger is that operators cut corners to get to market quicker. We can understand the impulse. But whether through naiveté or greed it doesn't really matter – it means that products are available that aren't anywhere near the standard that we might expect.

We have built the Betradar brand on a reputation for being trusted by our operators to understand

sport. This goes for eSports as much as it does for traditional sports. The market is just as dynamic, possibly more so, and we can understand the temptations and the attractions of rushing in to fill that vacuum left by the demise of skin betting.

As with the world of traditional sports, where we spent years building up our knowledge, researching markets, bringing on board the right in-house expertise and tying up deals with the most knowledgeable and credible stakeholders in the space, we are taking eSports by stages.

#### **What we do**

Our job is to balance the opportunities with the pitfalls and make sure that our clients get the best solutions. Up until now everyone offering in-play betting has been doing so off of delayed data feeds or delayed live streams. That wasn't not reliable enough for us. Hence we waited to tie up our partnership with ESL and DOJO Madness.

The next couple of years will undoubtedly see more of a spotlight shone on eSports. The excitement of the space, the nature of the contests, and the audience make up will ensure that the glare of publicity will never be far away.

Given this prominence, it makes sense for betting companies to tread carefully when they are looking at how to best explore the interest in betting in the sector. It doesn't sound much like a rallying cry, but "steady as she goes" has a lot of appeal right now. If the betting industry gets it right in eSports, we think it will be opening up a huge potential market. Given this, being first doesn't necessarily mean being the best. ♦

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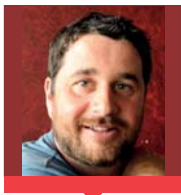


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Featuring: *eSportsPools*

## Entering a new age

### Scott Burton

◆ CEO & co-founder

◆ eSportsPools

Scott Burton is the CEO/co-founder of ESP (esportspools.com), a Vancouver-based eSports start-up focused on the fantasy and wagering space. Scott has been active in online wagering for a number of years. In 2014, the team at ESP shifted their focus from traditional sports to producing eSports products exclusively. ESP aims to be the leading destination for all types of engaging gameplay for eSports enthusiasts. The full suite of ESP products will be introduced at the beginning of 2017.

Scott Burton of eSportsPools highlights how the eSports space is still only finding its feet

**EGR Intel:** What is your new eSports betting product? What drove you to create it?

**Scott Burton (SB):** Our new product builds on to our existing eSports entertainment platform and will introduce in-play betting, additional fantasy products and some casino style games for eSports enthusiasts.

We were driven by our community to create a better and more engaging betting platform than what currently exists. The majority of what is currently available looks and feels like a traditional bookmaker's site or is actually on a traditional bookmakers site. I think that's ok for a small portion of the fans, but ultimately, these users and demographic expect and demand more from the products they choose to spend time on when they are online. We really want to create a community that is authentic and committed to helping fuel the growth of eSports globally. This doesn't just include wagering, we have forums, chat, and we have recently released an eSports news aggregation site called flux.gg.

**EGR Intel:** When will it be released? What can players expect?

**SB:** We are in the final stage of receiving licensing in a couple of jurisdictions and we anticipate a first release in February 2017 with a wide release in March. We don't want to give too many details away now but players can expect to get the same quality products that they are currently used to from esportspools.com and our continued commitment to the eSports community.

On top of our new product offerings, we will have a few new exciting partnerships to announce in the New Year.

**EGR Intel:** Which games are the most popular on your site? What's coming next?

**SB:** On ESP, we have the same top three as you would expect, League of Legends, Dota 2 and Counter-Strike. Counter-Strike was the game we started with and it continues to be our most popular. I still think these titles have a long lifespan ahead with the investment in teams and leagues that have been going into them but there is always another game trying to break in. The next games we expect to add for fantasy would be Overwatch and World of Tanks. What we try and focus on now is what the professional teams are doing, they are a good indicator of which will be the next successful competitive eSports.

*"Technology has helped with the ability for players to connect and competitively play together online (with very high quality games) but it might not be the definitive factor"*

**Scott Burton** | CEO & co-founder, eSportsPools

**EGR Intel:** What has been behind the rise in eSports? Has technology been the definitive factor?

**SB:** Technology has helped with the ability for players to connect and competitively play together online (with very high quality games) but it might not be the definitive factor. I think eSports has a number of things going for it. With PC game developers moving towards a free-to-play in-game monetisation strategy games are open and accessible to a lot more users. Publishers and leagues creating competitive events with significant prize money are allowing players to look at eSports as a career option. The most popular games evolve over time as opposed to a new game each year



means that players can compete at a high level for years. Finally, the emergence of Twitch and other streaming platforms has created a viewing experience that brings in hundreds of millions of fans to support the community.

