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Casino & Gaming International



SO REAL WHO WILL BE ABLE TO TELL THE DIFFERENCE?

INTERVIEW WITH JASON CHAN

Live dealer games are just the beginning in shaping the international iGaming experience, pushing it closer to a real land-based casino atmosphere without actually being there. The technology – with 3D on the horizon – keeps improving, bringing in new ideas and new formats, to deliver the live gaming experience. In the very near future, there is likely to be a fine line between actual land-based gaming and live online gaming.



C GI: Around 2003 the first live casinos began accepting player registrations and two years later EntertAsia became one of the first Chinese companies to offer 'live gaming' software. How do you view the way live dealer has grown globally?

JC: Live Dealer Casino software was started in the year 2000 by a subsidiary of Dr Ho. It was launched at a time when Internet speed was limited and mostly a DSL connection, players were not able to access good quality connections and, therefore, the video quality was poor which impacted on the player's ability to fully enjoy the games. The technology and the infrastructure at that time were in their infancy. However, we did believe the idea of bringing a realistic casino experience to the desktop would work one day.

In 2004 we saw the trend of improving Internet access and speed, removing the infrastructure barrier to success. We began planning our own live dealer software. Our live dealer solution was first launched in 2005 and immediately become a big hit in Asia. We believe there are a few game and player experiences that are very unique to live dealer games which can't be delivered by RNG games, for example: the transparency and integrity of the games, game interactions and the feel of realistic gaming experience. Live dealer games are now not just welcomed in Asia but they are also in high demand by serious casino players world wide.

CGI: When you were established in 2005 did you have a particular model on which to base your live dealer software or is its creation an original development driven by Asian factors?

JC: Growing up and living in Macau gave us a big advantage.

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We know the local gambler playing culture and what the most important factors are for players when it comes to casino games.

When we started in 2005, we set out to be very focused on building a casino software that would deliver the most "close to real" gaming experience to players. The game had to be very user friendly and all rules and playing actions had to be retained, just as it is when playing the game on real land-based casino tables. Our model was to make it as real as possible.

CGI: What have you gained from listening to players' points of view in casinos – the effect on your product design and function?

JC: Our objective is not only to create great casino games but to create and provide that feeling of "real and live" for the player to experience. We build casino games simply to satisfy the players' demand. Almost everyday we get suggestions and great ideas from players. We always collect all the comments and feedback and continuously work on them to improve our games. Only the player knows what they want the most. Our job is to deliver what players want and keep meeting or exceeding their demands and expectations.

CGI: What are operators' expectations of how this will expand across the Asia-Pacific?

JC: Live Dealer Casino has already proven to be one of the most popular types of Internet gaming activities. Operators understand they will need a whole suite of games in order to fulfill players differing expectations. Among all the game types, Live Dealer is a must have game. Live casino cannot ever replace real land based casino gaming, however, it will continue to grow and be able to satisfy more casino players' needs when Internet technology becomes even more user friendly and is easier to access.

CGI: Are there aspects you would point to suggesting this could become a radically new gaming experience with vast player interest?

JC: For sure, yes, I am very positive about the future of the live gaming software industry. There is still a huge potential for growth from the ever increasing world Internet population and access availability. At the moment, most of us are accessing the Internet via broadband connections with our laptop and desktop computers. Soon, when the Internet becomes integrated with our home appliances, or our personal communication devices (maybe in another 3-4 years), players will be able to play with greater flexibility and with even more convenience and security. Additionally, new technology will

make live casino even more "live". I think very soon players will be able to make bets on live dealer games without the need to touch a keyboard or mouse. The new playing experience will attract and convert more land-based casino supporters to become online players.

CGI: What are the most popular games with players?

JC: Baccarat is always the answer for Chinese players. For overall Asian players, game selection in order of preference would be Baccarat, Roulette and Sic-Bo.

CGI: P2P games began to be promoted by you at the end of 2007. How have they evolved since and how significant are they to the Asian scene?

JC: P2P games are for recreational or leisure players who enjoy taking the time to play those interactive card games. P2P players are very different to the typical casino player and they hardly ever cross over to each others products. It depends on the operators target customers, however, P2P games are good for attracting Internet traffic and for younger players. Popular P2P games are few in number and I believe it will remain that way. For P2P games in the future, game development focus will be to expand the total gaming community by improving the front end design and game access. P2P games are not positioned as the core revenue driver to most operators in Asia. P2P should be considered more as an added value product or service.

CGI: No doubt there are premier technologies and platforms that are best suited to exploiting live gaming?

