# Executive Summary

*"Poker is good for you. It enriches the soul, sharpens the intellect, heals the spirit, and - when played well, nourishes the wallet." (Anonymous)*

**Introduction**
The gambling/gaming market can be divided into remote (internet, mobile, interactive television) and non-remote (betting shops, casinos, cruises, private, at-event) gambling.

In the case of poker, more people are thought to play the game privately (such as at home) than in casinos. Generally, a good poker player can make much more money from private games than from public (club or casino) games because of avoiding the casino cut or 'rake'.

Online gambling/gaming is now regarded as one of the most important internet businesses globally. Besides sports betting, which has enjoyed first mover advantage in the online arena and has been the main driver of online gambling, other areas such as casino games, poker, bingo and lotteries have expanded into this area.

**Growth in the Poker Industry**
The growth in the poker industry has been fuelled by many factors including:
- increased television exposure,
- reciprocal movement between online and land-based poker-playing,
- celebrity participation,
- high net-worth prizes,
- relatively low barriers to entry (due to 'skin' partnerships),
- better online payment methods
- and ease of online access through broadband penetration.

**Major Tournaments and Televised Events**
Poker tournaments require a certain commitment from players in terms of time and money staked. The most prestigious poker tournaments are televised globally.

The drawing power of a poker tournament is that anyone who can pay the 'buy-in' (an amount often ranging from $5,000 to $25,000) or win a 'satellite' tournament is able to compete against the top professional players in the world and celebrities.

**Major Poker Tournaments Globally**

| World Series of Poker | Years held | 1970 · 1971 · 1972 · 1973 · 1974 · 1975 · 1976 · 1977 · 1978 · 1979 · 1980 · 1981 · 1982 · 1983 · 1984 · 1985 · 1986 · 1987 · 1988 · 1989 · 1990 · 1991 · 1992 · 1993 · 1994 · 1995 · 1996 · 1997 · 1998 · 1999 · 2000 · 2001 · 2002 · 2003 · 2004 · 2005 · 2006 · 2007 · 2008 · 2009 |
|---|---|---|
| | Europe | 2007 · 2008 · 2009 |
| Poker tours | World | Season 1 · 2 · 3 · 4 · 5 · 6 · 7 · 8 |
| | European | Season 1 · 2 · 3 · 4 · 5 · 6 |
| | Asia Pacific | Season 1 · 2 · 3 |
| | Latin American | Season 1 · 2 |

| Super Bowl of Poker | 1979 · 1980 · 1981 · 1982 · 1983 · 1984 · 1985 · 1986 · 1987 · 1988 · 1989 · 1990 · 1991 |
|---|---|
| Poker Million | 2000 · 2003 · 2004 · 2005 · 2006 · 2007 · 2008 · 2009 |
| Other events | US Poker Championship · National Heads-Up · Aussie Millions · UK Open · Irish Open |

*Source: Various*

**Is Poker a Sport?**

In March 2007, poker was given sporting status in Russia. However, the move was deemed a mistake and retracted in July 2009.

So, is poker really a sport or did Russia genuinely make a mistake? Let us consider the evidence. If a sport can be defined as a competitive activity that requires training and skill, then most poker players will argue that practising their craft is a fundamental part of their game and that, despite poker generally being classified as a game of chance/luck, it takes a certain level of skill to assess the scenarios that could be played out from your opponents' hands.

There are poker players who have studied their game feverishly to what would be beyond degree status (if there were such a qualification) and have been banned from several major casinos because they are perceived as being too skilled and therefore a threat to the coffers. Whilst poker players do not run around the card table in an athletic way, nor thwack their cards over nets or into holes, they are often required to concentrate for hours using heightened mental agility.

And what about the other popular way of defining a sport, that of having a World Cup or Championship? Well poker certainly has one of those. The author of this report was fortunate enough to be invited to the WSOP in Las Vegas in recent years, which is the must-attend event on any serious poker player's calendar, and was impressed at the level of professionalism surrounding the event.