It has been the passion and dedication of eSports fans that has kept it going for so many years, now the rest of the world is paying attention and investment and interest from major sports is what will help drive the current phase of the industry.

**EGR Intel:** What further developments do you expect in the future?

**SB:** Despite the size of the space now it is still early days. I think we will continue to see the teams and organisations get more professional and better at monetising their brands. Fnatic is the best example of a team turning into a lifestyle brand with their merchandise, Fnatic Gear line and pop-up retail shops. The global reach of the top professional teams is probably only rivalled by the top four or five European football clubs.

Teams and players are also starting to organise; in 2016 we saw the formation of WESA (World eSports Association), PEA (Professional eSports Association) and the eSport Integrity Coalition. Larger mainstream media and brands will continue to invest people, time and money into eSports. This year was a big year for some famous names and funds to invest in eSports and I expect the next 24 months to see much more of that.

On the league side there will be more efforts for league consolidation like what is happening with groups like MTGx acquiring ESL and Dreamhack. League consolidation will give the ecosystem more

stability, allowing the teams to balance their schedules better between travel, training, sponsor commitments and competing. It will be interesting to see which league strategy proves better, publisher run like Riot and League of Legends or independent league run like the Valve games.

**EGR Intel:** What do you expect to happen with eSports and the egaming space?

**SB:** It is an exciting time to be in eSports wagering, it's quite new but already estimated to be a \$9bn business in 2016. It's really the first egaming space I can recall in recent years that new start-ups like us can enter and compete with the large incumbent brands from traditional sports. I actually think we have an advantage by being able to build our brand exclusively for the eSports fans without having to reposition ourselves and bolt on an offering to an existing platform. I don't believe that one of the existing large operators is going to win eSports betting unless they acquire a successful eSports brand.

The users are very intelligent and want to support authentic eSports communities that have been with them from the beginning. They can see through any company that is not thoughtful in their approach looking to capitalise on eSports and take their money.

We will also continue to see the first wave of companies disappearing. These are the ones that operated without licences, weren't transparent on ownership, taking money from users under the age of 18, and, in some cases, cheating users. We are now into the second wave and it is from this group of companies that the leaders are going to emerge and we expect to be one of them. ♦





### Yariv Lissauer

◆ CEO & co-founder

◆ Leap Gaming

Yariv Lissauer is the CEO of Leap Gaming. Yariv comes from a diverse background of gaming, sales and venture capital. Before co-founding Leap, Yariv served as a principal at Synergy Innovations VC Fund where he managed the fund's deal flow pipeline. Beforehand, he worked as a director with Standard Chartered Bank in Hong Kong.

Featuring: *Leap Gaming*

# Future outlook

Yariv Lissauer of Leap Gaming identifies the newest products offered by the company

**V**irtual sports is a relatively new vertical in the gaming space and as such, is even more impacted by various trends, which are felt across the gaming markets. The dazzling penetration pace of mobile, openings of new markets (and the respective localisation requirements they carry with them), technological infrastructure improvements and the diminishing attention span of customers, are pretty much shaping virtual sports on the fly, rather than incrementally modifying it.

At Leap Gaming, we have identified the following trends as the ones with the highest impact on our virtual sport vertical:

1. Diminishing attention span, aka demand for immediate gratification
2. Growing importance of in-play
3. Adoption and migration to mobile

### Demand for immediate gratification

Abundance of content, combined with increased mobile usage are impacting consumers' patience stamina, which makes them demand immediate gratification in terms of time and space. Consequently, this has also resulted in added pressure on gaming companies to come up with a more fulfilling 24/7 customer experience. Virtual sports, by its nature, nicely caters to this need as it is completely independent and allows constant flow of fresh content around the clock. However, we, at Leap Gaming, have taken this notion a step forward by offering an on-demand version for our sports games. With Leap's Instant Virtual Sports, punters can master the scheduling of the events they bet on. It does not require them to wait for the scheduled events to take place and it includes simple and intuitive UI which allows a straightforward UX. This offers a fast-paced

and engaging experience with significantly higher turnovers.

