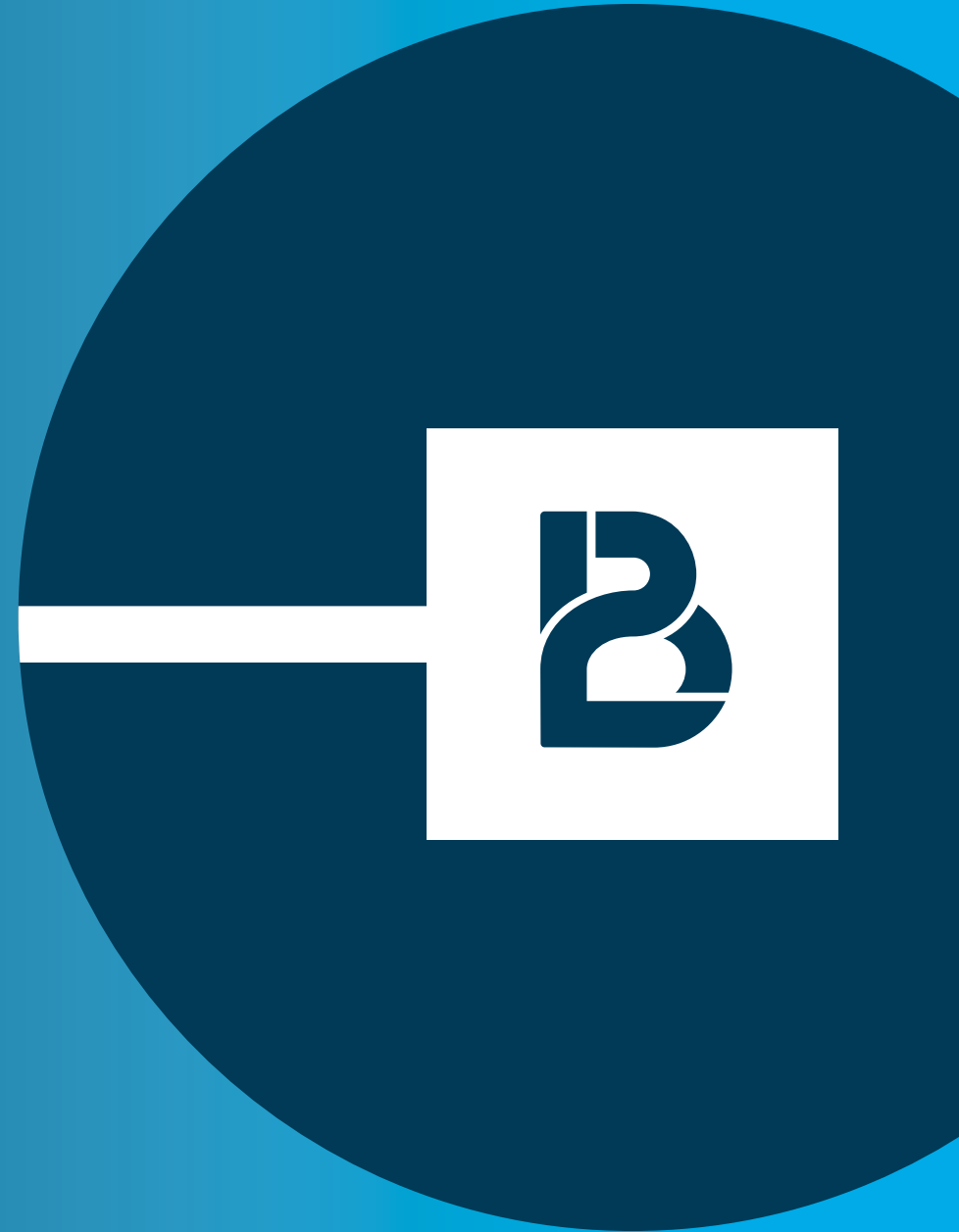


Industry Report

UBERIZING iGAMING WITH A GLOCAL APPROACH



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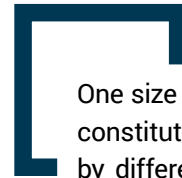
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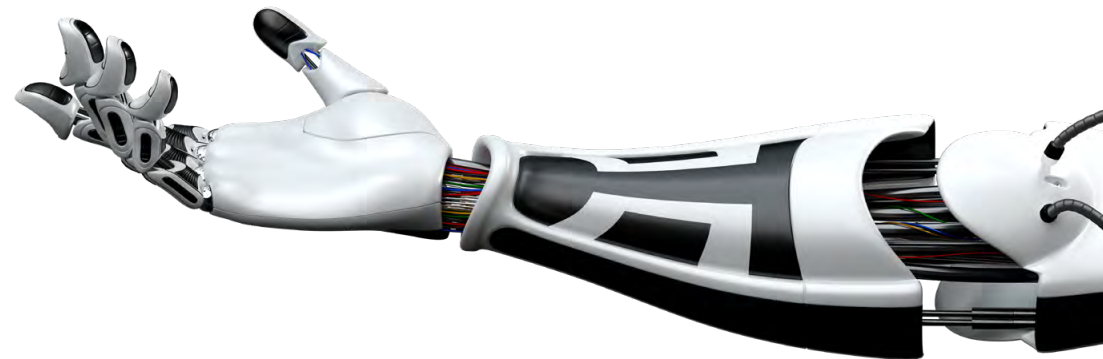
Introduction



One size does not fit all. And this is particularly true for all aspects that constitute the iGaming industry. Different markets are characterized by different player preferences, different payment gateways, different technological requisites, different regulatory frameworks... Each scenario requires its own unique approach based on a depth of local knowledge, technological prowess and ultimately flexibility to ensure that all requirements are met and benefits reaped.