There is also the WPT, a made-for-television event that attracts the poker elite and takes in every major poker-playing markets in the globe. With Latin American and Asian Poker Tours now also on the circuit, interest in the game can only grow further.

Sports are governed by defined sets of rules. So is poker. Sports have governing bodies and codes of conducts. So does poker – the World Poker Association was launched in 2005.

Sports have stars. The likes of Phil Hellmuth, Joe Hachem, Chris Moneymaker and Annie Duke are savants who are worshiped by the poker masses in the same way Tiger Woods is in golf and Phil 'The Power' Taylor is in darts.

Sports have commercial partners queuing up to throw money at them. Jeffrey Pollack, commissioner of the WSOP, is turning sponsors away as he wants to keep his brand exclusive and create a "Wimbledon of Poker".

### The Offline Poker Market

According to Casino City, over 100 countries around the world participate in legalised casino and card room gaming. It defines casinos as properties that offer gaming machines and table games such as poker or properties that offer house-banked table games. It defines card rooms as properties that offer poker exclusively or a combination of poker and player-banked games.

The proliferation of land-based casinos, card rooms (and racinos, which are casinos at racetracks) has certainly brought poker to the masses - adding new players to the ranks on a daily basis.

Additionally, a number of countries (such as the UK) have decided to relax outdated gaming restrictions, whilst others (such as Singapore) have welcomed the construction of new casino resorts as a guaranteed way to spur tourism and raise money.

The growth in online poker has helped drive customers to land-based casinos and tournaments such as the World Series of Poker (WSOP) and World Poker Tour (WPT). The internet has made it easier for people to learn to play poker – they can develop their skills over months rather than years. Therefore they want to be able to test out those skills in a live-game playing environment, so it brings more people through a casino's doors.

### The Remote Poker Market

The growth in online poker playing globally can be attributed to several factors, the primary ones being the increase in broadband penetration and the fact that there are more secure online payment systems available. But for an online poker room to work it needs liquidity, with lots of players ready to play anyone else who logs in (see Chapter 5 for an explanation of how online poker works and its common business models).

Free poker online was played as early as the late 1990s although Planet Poker was the first online poker site to offer real money games. The first online real money poker game took place on 1 January 1998.

In October 2004, Sportingbet, at the time the world's largest publicly traded online gaming company, announced the acquisition of ParadisePoker, one of the online poker industry's first and largest sites. The $340m acquisition marked the first time a poker site was owned by a public company. Since then, several other poker site parent companies have gone public.

In June 2005, PartyGaming, the parent company of the then largest poker site, PartyPoker, listed on the London Stock Exchange, achieving an initial public offering

(IPO) market value in excess of $8bn. At the time of the IPO, 92% of PartyGaming's income came from poker operations.

In early 2006, PartyGaming moved to acquire EmpirePoker.com from Empire Online. Later in the year, Bwin, an Austrian based online gambling company, acquired PokerRoom.com. Other poker rooms such as PokerStars that were rumoured to be exploring IPOs around that time postponed them largely due to the passing of the UIGEA in October 2006.

As at September 2009, 25% of gaming sites monitored by Casino City Online were poker sites. There were around 40 standalone poker sites and poker networks with detectable levels of traffic. There were however around 550 independent doorways or 'skins' into the group of network sites. At that time, the majority of online poker traffic occurred on just a few major networks, among them PokerStars, Full Tilt Poker and the iPoker Network. The vast majority of high stakes action takes place on Full Tilt Poker, with the top 10 winning players from 2008 all coming from this site.

**Demographics and Motivations of Poker Players**
With personalisation and localisation of services now high on the agenda of many gaming operators, understanding the demographics and motivations of poker players can greatly enhance the effectiveness of product development strategies, player retention initiatives and brands from other media or industries which might be leveraged to appeal to these types of players effectively.