JC: Definitely, faster Internet speed and better technology will keep improving the live dealer gaming experience and increase its popularity. Our R&D department is always experimenting with new technology and actively experiment to apply them to improve our current products and create new ones.

CGI: Has it allayed player concerns about lack of trust associated with random number generation?

JC: Yes, trust plays a very important part in the integrity of any Internet casino. Before placing their first bet, players have to establish trust in the operators and make a deposit before playing. Trust does take time to build. In many cases, players start playing small amounts with new operators until they have established trust and then they migrate to normal playing patterns with higher stake bets.

Players also select the games they are most familiar with or the games they think are the most fair to the player. The

problem with RNG games (even though they are certified as fair) is that they can only deliver the games in animation format. The actual proof of fairness does not happen in view of the player. If the bet stake is up to US\$10, it maybe okay playing on an RNG animation games, but what if it is a single bet of US\$5,000? As a player, surely you want to see the real card and real action happening right in front of you?

CGI: Current online legislation in the US is restricting the North American market. Is that a good, bad or indifferent thing from your point of view?

JC: We have never entered the North American market so, obviously, it does not affect our business. But I see positive signs that the US restrictions may soon become US regulation. This move is positive and would be very good in endorsing the status of the Internet gaming industry. I look forward to continued regulation in the future, not just in regulating operators, but also regulating software suppliers so that all the qualified candidates can operate and serve the market in a healthy, open environment.

CGI: In fact, live dealer expansion surely demonstrates the case for supporting online regulation?

JC: Not just live dealer software solutions. Every honest and well established company does support online regulation. Land based and Internet based casinos are providing the same services in effect, one is operating physically and one is operating virtually via the Internet. The regulation in land based casinos is there to make sure operators are genuine, consumers are protected and taxes are being paid. Similar regulation should apply to protect online operators and customers.

CGI: Perhaps this will have the effect of making online gaming even more acceptable and accessible?

JC: Yes, choosing the right Internet casino to make a bet is sometimes the biggest bet a player has to make! If players can have the security of playing at a regulated Internet casino, there will definitely be more players willing to try playing online. They know they are protected and that all games are fair and audited. They know they will get paid if they win.

CGI: Does the seamlessness of real with remote live dealer play encourage new players?

JC: The seamlessness will only attract existing casino players to play online or switching from one company to another. The technology itself does not help in attracting players not interested in playing casino games.

CGI: However, land-based casinos surely have the ultimate advantage of a real environment or is the Asian experience becoming more fluid and interactive?

JC: There is, naturally, an advantage to playing in a real environment which can never be replaced by technology. You might liken land-based casinos to being 'a physical business meeting', and live dealer software as 'a video conferencing meeting'. There are advantages and disadvantages in both systems. No doubt, travelling time and cost is a key consideration here: We are doing a very similar job (albeit in a

leisure environment) to those companies involved with video conferencing software. They keep improving the video conferencing experience to be as real as possible. Our job is to make sure all the land-based playing experiences can be retained, as much as possible, whilst playing over the Internet. We apply the same principles, not just to our live Asian games, but also to our live international games.

CGI: And might the pre-recording mix with live dealer operations damage hoped-for trust and authenticity?

JC: This kind of thing happens to every industry. I don't really worry about it for the following reasons: First of all, players are becoming mature and sophisticated; they will carefully select casino games based upon the reputation of operators and software suppliers. Secondly, with more interactive features built into the software, it is very easy to tell the difference between pre-recorded video and live streaming video. Thirdly, there are many ways that players can validate that the environment of the video is live. For example, players can dial from a mobile phone in front of the video and ask to speak with the pit boss. This is another example of why regulating the industry is the best way forward to protect the consumer as well as the industry operator.

CGI: What is your average revenue distribution among products?

JC: It is very difficult to draw an average because the figures can vary over a large range. However, I can share with you the normal revenue distribution among different products:

Live Dealer	60%
Sportsbook	18%
RNG casino games	10%
P2P	8%
Others	4%

CGI: Are you looking to create networks of interactive, mobile, multiple site operations?

JC: We will continue to place our focus on our live dealer gaming solution as our core business. We will, of course, apply new technology in future to make our solution even more fun, customer friendly and easier to access for players. There should be no restriction of time or location, players should be able to enjoy a game or two whenever or wherever they want to play. Our games should not be limited to playing on a computer, lap top or terminal, all popular devices are platforms that will be targeted for integration into our portfolio of solutions.

CGI: Are fears that television/broadcast networks may dominate the market justified as partnerships grow?