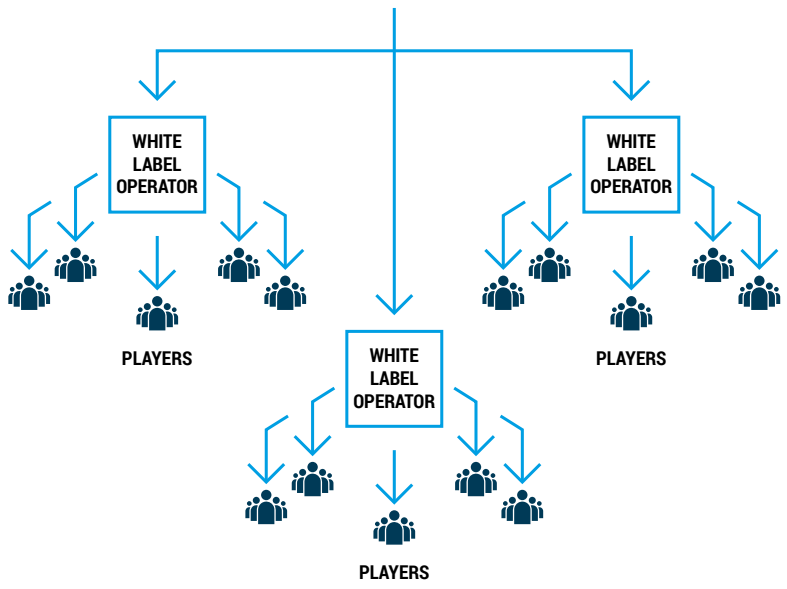
And since there is no indication of a lessening in momentum in the recent sweep that is constantly changing the industry's regulatory profile – particularly in new markets – operators must ensure to tick the majority, if not all, of the local requirements to ensure that they set off their operations on the right foot.

This document will be taking a closer look at the technological dilemmas, the need to act decisively at a local level according to the knowledge at hand, whilst analyzing the regulatory shakeup characterizing the whole Latin American region.