Internet registration information and customer tracking technologies enable operators to gather a wide variety of information about players, including valuable data about the demographics of a player. This enables operators to implement highly-targeted marketing campaigns and player retention strategies.

Likewise, land-based casinos and poker rooms can capture details about their customers through membership programmes. In short, a poker operator has a potential advantage of possessing detailed intelligence on who its customers are and what they like or dislike.

According to market research company Poker Players Research (based on a representative sample of over 13,000 regular poker players playing at least once a month across the US, Canada and Western Europe in 2007), 40m people play poker regularly (6.8% of the adult population). It claimed that 23m of these regular players were in the US (representing 10.1% of the US adult population.)

Ladbrokes Poker claims that the most common age group for poker players is between 18 and 30, reflecting poker's status as an emerging young and fashionable pastime. The most successful age group when it comes to playing poker is the 18-25 year olds, followed by the 26-30 year olds. In general, young players are the strongest players.

Although online poker is enjoyed by women as well as men, globally it is most often played by men (at a ratio of around 85/15). Men generally (although of course not

exclusively) prefer playing poker and betting online whereas females generally prefer playing bingo and casino games.

**Commercial Models in Online Poker**
In an online poker room, the player's computer screen becomes a virtual card table at which they and their opponents appear as various characters. Some sites allow players to customise the look and feel of their playing environments and choose avatars to represent themselves.

There are games where players can join in and leave at any time (known as cash or ring games), and tournaments that they can join for as little as $10 (many sites operate in multiple different languages and currencies).

Some websites focus more on cash/ring games, whilst other poker rooms focus more on tournaments. Some focus on higher limit games, whilst others focus on low limit, or even penny games. Each online poker room has different signup bonuses, with different rules and 'reload' incentives.

Online poker platforms need to have sufficient liquidity in terms of volume of players i.e., enough active players playing a wide variety of games ensuring that new players logging on will not have a significant wait to join the game of their choice. Provided online poker platforms have suitable liquidity in terms of volumes of players, they are exposed to comparatively low risk compared to those running more traditional sports books, which explains the proliferation of such websites.

Some poker sites are able to achieve liquidity by going it alone and building a successful affiliates programme, whereas others generate traffic through being part of larger networks. A network model offers:
- low barriers to entry
- instant liquidity
- product knowledge
- minimal infrastructure costs
- marketing expertise
- ability to bring brand to market quickly

A standalone model offers:
- Independence
- flexibility
- control of campaigns and bonusing etc
- proprietary database
- no network limitations

**Protecting Player Accounts and Paying Out**
An online poker operator would not have a business without robust payment and security functions. These tend to be outsourced in the online gaming world, although this is usually disguised from the customer.

Players can use a variety of payment options to make deposits and withdrawals on poker sites, although these vary from site to site and some refuse to process payments from or to US citizens. If a poker site gets the payments side of its business wrong, it can lose customers. If it gets it right however, it can enhance loyalty, grow margins and market share.

The most common payment methods for poker sites are:
- Credit cards
- Debit cards
- eWallets

Typical ways for a poker site to protect players are to:
- apply deposit limits
- lock suspicious player accounts
- know the customer - watch for irregular patterns
- take details of an active credit card
- have age verification in place
- introduce security steps such as waiting for an activation code to arrive by e-mail and having to provide proof of identification with a valid passport or driving licence.

**Winnings in Poker**
Poker winnings are increasing in value and continuing to eclipse earnings in other competitive pursuits such as sports.

The WSOP achieved a major milestone in July 2009, officially crossing the $1bn mark in prize money awarded to date at that time.
Comparisons between WSOP prizes with those from other prominent events include:

- The Daytona 500 has awarded its winners $21,327,256 since 1959. In just the past three years (i.e. since 2006), WSOP Main Event champions have received $29,402,416.
- The Wimbledon Tennis Championships awarded a total of £12,550,000, or roughly $20.5m, in 2009, less than a quarter of what the WSOP was due to have awarded by the time the 2009 event ended in November.
- The Kentucky Derby has paid its winners a total of approximately $16.7m since 2001 – less than the nearly $17.5m taken home by the 2007 and 2008 WSOP Main Event champions.