### In-play is king

The North Star for virtual sports providers has always been and will always be real life sports. Looking at real life sports as an inspiration, one should clearly pay a lot of attention to the visuals and come up with replication which is nothing less than amazing. However, there is more to it – one should also look at the whole betting consumption patterns as well as rising trends.

*"Mobile cannot be overlooked as a powerhouse of content consumption"*

**Yariv Lissauer** | CEO & co-founder, Leap Gaming

In-play is already responsible for the lion share of revenues generated by sport bookies (in tennis, this ration is close to 95%) and it is only becoming more prevalent and massive. Therefore, a virtual tennis product without in-play seems handicapped from inception. This is why we, at Leap Gaming, had decided to dedicate a lot of effort to crack this in-play challenge and embed it in virtual sports and this is why we chose to introduce this to the world, with Leap's In-Play Tennis.

We believe that this mix of ultra-realistic graphics with in-play betting creates a powerful combination which offers an immersive experience to punters, in a way which has not been possible in the past. Interestingly, in-play also remedies the same problem that on-demand also does, as it shortens the time spans between the punter's interactions with the app.

Leap's In-Play Football (coming soon, in Q1 2017) will follow a similar structure, allowing several layers of engaging entertainment which also include in-play betting.

**Mobile is the future (and admittedly already the present)**

Mobile cannot be overlooked as a powerhouse of content consumption. Nevertheless, we are still scratching the surface when it comes to unlocking the full potential of mobile gaming with opportunities abounding to develop and improve both the general user experience and the adoption of best practices.

Here at Leap Gaming we have on-boarded a “mobile first” approach, which means that whenever we start a new product roll-out, we first design and build for mobile devices. The outcome is that all of our products are built in HTML5 which allows for a deployment across multiple platforms in a customised manner. Additionally, we have created new and unique technologies which remove the friction and inefficiency that sometimes come with video streaming.

**More massive adoption waves**

Virtual sport is becoming more and more accepted as a core offering across more and more channels:

- **Geographic:** we see more geographies adopting virtual sports. This local adoption pushes us, virtual sports providers, to produce localised

versions and make sure we offer the locally popular sports.

- **Casino/gaming:** Creating “lighter” versions of virtual sports which allow users to consume the product on demand as well as increasing turnover cycles are improving the fit of such VS version into the casino and gaming sections. We expect this trend to intensify in a way which will eventually make VS an inevitable part of the casino or games and also lottery channels.
- **Social:** similar trends which are supporting the adoption across the casino/games channels may also make VS a widely adopted vertical in the social gaming space. Leap's Social Virtuals have already been sourced by various social casino operators.

In summary, virtual sport continues its journey into the mainstream of the gaming space. During this quest, it continues its rapid evolution and we are bound to see many more changes in terms of product, platforms and geographies. We are thrilled to take part in this journey and continue to champion innovation which will further grow the vertical and make it more massively adopted across the board. ♦

*Featuring: Leap Gaming*



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### Jimmy Bone

♦ Marketing and client executive  
♦ Golden Race

Jimmy Bone is marketing and client executive at Golden Race. Jimmy has 18 years' experience delivering customer focused results across various industries. He quickly identifies customer needs and champions critical changes for them. With a passion for doing things the right way, he cultivates the voice and vision of Golden Race.

Featuring: *Golden Race*

## Evolve with us

Jimmy Bone of Golden Race looks at the rapid growth of eSports, virtual sports and daily fantasy

**I**t is impossible to ignore the rapid growth of eSports, virtual sports and daily fantasy gaming. In the American daily fantasy sector alone, the estimated number of players increased from 12.6 million to 56.8 million between 2005 and 2015, according to the Fantasy Sports Trade Association. The global eSports industry is worth \$892m, and expected to surpass \$1bn in 2017, although the growth rate has slowed compared to original predictions. The numbers for virtual sports growth are a little harder to come by as they are already internationally spread, but we clearly see that their popularity and revenue generation are massive.

While some people might wonder why these products and platforms are so popular when there are already so many gaming opportunities available related to real sports and land-based casinos, the fact is that there are significant benefits for providers and players alike, and irrespective of the media utilised, humans have an innate love of gambling that stretches back into antiquity. According to Greek mythology, Zeus, Poseidon and Hades rolled a dice to decide who ruled over different parts of the universe - Zeus took the heavens, Poseidon took the sea, and Hades lost and took the underworld. Ancient dice have been discovered in Egyptian tombs dating back to 6000 BC.