2. Uberizing the iGaming industry

BtoBet

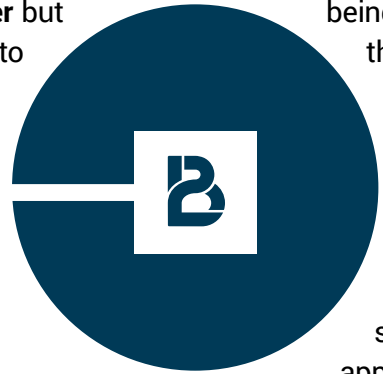


THE LAUNCH OF THE WHITE LABEL PARTNERSHIP PROGRAM

It is BtoBet's main strategy to enter into **partnerships with operators**. However emerging markets pose a scenario where many operators in the retail channel seek to enter the online market with the support of a **tech visionary partner** but at the same time lack the appropriate knowledge to make such a transition. And it is with this reality in mind that BtoBet has decided to launch the **White Label Partnership Program** in Africa and Latin America, with BtoBet itself maintaining its **focus on the technological aspect**, with all the required support being provided locally by its regional partners.

Through the WLP Program the company has put in place a **network of Certified Partners regionally present** in the various markets and who provide a simplified version of BtoBet's advanced technologies to operators. All this whilst also taking care of all the operational aspects for these operators. **This is a very unique and innovative approach** for licensees to enter the

online industry, whereby they are put in a position to **focus only on their brand** without being hindered by the operational challenges.



This program guarantees a more local – and thus more successful – approach to the White Labels themselves and a high level of service, synonymous with the BtoBet brand, through constant due diligence procedures.

Breaking the shackles, and embracing iberization

We are getting used to the idea of rapidly developing technologies changing what we can do and how we do things. But ironically for a substantial number of years the iGaming industry has had to bear vast limitations, mainly on its technical side, due to the decisions and choices of the established operators who seemed happy

to not pursue innovation whilst seeking to maintain the status quo. The reality is that nowadays these same operators who made use of inflexible in-house technological solutions are operating in a market that is driven by totally different criteria from the one they were used to.

The advent of third party gaming and sportsbetting platforms by technological visionaries has shaken up the very core of the industry, and the iberization of technology and services is the new reality. This is the vision that BtoBet has been pursuing for the past years, and which we have consolidated in the past months with the launch of our White Label Partnership Program. We have brought about a new chapter in the industry with White Label Operators now being

presented with the chance to opt for a full turnkey solution, with all that relates to the time-consuming management aspects of their business being handled by our Certified Partners.

Thanks to the WLP Program nowadays smaller operators or startups are now still in a position to gain access to the most advanced technology on the market no matter the size of their operations or market targeted, with all aspects of their activities being effectively outsourced.

This program is an important step forward for the industry, which makes a simplified turnkey version of the company's advanced iGaming technologies available to a wider scenario of operators on a world-wide scale with the added advantage that they can rely on the local expertise and know-how of our network of regional Certified Partners, and benefitting from the high level of service of BtoBet's Certified Partners which is overseen by BtoBet itself.

This is the main driving factor of the Program itself. There are a number of companies which lack not only the funds to develop their own technology, which is very costly and does not guarantee any returns on the investment made, but also the very knowledge that is essential to succeed at a local level. We are now in a position to finally say that all these creases have been finally smoothed out.

"The concept of 'uberization' has taken the general meaning of disrupting any industry through the use of technology to circumvent unnecessary bureaucracy and legislation."

David Glance, Director of UWA Centre for Software Practice, University of Western Australia

3. Moving from legacy to third party technology

"Which elements of the business are worth outsourcing and which are best kept in-house?" This is the major question that any operator needs to pose himself in order to envision the right path that will eventually lead to success.

The most tempting option for the operators is to maintain all activities, including all technological aspects, in-house. But whilst going down this path and relying on legacy solutions could appeal in terms of full control, this in itself does not guarantee sustainability, let alone issues of inflexibility and costly conundrums when the time comes to scale an operation with additional products or new markets.