On the online side of the industry, the PokerStars World Championship of Online Poker (WCOOP) claims to be the largest online poker series, and the second-largest poker tournament series in the world.
In comparison to other international sporting events, the 2009 WCOOP boasted a total prize pool of almost double the combined prize pools of the 2009 Wimbledon Tennis Championships and the 2009 US Golf Masters.

**Regulation and Poker**

In most countries, the regulation of gaming is based on whether the predominance for the outcome of the game lies in skill or chance. Regulations relating to gaming vary from country to country and even by territory to territory in some countries, so an operator looking at entering a new market or even acquiring players from other markets will need to seek appropriate legal advice. As an example, some gaming sites claim to spend over £1m annually on legal advice and fees alone, so a new gaming operator needs to plan for such costs in their budget.

In the US, where the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) is having its greatest effect is on the casual player. Whilst it is relatively easy for established players to negotiate the maze of financing options and get money into an online account, 'newbies' have almost no idea where to start. And with the implied threat of Big Brother looking over their shoulder, many may simply choose not to take the plunge - which, of course, is exactly what the US Congress intended. Efforts to regulate online gaming federally in that market, despite promising developments, could take time, and efforts could instead move faster at a state level.

In Europe, the regulatory landscape is a mixed bag of draconian regimes and liberalisation, which adds a further layer of complexity to operators considering a new market entry.

The key questions for a new entrant to consider when entering a new market are:
- Can they get a licence?
- If not, are they prepared to evoke wrath from the particular government?
- Can they ensure distribution and brand presence?

- Are the new opportunities of a regulated market greater than the increased costs of business that will follow from going the 'official' route?

**Poker and Distribution Channels**

Television has been a prime ingredient in poker's popularity with the WPT first bringing the game to US screens in 2003 and leading to a format that has since been replicated worldwide. However, it largely remains a passive experience for the viewer at home with programming centred around events that have already taken place rather than a more interactive or 'live' experience as with the case of lottery and bingo programming for example.

Television allows a poker operator to bring a degree of excitement to poker and to stimulate interest for the game in general, as well as being a way of driving players to poker offerings on other platforms and vice versa.

Innovative camera angles combined with high quality TV production (professional mini cameras used, new graphics systems, new invented production facilities etc), celebrity players and often lavish sets, make the programmes compelling viewing.

Some industry players are concerned however that, although television has fuelled popularity of poker, there may be a danger that too much poker-relating programming will turn people off the game.

Some poker players are becoming television stars in their own right as they take their natural place as part of 'celebrity' popular culture. For example, several players have joined the cast of US reality shows in recent years. Bodog pro Jean-Robert Bellande was a castaway on the CBS reality hallmark Survivor. Annie Duke finished as the runner-up to Joan Rivers on NBC's Celebrity Apprentice. And player Tiffany Michelle joined Maria Ho on Amazing Race in 2009.

Televised programming through the internet is becoming increasingly popular and a lower cost means of reaching people than linear television. Some websites of land-based gaming operators (such as Mecca in the UK) already have the potential to stream online shows that are only available to their land-based audiences.

As with many niche or smaller sports and games, poker is finding a market for broadband streaming of its tournaments. The UK's Poker Channel launched a free broadband service in June 2006 and PokerStars launched an online service in 2009.

**Advantages of poker on television:**
- Poker on television creates atmosphere that is not generated online
- The television experience adds gravitas to a game of poker, making it feel more important and special
- Whole families can enjoy the event, sitting around the same TV set
- Television provides instant, mass exposure for poker brands
- Appearing on television adds integrity to a sponsoring brand for the viewers at home and a sense of scale
- Poker on television allows producers to tell great stories and allow viewers to feel close to the players.
- Not only do producers have the airtime to focus on the established pros that poker fans want to hear about, they can follow the journeys of other players who have interesting backgrounds
- Poker television shows can be cheap to produce compared with other gaming or non-gaming formats.

