

Handicaps - Winter 2003/04

	125.0%	BACK	LAY			
1 Royce Hinch	5.83 42.58	5.84 47	1.46 433	5.56 4721	5.88 4258	5.8 411
2 Dortmund	4.8 46.00	5 454	6 4570	16 430	12 463	15 458
3 Katapult		41 44.00	17 453	76 452		
4 H Berlin	25 46.00	26 45	32 463	569 45		

Motor Sport / Formula 1 - 2003 Drivers Champs
Betting on M. Schumacher

Total Matched on this Event: 4920,954

Best Odds Currently Available

To Back	4721.50 @ odds of 2.50
To Lay	4714.44 @ odds of 3.06

Betting Summary

Lost	Volume
3.10	4900,978



Betting Exchanges – The eBay of the Betting Industry

A new Era of Betting in Europe!?!

Executive Summary

Munich/London, March 2004

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Case Studies

Betfair – The Dominant Player to Beat

MyBet.com – Challenging the UK Players in local continental European Markets

Executive Summary

Legal issues currently seem to dominate the discussions in the gambling industry across Europe. As a result, one of the most successful phenomena in the industry is unfortunately almost completely unknown outside the UK. For some time now, **betting exchanges** have revolutionized the market of sports betting in the UK and have successfully competed for a large market share against traditional bookmakers.

Betting exchanges act as online intermediaries between individual bettors, allowing them to bet against each other. The punters can either take the traditional role and back the bet offered by somebody else, or they can also act as “bookmakers” themselves and lay bets.

Similar person-to-person (p2p) models (e.g., *eBay* or *Napster*) already demonstrated the immense impact they can have on an industry. What *eBay* and *Napster* did to the retail and music industries, betting exchanges will do to the betting industry – they will revolutionize it and change it forever:

- “The betting exchanges, *Betfair*, *Betdaq* and co. represent the greatest revolution in gambling in generations.” *BBC* (17 August 2003)
- “Betting exchanges will mean the end for bookmakers.” Official statement of *Australian Tab Limited* (5 September 2003)
- It is expected that the total annual volume of bets matched by betting exchanges in Europe will grow from USD 16 billion today to USD 159 billion by 2008, a CAGR of 79%.
- The market leader *Betfair* has an estimated yearly turnover (volume of matched bets) of about USD 9,880 million and makes an estimated annualized profit (EBIT) of about USD 68 million.
- Odds offered by betting exchanges on average are about 20% better than those offered by traditional bookmakers.
- Among experienced Internet users, betting exchanges are attractive to the following user groups: heavy punters, casual punters, traders, and professional bookmakers.
- More and more betting exchanges (e.g., *MyBet.com*) are launched outside the UK.

In order to be actively involved in the future of betting and to be prepared for the entry of betting exchanges into your market, MECN recommends the following:

- Understand the business model of betting exchanges in more detail and identify the potential opportunities and threats it poses and the ways in which it differs from your own business model.
- Traditional bookmakers should analyze to what extent their current customers could be drawn by local and foreign betting exchanges and develop counterstrategies.
- Existing betting exchanges should expand internationally and find partners to establish a local offering.
- Especially ITV and mobile operators should think about implementing betting exchanges. Their business models are ideally suited to the nature of this p2p model, and according to decisions of the first European legislature, the provider of a p2p platform does not need to have a bookmaker’s license.
- Media and entertainment companies should develop ways to include p2p betting elements in existing or planned shows.
- Regulation and taxation authorities should consult legislative bodies in other countries that have already dealt with the complex problems of regulating and taxing betting exchanges appropriately.



MECN
Media & Entertainment Consulting Network GmbH
Martin Oelbermann
Kaulbachstrasse 35
80539 Munich
Germany

Tel: + 49 (0)89 3835 6785
Fax: + 49 (0)89 3835 6786
Mobile: + 49 (0)177 5858 666
E-mail: martin.oelbermann@mecn.net
www.mecn.net

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	125.8%	BACK	LAY		
Bayern Munich	1.43 €2.56	1.44 €75	1.48 €35	1.56 €7.21	1.53 €11
Dortmund	4.6 €1.00	5 €11	6 €24	10 €20	15 €35
Stuttgart	-	11 €13	17 €108	70 €2	-
H Berlin	-	25 €11	38 €4	32 €43	500 €8
Eintracht	-	-	-	-	-



**Fax order form for the report:
*Betting Exchanges – The eBay of the Betting Industry***

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Contact us:

For questions, please contact reports@meqn.net

London / UK
 MECN GmbH
 155 Regents Park Road
 London NW1 8BB
 United Kingdom

Munich / Germany
 MECN GmbH
 Kaulbachstrasse 35
 80539 Munich
 Germany

Tel.: +44 (0) 870 432 5490
 Fax.: +44 (0) 870 432 5491
info-uk@meqn.net

Tel.: +49 (0) 89 7412 0235
 Fax.: +49 (0) 89 7412 0102
info-germany@meqn.net