Going down the legacy technology path, whereby an operator is solely relying on developing an independent platform not only carries a huge financial burden, but is also especially intricate in terms of regulatory compliance. And there is one major drawback, the constantly evolving iGaming scenario provides few or no safeguards that success can be achieved through such a substantial investment. All this without delving into the major problem that for those operators with no technological background whatsoever having to acquire the right personnel with the required level of knowledge can be a truly daunting task indeed.

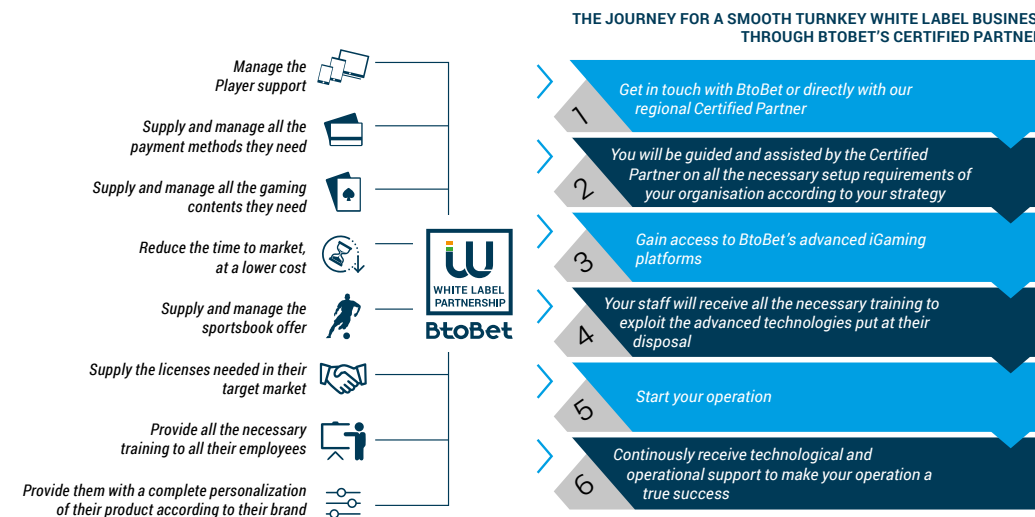
These difficulties, coupled with the fact of delivering a more simplified and ultimately flexible approach, have in recent years seen the advent of various platform providers offering technological innovation, differentiation, as well as robust and reliable systems that ensure brand unicity and an optimum player experience.

Tapping into the wealth of knowledge of third party technology professionals not only ensures having a product which is constantly at the forefront when it comes to incorporating new technology, but also vastly reduces the risks and toils that come part and parcel with creating in-house technological solutions. In the end it all comes down to choosing the right technological partner that best fits the operator's vision and requirements.

Benefits of using third party platforms

- Cost reduction
- Shorten the time-to-market
- Talented IT Visionaries
- Continuous technological updates
- Focused Strategy
- Risk Mitigation

How will BtoBet's Certified Partners help White Label Operators?



WHAT ARE WILDAR GAMING'S MAIN STRENGTHS FROM A LATAM POINT OF VIEW?

Wildar has been working on the market for more than 10 years. We have an extensive local network and we constantly monitor the continuously evolving regulatory scenario in the region. Wildar has the experience to provide all the services needed for developing an online betting operation, including all the technology, regulation knowledge, marketing and customer support. Merging with BtoBet gives us the opportunity to incorporate knowledge from other regions such as Europe and Africa, as well as acquiring their technology and operational expertise. Wildar will also benefit greatly from BtoBet's reputation in the industry.

4. Filling a void in Latam



NICOLAS ENJAMIO

**WILDAR GAMING
GENERAL DIRECTOR**



BtoBet has expanded its White Label Partnership Program in the Latin American region, announcing "Wildar Gaming" as its regional Certified Partner. In this interview, Nicolas Enjamio, Wildar Gaming General Director, expresses his view on the partnership itself, whilst gauging the potential of the region's iGaming industry.

WHAT IS THE VISION OF YOUR COMPANY AND WHAT IMPACT DO YOU EXPECT THE WLP PROGRAM TO HAVE IN THE REGION?