**Barriers to growth of poker on television**
- Large sums have already been invested by many operators in online channels and they do not want to diversify from what has become their core expertise
- In terms of potential interactive offerings, many operators believe that the numbers do not add up when looking at the existing players in the television space
- Many operators have a lack of understanding of television in general about what works/is expected
- Formats are becoming a bit tired/some markets have reached saturation
- Some markets will not permit poker on television due to regulatory constraints.

**Marketing and Sponsorship by Poker Operators**

With online gambling and gaming booming in popularity in general, but some markets having restrictive advertising regulations and an increasingly fragmented media landscape, the companies behind poker websites have had to become creative in their efforts to promote their products.

As early as 2004, casino website GoldenPalace.com paid $28,000 on eBay for a cheese sandwich, which supposedly carried an image of the Virgin Mary on it, in a publicity stunt to raise awareness for its site. It also once paid $15,099 on eBay for the right to temporarily display the name of its website on the chest of swimsuit model Shaune Bagwell. And it also previously pledged $4,050 on eBay to garner advertising space on a pregnant woman's stomach.

In 2008, Victor Chandler Poker made a lasting impression on one player. A budding school teacher (24 year old Norwegian Steffen Stubo) accepted the challenge of having the Victor Chandler Poker logo tattooed on his backside while attempting to maintain his pokerface at an irreverent 'Crack My Pokerface' party in exchange for €500.

The last few years have been notable in the sponsorship industry for the rise in endorsements by online gaming and betting companies as they have shifted their efforts to above-the-line campaigns.

Online poker operators need to not only attract players, but also keep them coming back. Players are becoming more transient and the pressure is on for operators to hold on to their players in any enticing way that they can. Insiders suggest that new online gaming operators need to spend around $30,000-$50,000 each month in marketing if they are to compete with established brands or those with deep pockets. Some online gaming operators are reported to spend well over $1m per month on their marketing budgets alone.

With marketing departments under greater pressure to justify promotional and brand expenditure, the challenge to all marketers is how one can accurately measure the proposed and actual return on advertising and sponsorship investment potential. Meanwhile, advertisers are actively seeking ways to go 'beyond the 30-second spot' through the seamless integration of content and marketing messages.

**Online Poker Operator Case Studies**

Consolidation and integration are prevailing themes in the online poker industry in particular with several companies being potential acquisition targets of other companies in the space.

The online gaming sector has had a difficult three years following the passing of the UIGEA in the US, with share prices for a number of online gaming companies being hit hard as a consequence. Although 2008 saw a number of listed gaming companies return to profitability levels they experienced prior to the passing of the UIEGA, some share prices have since fallen after negative announcements of company results (which have

partly been linked to currency fluctuations and regulatory developments).

Analysts at Juniper Research believe that the online gaming sector is largely recession proof. Indeed, with the inevitable tightening of consumer money belts due to the current economic downturn, it is likely that consumers are going to spend a lot more leisure time at home, which is a desirable scenario for online poker operators.

Online gaming is a leisure pursuit that can provide hours of entertainment and could be classified by many consumers as providing value for money. With broadband connectivity generally becoming cheaper and more accessible, the economic downturn may provide new opportunities for online gaming companies to acquire new players. However, some existing online gaming players may of course reduce their gaming expenditure, or even stop altogether where they see it as a non-essential luxury.

**Outlook**

Against a backdrop of global economic downturn, evidence from publicly-traded gaming companies shows that throughout 2009, revenues from online poker have been increasingly squeezed, due to competitive pressures and currency fluctuations. No longer finding online poker to be a licence to print money, operators are having to work harder than ever to retain existing customers and encourage them to spend more money on their sites.

