

REINVENTING GAMING FOR THE MOBILE ERA

GTECH AND PROBABILITY TEAM UP TO BETTER ADDRESS WLA CUSTOMERS' NEEDS



Probability

GTECH's acquisition of Probability plc, the UK-based mobile solutions provider, means it can provide customers with faster turnaround times and an increased flow of fresh content tailored to the mobile environment. These two trusted, experienced gaming providers together bring enhanced gaming options tailored to players' unique mobile behavior.

While mobile is still in its infancy as an interactive channel, it is already taking a significant share of interactive business. Industry experts have estimated the global mobile gaming market to be worth over US\$8 billion in 2013, or 23% of the total interactive gaming market, and to generate approximately US\$26 billion revenue worldwide, or approximately 40% of the total Interactive gaming market by the end of 2018¹. Mobile is an unstoppable force and clearly represents the future of interactive gaming, yet few gaming suppliers are currently offering mobile solutions.

Why? There are many barriers to creating a successful mobile channel. It's not as simple as porting land-based or interactive web-based content to a cell phone format. Reasons that make the mobile landscape complex include:

› **CONSUMER BEHAVIOR.** Mobile is changing players' behavior and expectations. "Mobile has created a completely new dynamic in gaming, by enabling players to choose an experience appropriate for what they want right now. Smartphones present opportunities for a quick 'snack,' while tablets and laptops are where you turn to for a more in-depth, longer lasting experience," says Charles Cohen, Probability co-founder and GTECH's Vice President, Mobile. Not only does that affect game design and functionality, but the game math needs to be adapted to this behavior.

- › **PLAYER DEMOGRAPHICS.** Mobile reaches a broader demographic, with players split almost evenly between males and females. The average age of a Probability mobile player is just under 30.
- › **VAST VARIETY OF MOBILE HARDWARE.** Web-based games need to adapt to only a limited number of browsers—three or four represent 95% of the market. However, mobile is much more complicated due to "device fragmentation." While a few mobile operating systems dominate the market, there are literally thousands of different phone models with varying hardware configurations. Mobile games must be able to adapt to each of these many different configurations.
- › **REGULATORY CONSTRAINTS.** Requirements like geo-location, restricting wagering to users within a jurisdiction, can be even more challenging, since mobile users, by definition, move around.
- › **PRODUCT LIFE CYCLE.** The life cycle of mobile products is much faster than on desktop. Content is consumed much more quickly. Marketers and developers must constantly innovate, develop new features, provide new content, and create engagement with the users so they remain loyal to the app.

Since 2004, Probability has focused entirely on bringing casual,

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- Matteo Monteverdi, *GTECH SVP Product
Marketing International*

real money gaming into the mobile era. Cohen and co-founder, John Scaife, both experienced technology entrepreneurs, chose to focus on the development of Casino games not being provided by other gaming suppliers. GTECH first encountered Probability through Lottomatica, the company’s operator of the Italian lottery, and an early adopter of mobile. Probability developed customized game content for Lottomatica based on popular card games unique to the Italian market. Within short order, a growing portion of Lottomatica’s interactive revenues were coming through mobile, and Probability was a key contributor to achieving that goal.

The timing was ideal – GTECH recognized its global customers’ increasing demand for strong mobile content, and was gearing up to expand its mobile team when the opportunity arose to purchase Probability. “The acquisition exponentially increases our know-how, skills, and capabilities and improves delivery, as well as development, of our product,” says Matteo Monteverdi, GTECH’s Senior Vice President for iGaming and Interactive - Americas. With Probability’s team of 45-plus experienced and mobile-focused employees, as well as its proprietary game development and management platform, GTECH expects the acquisition to be a natural and organic fit.

Probability is uniquely poised to help GTECH’s customers in a number of ways. First, its exclusive game development platform, which was developed to address increased device fragmentation, enables Probability to create more games, on more devices, in more regulated jurisdictions--making it among the quickest in the market. This unique technology automates the complex processes and regression testing involved in porting applications between different device types, while reducing the time-to-launch a new game to market from months to days. Last year, Probability supported 3,500 unique mobile device types/versions. Second, through its Lottomatica experience, Probability’s gaming platform has proven that it can seamlessly integrate within GTECH’s interactive framework. Third, having worked exclusively in regulated markets, Probability understands the complexity of

dealing with responsible gaming, player identification, geo-location and other lottery-specific needs.

Most critically, GTECH’s strategic focus on and experience with World Lottery Association customers will dovetail neatly with Probability’s capabilities. While the mobile gaming industry is still nascent in the lottery space, and the regulatory landscape continues to shift, demand is growing in the lottery industry for three key elements:

1. **MOBILE DRAW-BASED GAMES.** Mobile provides a strong distribution channel for these games because of its ease-of-use in this portable format.
2. **MOBILE E-INSTANTS.** These games provide a high entertainment, real time and immersive experience. Players enjoy the rich graphics and quick pacing. In Norway, 70% of Norsk Tipping’s e-instant activity is generated through mobile.
3. **CONVENIENCE APPS** that don’t directly enable wagering but offer a powerful tool in a lottery’s marketing arsenal, such as a store locator feature or a winning ticket scanner.

Probability’s impact on GTECH’s abilities will be almost immediate. GTECH will increase the portfolio of games and solutions available to its lottery customers. Probability experts are already working on adapting a wide range of successful

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titles from GTECH’s land-based and VLT games to the mobile platform, integrated into the GTECH Player Account Management Platform. The Probability games will also be available through GTECH’s revolutionary Lottery Developer Network.

There’s no turning back from the proliferation of mobile. With the acquisition of Probability, GTECH can help its customers make the most of this new mobile era, enabling them to sustain and grow their gaming programs by providing players with the entertainment and features they increasingly expect on their smartphones and tablets.