Our vision is to expand across the whole of Latam, and I am certain that with BtoBet's very advanced technological solution, strong reputation and expertise, this will be achievable. It is also our mission to provide our clients with the best possible scenario to succeed in the online gaming context by taking advantage of the innovative AI technologies that are a significant asset of BtoBet's gaming platforms. We will also seek to provide our clients with the best possible technical support, and the essential know-how which is key to their success. The expectations are very positive, and we are very proud of this opportunity. This partnership provides both companies with the opportunity to fill a void that is currently present in the region ... an experienced technological provider with very good online gambling knowledge with a local presence. The Latam online market is going to be hugely transformed in the next few years, and we are ready to meet the necessities of all operators in the region.

WHAT MAKES BTOBET'S TECHNOLOGIES PARTICULARLY SUITABLE FOR LATIN AMERICA?

BtoBet's technologies offer a wide flexibility when it comes to adapting in terms of the market needs, even from the local payment methods perspective. Other aspects include the platform's versatility, and its constant development to grasp new possibilities and provide advanced customized solutions for operators. Both Wildar Gaming and BtoBet are already working on providing services for the Latam market, and thus we are prepared for any demand that may arise.

BUENOS AIRES JUST GOT REGULATED. WHAT DOES THIS MEAN FOR THE SPORTS BETTING INDUSTRY IN ARGENTINA?

Buenos Aires has a huge business potential, even though sports betting has never been legally accepted up until recently. One must keep in mind that Argentina as a country is considered as being fanatical about sports. Add to this aspect that approximately 3 million people live in the capital of Buenos Aires, with more than 10 million

people arriving in the city on a daily basis, and with the population for the whole province of Buenos Aires amounting to more than 16 million, and you will end up with a very attractive market indeed. One must also note that other provinces are already regulated and we hope that very soon that sports betting will be made legal in the whole country. Today's population amounts to almost 45 million inhabitants, with a huge quota of potential players.

BRAZIL FOLLOWED SUITE AND ALSO REGULATED ITS SPORTS BETTING INDUSTRY. WHAT ARE THE MAIN CHALLENGES THAT OPERATORS SHOULD EXPECT? HOW SHOULD OPERATORS PREPARE THEMSELVES FOR THIS NEW REGULATED MARKET?

Just like Argentina, Brazil is also fanatical about sports, and its population of more than 200 million inhabitants generates almost infinite possibilities at this stage since the online market has never been regulated. I believe that those operators expanding into Brazil should expect an aggressive drive once the market opens for licensees to start their operations in the coming months. Brazil is a very large country, but it also has the advantage of having a large part of its population focused in certain regions.

The most important region will undoubtedly be Sao Paulo, due to its high population density and high buying power. Other important markets in terms of the ratio of its inhabitants and income will be Rio de Janeiro, Florianopolis and Porto Alegre, amongst others. But the reality is that all Brazil will provide new opportunities, since it is one of the major global economies, and has one of the highest population. We believe that the key to success for operators will be to concentrate their activities in certain regions, strengthening their activities and providing differentiated services. Another important aspect is the huge interest in football. Thus it will be essential for all new operators to provide a comprehensive sportsbook offer for matches played in all leagues and cup competitions.

WHAT DO YOU THINK ABOUT THE POTENTIAL THAT THE LATAM MARKET KEEPS IN HOLD?

Sports garners a lot of interest across the whole region, the rate of Internet connectivity is high and the sales market through digital platforms although still in a development, is still substantial. The region's GDP per capita is not the most attractive, however the economic situation for the majority of the countries is expected to progress rapidly in the coming years. If we add to this scenario the almost 650 million inhabitants and the fact that the whole iGaming industry is still considered to be as primarily emergent, than one can easily conclude that the potential of the market is unimaginable. I am positive that the region will witness a growth of the iGaming industry, which will be unprecedented in other sectors.

5.