**Poker Performance, Selected Operators, 2009**

| Operator | Revenue | Revenue | Change |
|---|---|---|---|
| 888 | $40.2m (1H 2008) | $26.2m (1H 2009) | (35%) |
| Ladbrokes | 3Q 2008 | 3Q 2009 | (21%) |
| PartyGaming | 3Q 2008 | 3Q 2009 | (31%) |
| Playtech | €7.0m (2Q 2008) | €8.2m (2Q 2009) | 17.8% |

*Source: Various*

Essentially, online poker's development has been similar to that of a typical teenager – large bursts of growth followed by short ones, periods of uncomfortable orientation and a sense of invincibility. However, times have changed. The online poker boom is considered to have peaked in the UK, a country that is now considered to be a mature market. Meanwhile, growth in the US is still stymied by prohibition at the time of writing. However, it is not all doom and gloom, with pockets of opportunity remaining for the industry that is a long way from being nascent yet.

Despite facing greater competitive challenges in poker and poor revenues, PartyGaming for example continued to sign up large numbers of new players in 3Q 2009 and achieved an absolute increase in player numbers versus the previous quarter despite seasonality. Converting these players into active players and getting them spend more money will remain the key objective.

Although some online poker markets are more mature than others, globally, online poker is still a market showing huge potential for growth and is predicted to grow in many markets, particularly where the regulatory position is favourable to poker. However, further development in the industry (or in individual online poker markets) could be hindered by factors such as market clutter, the economic downturn, broadband penetration not happening as fast as predicted, restrictive legislation, the game getting harder for new players to join and increased competition from other forms of gaming.

**Online Poker Gross Gaming Yield Forecasts**

**Total Online Poker Gross Gaming Yield, 2009-14 ($000s)**

|  | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Total | 3,762,076 | 4,171,182 | 4,487,716 | 5,030,911 | 5,601,535 | 6,169,153 |

*Source: ZagZig Media*

By the end of 2009, the online poker market will be worth $3.76bn and rise to $6.16bn by the end of 2014 in terms of gross gaming yield. Unless the UIGEA is repealed, the North American share of market will fall from an estimated 40% in 2009 to 34% in 2014, with Europe becoming a larger market than North America before that time.

**Terms Used in This Report**

**Gaming Machine Terms**
Class II and III machines - commonly used to refer to types of electronic gaming machines (EGMs) in North and Latin America, the main difference between Class II and III machines is that a Class II machine works on a bingo-based mechanism, whilst a Class III machine works on a random number generator based mechanism (RNG for short).

Basically, a Class II slot machine does not generate its own results. They are connected to a 'system controller' that basically does a bingo drawing every time a slot player spins the reels and then feeds the results to the slot machine. It is not a standard bingo game that draws numbered letters, but the numbers are set up on a grid however, just like a regular bingo game, and the patterns on the grid correspond to the payout patterns for the slot game. Class III slot machine games are far more common throughout the US, especially in popular gambling destinations such as Las Vegas. These slots use a RNG to determine their results that is a tiny computer that is constantly generating random numbers. When a player hits the 'spin' button on the machine, the random number that is 'active' at the exact millisecond that the processor receives the bet determines the outcome of the spin.

EGMs (electronic gaming machines) – a blanket term for electronic devices used for gambling. This includes fruit/slot machines and fixed odds betting terminals (FOBTs) in the UK, 'pokie' machines in Australia, slot machines in the US and other jurisdictions, video lottery terminals (VLTs) in Canada, and interactive video terminals in Norway.

Slot machines - coin or token-operated devices that pay out based on the outcome of mechanical or electronic wheels initiated by a handle pull, sometimes known as one-armed bandits.

VLT (video lottery terminal) - any gaming machine in which bills, coins or tokens are deposited in order to play a game of chance in which the results, including options available to the player, are randomly and immediately determined by the machine. A machine may use spinning wheels or video displays or both. Configurations vary depending on gaming legislation in different markets.