Gambling is part of our culture, and we continue to look for new and exciting ways to enjoy it. At home with friends, back rooms, to clubs, casinos, through race tracks and arenas, devoted retail locations, online and into virtual gaming and beyond – betting on computer generated or otherwise “unreal” events. The technology is always improving, we are always innovating and pushing forward. People simply love to play, to take a chance, to predict and feel good about correct predictions. Often in a world where many things are out of our control, to feel like we can predict outcomes is not

only reassuring, it is ultimately rooted in our survival instincts. Now we even have betting on political outcomes in incredible numbers. And while a few seasoned gamblers might scoff at various virtual gaming sectors, claiming it is not a patch on the real thing, its popularity clearly shows that it is here to stay.

When we look at the player demographics of eSports and daily fantasy, we see something important: 54% are aged between 18 and 34. These sectors in particular are engaging millennials. All these product types have three key strengths for the generation who are used to instant gratification: time-commitment is minimal, availability is on-demand, and they are all ubiquitously accessible. Daily fantasy is also considered in some regulations to be “skill-based” gaming, which is also appealing, although this frankly is a matter of opinion. The ability to pick your personal team can be beneficial for more experienced players, but ultimately players wager on outcomes based on a multitude of factors which they cannot predict or manage – they are still ultimately games of chance.

### A changing world

For millennials, tech is so integrated into their daily lives and so familiar that it is easy to see why the popularity is there. Video gaming is an established, normal, and accepted pastime in its own right. Youths grow up attached to mobile devices and computers. For the industry, which has been pushing to engage millennials, all three sectors are making great headway, and for big casino operators for example, who have felt the downturn in punter appeal of more traditional gaming, virtual options have provided a much-needed boost.

Golden Race are primarily a virtual gaming software creator, and so for us eSports are simply not part of our business, and while eSports and daily fantasy are the more recently booming areas sadly it is not all roses. eSports and daily fantasy are facing some fairly serious impending regulations and even potential lawsuits, and predicted profit growth has been reviewed with a significant decrease looking out in the next years.

Featuring: *Golden Race*

For us, the focus remains primarily on virtual sports – the products are proven and profitable for operators around the world, and as opposed to the increasingly constrictive legal concerns regarding the other areas of discussion, virtual sports regulations are enjoying a far more supportive legislative trend.

We are, of course, not ignoring the key aspects which draw in this demographic, nor are we avoiding making use of the data to ensure our customers every success. Anyone can see that a large draw of daily fantasy for example is the huge and frequent prizes which remain high regardless of the

customer results and feedback shows, is that the established yet still growing virtual gaming sector is the best bet for our partners.

The biggest appeal of virtual gaming is that it provides so much variety and opportunity which otherwise does not exist, and a platform for players to bet fairly. For operators, virtual sports represent a real potential for increased profits and complete manageability. Operators cannot beat the value, and we also get them up and running and meeting local demand extremely quickly – they can provide exactly what their players want, and we get them the returns they need to do so viably.

Virtual gaming allows operators to provide their players so many exciting gaming opportunities, at all hours of the day, all around the world, including direct to mobile. They can deliver real videos of real races, immersive 3D football with player-favourite teams in various formats, MMA fights in fantasy worlds, tennis, poker, roulette, keno... classics and innovative new games, all side by side, on a schedule that suits their needs.

Operators can put their colours, their logo, even their animated or video-based promotional content directly into our games. Want the billboards around the final week of the premier league showing your promotion? In real life, the cost would be entirely prohibitive for almost all companies. With virtual gaming, it's no problem at all – for even the small guys.

While we are known for innovation, we also like to be strategic and responsible so that the fruits of our efforts are in tune with what's best for our clients. We are taking the best catalysts of growth from the eSports and daily fantasy sides, and making sure we adapt our existing products and new products in the works to allow Golden Race customers to capitalise on the exciting growth in the industry. ♦

*Gambling is part of our culture, and we continue to look for new and exciting ways to enjoy it*

**Jimmy Bone** | Golden Race

number of players participating – ultimately players want to have a chance at those life-changing wins. However, for the majority of operators, those kinds of wins are simply not viable.

#### How we work

Our approach is to take advantage of the appeal of the daily fantasy side, which is more in our wheelhouse than eSports, and adapt the daily fantasy concept, including the social and of course the mobile side, and making it available for more operators and more markets, and therefore meet the demands of the most players. However, that particular project is still in development stages.

What we do, what we believe in, and what our





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