

Predictions 2014: Rob Gallo

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Rob Gallo, president of the Peak Gaming Group, gives his predictions for the egaming industry in 2014

Next States to legalize egaming

Pardon me while I polish my crystal ball... Ah, there we go, now I can see the future and it looks pretty interesting. The first few rubs of the magic orb reveal the increase in the progression of individual states in the US making their move into the online gaming world. While 2013 saw the regulation and launch of intrastate gaming in Nevada, Delaware and New Jersey, most of the other states are sitting on the sidelines taking a wait and see approach.

So who will be next in 2014? The crystal ball may be a bit cloudy on this one, but from what I can read, it reveals that Pennsylvania, Colorado and California will make significant progress in their assessment of egaming, but the dark horse in the race may be Iowa. While this one is super fuzzy, the real long shot is New York. The voters at the polls this past November approved the licensing of seven new casinos in the upstate region, and it will only be a matter of time before the Empire State allows internet gaming. However, given the snail paced speed at which things happen, or better yet don't, in the New York state legislature, 2014 is a HUGE stretch.

Federal egaming legislation in 2014

Even without the use of the crystal ball, or even my back up, the Magic 8 Ball, I will make the bold prediction that internet gaming at a federal level will not happen in 2014. Being on the front lines of the industry since 1997, I've heard the rumblings of a Federal Bill on gaming for the better part of the last decade, yet nothing has come of it. The thing is, with or without an act of Congress, internet gaming will still continue to grow at the same pace. Meaning even if the Feds did pass a law to legalize online gaming, each state would still be in control of whether they will allow it within their borders anyway, so not much would change.

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Social casino gaming

The boundaries of social casino gaming in the United States have been pushed way beyond the scope of any predictions in 2012 for 2013, and I think that 2014 will be even more explosive in the space. Truth be told, and in the effort of full disclosure, I have several major clients who are gearing up for massive expansions into the market.

The question then becomes how many is too many? Reflecting back on the early days of real money online gaming in 1997, there were 5 or 10 operators in business, but by the time 21st Century rolled around there were more than 1,800 websites operating in the online gaming space. I will boldly predict that the number of social casino gaming offerings will grow three times in terms of the number of different companies and brands, but in shaking the Magic 8 Ball to see how that ultimately reflects on actually increasing overall revenues, it reads, "Ask again later". Just for kicks, I asked a follow up question, "Will 2015 see consolidation in the social gaming space?" And a simple, "Yes definitely" appeared in the little window.

Mobile gaming

Mobile will be the single biggest growth segment in gaming. I suppose I could stop right there with that statement, but I will elaborate. From personal observations, I use my phone for virtually everything. From changing the channel on the TV and watching movies on Netflix, to making hotel and airline reservations, tracking all my business expenses, and even writing an article about 2014 egaming predictions, this phone is with me always. Now I know I am not the only one. Go into any location where people congregate and you will see 80% of them in the head down position, thumbing away on their phones. So it is a natural progression that more and more gaming operators will be tapping into this most ubiquitous tool.

How big will it grow? In 2013 the overall share of online gaming, which was done on mobile devices, was approximately 17%. I think that number will rise to between 25% and 30% for 2014. I also think the sector most responsible for fueling that expansion will be sports betting on a global level.

This actually creates a great segue into my final prediction about sports betting in the US market, but before heading there, and to validate my prediction, I asked the Magic 8 Ball if the mobile gaming space would be the biggest growth segment in gaming, and the answer was, "All signs point to yes".

Sports betting in the US for 2014

The Magic 8 Ball and the crystal ball aside, 'tis the time of year to ask old St. Nick for presents under the tree, and if you're living anywhere outside of Nevada, I predict you will have a lump of coal in your stocking and not a 'legal' sports betting outlet other than what's available in the Silver State. I am not speaking of the parlay card betting found in Delaware, Oregon and Montana, but the ability to make a wager on the outcome of a single game.

With that said, there is a strong indication that a "milder and gentler" form of sports betting will be on a sharp rise in 2014. Of course I am referring to daily fantasy sports. With the carve out in the 2006 bill (UIGEA) which allows for real money fantasy sports to continue and flourish, several well-funded and creative operators have revised the methodology of the traditional season long fantasy games, to allow outcomes to be

event. Strictly by invitation only, it brings together C-Level management from leading US operators to debate the future opportunities in online gambling.

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determined in a day. Some big bets are already being made from the likes of Wall Street hedge funds, and Silicon Valley venture capitalists that are infusing these companies with millions in capital to exploit this market.

So in short, for 2014, traditional sports betting will only be available in Nevada, but rest assured there will be plenty of 'betting' in the daily fantasy world. Busting out the Magic 8 Ball one last time reveals the total revenue for the fantasy sports business will be "north of \$1.6 billion in entry fees" that will be collected next year.

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