**Key Performance Indicators And Operating Terms**

Active customers - unique customers visiting a casino, card room or operating an online poker account in the period stated (usually a 12-month period for land-based operators and three months for poker operators).

Admissions - individual customer visits to card rooms/casinos.

Bonuses – poker sites generally offer three types of bonuses to entice in new players: new player signup bonuses, no deposit bonuses and 'reload' bonuses.

Cash back offer - a cash back offer is where an operator offers free money to a customer usually as a sign up bonus, matching deposits pound for pound. Some players target cash back sites in order to exploit such offers and have no longevity, deposit once and go (if allowed).

Chargeback - where a customer or the credit card issuing bank or any other third party payment solution provider effects a reversal of charges in relation to a credit card or third party purchase transaction.

Churn - where a player terminates their poker account or membership and switches to a competitor.

Cost per acquisition (CPA) - total of all online and offline spend and expenses divided by the aggregate of the number of real money sign-ups.

CRM - (customer relationship management) - consists of the processes a company uses to track and organise its contacts with its current and prospective customers. CRM software is used to support these processes; information about customers and customer interactions can be entered, stored and accessed by employees in different company departments. Typical CRM goals are to improve services provided to customers, and to use customer contact information for targeted marketing.

Liquidity - refers to the volume of active players that online poker platforms need to be able to offer them a wide variety of games. Sufficient liquidity ensures that players logging on will not have to wait long to join the game of their choice.

Monthly active player days - the sum of the number of days active players have played during the period.

Pay-out - any money or merchandise paid to a winner who wins a game.

Play through requirements - many poker sites place restrictions on withdrawing money and/or winnings. Generally, play through requirements will state that players have to wager a certain amount before they can cash out.

Rake - scaled commission fee charged by operators for each game of poker, i.e. a percentage taken from the pot after each game.

Real money sign-up - a new player who has registered and deposited funds into an account with the operator.

Skins - most poker networks are owned by one operator and have 'front end' owners within the operation, colloquially known as 'skins'.

Unique active player - a player who has contributed a fee and/or placed a wager in the period.

Yield per unique active player - comprises net gaming revenue (net of customer bonuses and other fair value adjustments to revenues) divided by the number of unique active players in the period.

**Financial Terms**
EBITDA - earnings before interest, tax, depreciation, amortisation and exceptional items.

Gross revenue - This equals gross win (see below), plus other forms of revenue such as food/drink at land-based gaming operations.

Gross gaming sales - relates to the total value of ticket/book sales for game of land-based or online poker, otherwise known as the 'handle'.

Gross win - refers to the amount lost by the customer/the amount won by the poker operator over a defined period. As a high proportion of the total amount paid by customers as stakes is returned to them (and never becomes the poker operator's money as such) the amount of gross win is an important measure of how much a poker operator earns before taxes, salaries and other expenses such as commission to affiliates are paid. Gross win is the equivalent of 'sales' not 'profit'. In online poker and other forms of online gaming, gross win can equal gross revenue if there are no other income streams other than gaming.

Gross gaming margin/yield - defined as the aggregate of all stakes made and any gross win, minus the amount of prizes and winnings.

Gross profits - Gross win less taxes and levies, discounted wagers and direct supplier costs etc.

Net revenue - Gross win less fair value adjustments (e.g. free bets and promotional bonuses), VAT and associate income.

Stakes - The amount of money gambled by the customer, also known as wagers and bets.

**About The Report**
The Global Business of Poker Report: Third Edition examines the main issues surrounding the poker industry including market overviews; areas of opportunity; factors affecting growth in the industry; marketing strategies of poker companies; demographics of players; prize funds compared with other games and sports; as well as television exposure.

It provides case studies of the major listed poker companies in the world and analyses them to determine their business models and revenue streams as well as who the winners and losers will be.

The report is aimed at professionals within the sports industry such as technology companies, bookmakers, games producers, broadcasters, telecoms companies, lawyers, consultants and investors, as well as at sports properties that might be considering sponsorship from a poker company.