THE LATIN AMERICAN FOCUS

LATAM SNAPSHOT

- The current population of **Latin America and the Caribbean** is **655,255,271** as of Sunday, January 6, 2019, based on the latest United Nations estimates.
- Latin America and The Caribbean population is equivalent to **8.55%** of the total world population.
- Latin America and The Caribbean ranks number 4 among regions of the world, ordered by population.
- The population density in Latin America and the Caribbean is 33 per squared kilometer.
- The total land area is 20,139,378 Km² (7,775,854 sq. miles)
- **80.4 %** of the population is **urban** (529,566,942 people in 2019)
- The **median age** in Latin America and the Caribbean is **29.5 years**.



655
Mln Overall population
in the region

8.5
% Total World
Population

29.5
y.old Median
Age

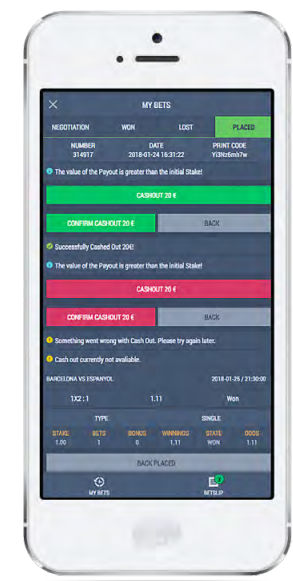
5.1 THE LATIN AMERICAN FOCUS



INTERNET PENETRATION

When it comes to internet penetration in Latin America, only the Caribbean region finds itself below the global average. With over 44 million people living in this region 47.5% of the population has access to the internet when compared to the global average of 55%.

On the other hand, 71.8% of South America's population (over 420 million people) is considered to have access to the internet, and 61.1% of the nearly 110 million person residing in Central America are also deemed to have access. (Source: Internet World Stats)



SMARTPHONE PENETRATION

The total number of smartphone users in Latin America is expected to reach 317 million by 2020 and 347 million by 2021. And with a population amounting to over 650 million people that means that more than half the population (53.3%) will be considered to be regular smartphone users.

INTERNET USERS AND 2018 POPULATION STATS FOR THE AMERICAS						
REGIONS	Population (2018 Est.)	% Pop. America	Internet Users 30-Jun-2018	% Population (Penetration)	% Users America	Facebook 31-Dec-2017
North America	363,844,662	36%	345,660,847	95%	44%	263,080,100
South America	428,240,515	42%	307,597,115	72%	39%	266,583,100
Central America	179,616,163	18%	109,664,952	61%	14%	99,500,000
The Caribbean	44,191,318	4%	20,986,379	48%	3%	16,498,000

5.2

THE LATIN AMERICAN FOCUS

Many experts consider the Latin American region to be the next big thing for the iGaming industry. And with the prospect of the majority of countries within the region adopting a stable legal framework that acts as a safeguard for the substantial investments made by operators whilst also ensuring the players' interest, this is a milestone not to be disregarded. On this regards with Brazil legalizing sports betting for the first time, and Argentina's Buenos Aires province following suite, operators are setting their eyes on the benefits they could reap through such a strongly supervised environment. The following is a general overview of the region's current regulatory scenario:

Colombia

Colombia was the first country in Latin America to introduce a strong regulatory framework for the iGaming industry. Movement towards the regulation of the online market began as early as 2015, with a proper legislation officially recorded in the books in November 2016. However in March, 2017, Coljuegos announced its plans to turn Colombia into the first Latin American country to regulate online gambling.

The new regulatory framework defines multiple gaming categories – covering sportsbooks, poker, fantasy sports, eSports, promotional games and online casino, among others – in addition to technical requirements for iGaming systems and land based gambling.

Mexico

Mexico is also pushing for a fully-regulated online gambling market. Despite the lower house of the country's Senate passing a comprehensive gambling bill in late 2014, a vote on the bill by the upper house has not yet taken place.

REGULATORY OUTLOOK

Peru

Even though currently sportsbooks operate in the country, Peru could soon embrace a bill that will see its sports gambling sector becoming regularized for the first time. The bill which has already been presented to Congress for consideration covers various topics related to sports gambling.