JC: The whole concept, either through TV or Internet, is to replicate the real casino experience for players without them having to physically visit the land-based casinos. Our live dealer solution is very flexible and can adapt to other media, such as digital TV, to satisfy the market demand. From our point of view, TV or Internet is not the only media for delivering the live gaming experience. In fact, we regard TV networks as other possibilities for further industry growth.

CGI: Does live dealer accommodate particularly well to the differing cultural forms of gaming, as we see in Asia?

JC: Live dealer is always welcomed by the serious player, anywhere in the world. It is just a market nuance that the average Asian player is taking casino gaming more seriously and willing to risk more money for fun. The Asian player is willing to take a high risk but demands a fair gaming environment and a gaming experience that meets their expectations. Live dealer games can well satisfy that demand.

CGI: Lower infrastructure costs must make live dealer an attractive prospect for operators in these markets, so is there a saturation risk?

JC: The cost of running a live dealer solution is not just the infrastructure cost but also the labour cost. Infrastructure cost rates may go down but the need to deliver high quality video will keep increasing the need to consume more bandwidth, these cost changes actually offset each other. The labour rate, on the other hand, will keep increasing. Therefore, over time the overall operating cost of offering a live dealer solution will increase in line with an increase in business size. As long as the Internet population keeps increasing and the demand for live gaming continues to be popular, the industry will remain very far from saturation point. At this moment in time it is much more difficult for any new operator or start-up supplier to enter the market and build their business. The relationship between players and operators is mainly based on trust rather than pure technology.

CGI: Will companies' R&D/innovation priorities be directed increasingly to what live dealer offers?

JC: I think most companies understand that they can't be good at everything. Today, software companies mostly focus on doing what they do best. Crossing over categories can be difficult to gain acceptance. Operators usually have identified software companies from the area in which they specialise. As a multiple product operator, they usually pick the best software available in each product area to make sure their gaming offering stays competitive and meets the players' expectations.

CGI: What is your assessment of how independent, casino and television live streaming is shaping up?

JC: I think, in the end, all will come together. Players simply want to enjoy casino games in an environment where they feel comfortable. They do not really care about how the games are accessed or through which medium the games are delivered. Whichever method is the most convenient and user friendly will be the players' first choice. We want to be a leader in live gaming solutions, not just an Internet solution supplier.

CGI: The player base could grow immensely, but are affiliate networks essential to solidifying this in your view?

JC: The Affiliate is always a good medium to bring new traffic or players to gaming websites. Retaining customers will depend a lot more on the services provided by the operators. On average, a well developed affiliate network should deliver roughly 30 percent of the overall business of a mature gaming site.

CGI: Can the future be imagined as live dealer laying the seeds of a new gaming lifestyle across boundaries?

JC: Live dealer games are just the beginning in shaping the international iGaming experience, pushing it closer to a real land-based casino atmosphere without actually being there. The technology keeps improving, bringing in new ideas and new formats, to deliver the live gaming experience to the customer. Ultimately, in the very near future, there is likely to be a fine line between actual land-based gaming and live online gaming.

CGI: How important are social responsibility issues in gaming to you?

JC: Social responsibility is very important to us. We work with operators to develop and produce all kinds of ideas and solutions to avoid minors, or people with gambling problems, from accessing and playing on the site. We look at gaming as a safe form of entertainment. Responsibility should be shared evenly between operators and players. In the end, only the players will know how much they are willing to risk for fun.

CGI: What next steps do you suggest are to be expected in live dealer gaming?

JC: There will be two major directions for live dealer gaming to take. First, the live gaming experience will become more accessible and even more friendly, it will become easier to access the games and easier to play, anywhere, with less infrastructure and technical concern. Secondly, there will be an improvement in the visuals and realistic delivery of the games. With new improved video projection technology we will soon be able to project the land-based casino environment in a 3D format. This will take the live gaming experience to a new level and will be a major step closer to the land based gaming experience. **CGI**

JASON CHAN



Jason Chan has been actively involved in the Asian online gambling industry since 1999 and in 2000 founded G-Master Technology Limited, specialising in online gaming marketing services. He also founded MACOM GROUP which is now serving the industry as the 'online gaming hub for Asia', with complete marketing, technology and web content publishing solutions. Jason invented a unique real time live video stream casino playing experience that is now being used by many major operators as a big attraction to Asian players. He and his team members served many of the World Top 50 online gambling companies over the past seven years including Bet365, Victor Chandler and Easybets – all dominant players in the Asian gaming markets now. Jason was also the founder of an Asian-based online payment company in 2003 which was earlier acquired by Neteller for \$12.5m in 2005.