The bill proposes that the sector is taxed on the same lines as casinos and lotteries, with sportsbook operators set to pay a **12% tax** calculated against the difference between what was taken in and what was paid out by the operators.

The bill would also provide language to establish where sportsbook could legally operate, guarantees mandated to cover payouts and penalties for infractions.



5.3

THE LATIN AMERICAN FOCUS

Brazil

After years of political impasse, sports betting has finally been legalized in Brazil after Brazil's outgoing President Michel Temer has put pen to paper and signed his country's first sports betting legislation.

Brazil's Ministry of Finance will now have two years – although this can be extended by an additional two years – in which to craft sports betting regulations and make delicate decisions as to who will get to operate the new betting business.

While aspects such as technical regulations and the number of licenses permitted still have to be set out, Senator Flexa Ribeiro has proposed a tax structure for licensees, with the Brazilian Ministry of Finance given the ultimate responsibility to regulate the sector.

The proposed tax structure indicated that land-based operators will be required to pay **80% of amounts wagered back to players as winnings**. This whilst permitting such operators to keep no more than **14% to cover costs and to be distributed to shareholders as profit**.

The final **6% will be divided between a number of social entities**, with 2.5% going to the country's paramilitary National Public Security Force (FNPS), and 2% going to football clubs that allow the lottery to use their branding to promote its games. A further 1% will be awarded to public schools that meet certain targets in national examinations, with the remaining 0.5% going to the country's social security fund.

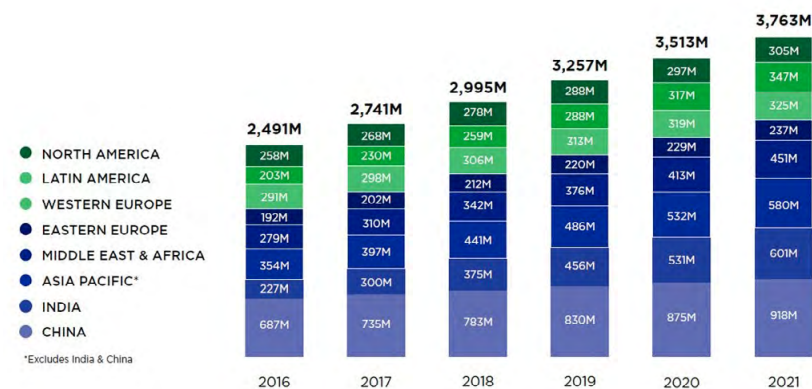
On the other hand, according to the proposed tax structure, online operators will be required to pay **89% of wagers as winnings**, and will be allowed to **retain 8% of the total**. **The remaining 3% will be seen 0.25% channeled to the social security; schools 0.75%; the FNPS 1% and football clubs 1%.**

Argentina

When it comes to Argentina, the scene is somewhat more complex. There are currently 24 gambling authorities – one per jurisdiction. Argentine president Mauricio Macri had hinted at the possibility of a new federal regulator. The introduction of a legal and regulated sports-betting market in a country known for its sports culture has been discussed and could prove lucrative for operators and affiliates by attracting consumers to bet on safe, verified sites.

In the meantime, the industry has welcomed the news that Argentina's capital province of **Buenos Aires** has passed legislation to regulate online gaming for the first time. The legislation has seen the approval of a **tax rate amounting to 15% of gross gaming revenue**, with licenses granted to operators granted they establish a physical presence within the province. On top of this a further **2% administrative fee** is set to be given to the Instituto Provincial de Loteria y Casinos, the province's regulatory body.

Licenses will be **valid for a period of up to 15 years**. However, the number of licences that will be issued is still unclear, with the Argentinian media suggesting that **seven licenses** will be available. The legislation also includes a range of social responsibility controls from the operators' side, requiring them to offer player safeguards such as deposit and time limits.



Smartphone users

6. Editorial

ONE SIZE DOES NOT FIT ALL

It is still a matter of fact that the majority of operators, and technology providers in the sports betting and gambling sector adapt a one size fits all approach. It still is very much the case where the majority of licensees consider Latin America, or Africa, as one big country.

This is clearly not the case, and the eventuality of making it big in one local market does not necessarily mean that adopting the same approach will eventually pan out as expected in another, even if neighboring, country.

Let's take a look at the Brazilian scenario ... One thing that characterizes the Brazilian market is the great passion that people have for anything related to sports, especially football and all local sports. But on the other hand if you take a close look at Mexico you will realize that American sports such as the National Football League, the National Hockey League and Major League Baseball, and even European football is very popular.

And that is why I particularly emphasize that the correct and successful way for operators to enter a local market is by adopting the glocal approach. Technology has always been of the utmost importance for the iGaming industry, however this must be coupled with the right know-how of how to tread locally. Having a technological partner providing the most advanced betting platform and then not having any knowledge regarding the regulatory frameworks, the various payment gateways, the player preferences, how the technology itself should be adapted and suite the

local market requirements... These are all elements that are of the utmost importance for an iGaming activity to make an impact, differentiate itself from the competition, and reach its set goals.

For example, many European operators focus the majority of their activity on the online market. But whilst the Latam e-commerce market has grown substantially in the last few years, the industry in the region is still very much multi-channel, where you have retail betting, mobile and online. And of equal importance is the region's greater use of the credit card. So whilst one could say that on a regional level the whole online market is still emerging, there's a lot of potential provided that you take the appropriate measures beforehand.

Whilst there is no arguing that being present on a global level carries its obvious benefits, it's very difficult to manage all local aspects from abroad. To try and run operations from a totally different context, such as Europe, without people on the ground in Latin America and Africa is a very daunting task indeed. This is crucial in order to understand the local culture and environment as well as potential problems and opportunities.

And that is why with this in mind we have set up our WLP Program, whereby our local Certified Partners – having an exceptional knowledge at regional level – help other White Label Operators in setting up their businesses, and ultimately provide them with a simplified and adapted form of our technologies, which meet all the regulatory necessities of the industry, to meet their particular local requirements.

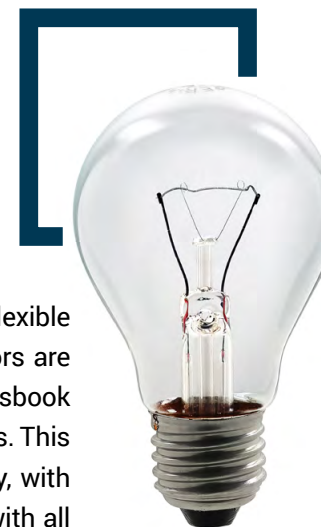


Alessandro Fried

BtoBet's Chairman
and CEO

7. Conclusion

The iGaming industry is moving away from the inflexible approach that has for years characterized it. Operators are now more inclined to make use of gaming and sportsbook platforms that have been developed by tech visionaries. This has transformed the very foundations of the industry, with technological service providers providing operators with all that they necessitate to enter the highly demanding iGaming industry. BtoBet, through its White Label Partnership Program has further expanded this concept, coupling advanced and innovative technology with the essential local know-how which is much needed to achieve the goals set out by White Labels.



8. About the author

Boasting of a very strong presence in Latin America, BtoBet is in the ideal position to assist operators keen on entering or expanding their activities in the highly interesting Latin American scenario. Its platforms already meet the most stringent jurisdictional requirements in the region, with its Neuron platforms already being used by its partners in Colombia, Mexico, Argentina and Paraguay.

BtoBet has recently expanded its White Label Partner Program in the Latin American region welcoming onboard "Wildar". This new Certified Partner will be able to provide other White Label Operators with a simplified version of its advanced turnkey solutions, also putting at their disposal its deep local know-how and experience.



TRUST

TECHNOLOGY



Contacts

BtoBet Ltd
Advance House Level 2
375 Manwel Dimech Street
Sliema SLM 1058
Malta

Website

www.btobet.com

E-mail

sales@btobet.com

Phone

+356 27135974

Skype

BtoBet

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