



## Untangling Peter's Webb

# The Master Of The Markets

Peter Webb was just 12 years old when he was introduced to the Football Pools by his father. Fascinated by the logistics of what created a draw, he delved into a world of football statistics and went on to win a first dividend payout. After briefly turning to the financial markets he proceeded to sign up with Betfair seven days after the site opened in 2000 before creating Bet Angel, a trading software interface, in 2004. Currently betting on over 10,000 sporting events a year, Peter's knowledge of the markets is unrivalled and his trading brain is the envy of each and every trader. Here he confides with GX about his trading journey.

**W**alking into a bookmaker for the very first time or collecting the first winning payout from over the counter are moments that every gambler will always remember. So too was filling in the football pools coupon for the first time. If you won, great; if you lost, the introduction to the game is what will have stayed with us. Peter Webb is no different. He may have been introduced to the football pools before he was even a teenager, but he remembers it just the same.

He also remembers it for very different reasons. Not because he was desperate on winning the jackpot or because he was

a football genius, but because it got him hooked on analysing the game. "Right back at the very start I would spend ages and ages looking at every single aspect of a football match, noting how often incidents occurred, why they occurred, and trying to get to the bottom of why there would be a draw," he recalls. "I actually started doing in-play analysis working out what the situations were that would cause a draw to be more likely."

His early findings, which he was very secretive about for fear of others copying his methods, saw him claim a first dividend payout from Littlewoods. It remains one of his proudest moments and the winning coupon still

sits in a frame on the wall in his office as a memento of his early success. Peter continued to play the pools after getting a job with a software distributor, and would continue to predict draws to unnerving accuracy over the years. He also stumbled upon high street bookmakers and put his draw-predicting skills to good use there too. The margins bookies would work with however, made winning huge amounts difficult: "The problem with bookmakers was that I was working at 115 – 120% of true probability, which was too much to turn over. I had a few big wins but realised I was wasting my time as there was no edge to be had. So I drifted off into financial markets, the biggest casino of the lot."

And it was here, in the late 90s, where Peter began to plan a route away from full time employment: "It was around the time of First Tuesday, which was a precursor of some sort to Dragon's Den. It was just before the dot com boom and on the first Tuesday of every month a group of investors and technological guys would get together to discuss ideas. You could introduce yourself and say you needed 100 grand to start a business and so on."

Peter wasn't looking for investment when he attended First Tuesday, yet was fascinated by the concept of it and continued to attend before stumbling on what would prove to change his life: "It was there that I heard about betting exchanges as people were talking about cutting out the middleman. I never met Ed Wray and Andrew Black [the Betfair founders] but I heard other people talking about the concept of a betting exchange." With a background in technology, financial trading and in depth football analysis, Peter clearly had the skills to take advantage of a betting exchange were it to open. And in 2000 it did. "I learnt about them in 1999 and a year later Betfair appeared. I signed up seven days later. I was first in."

### A New Frontier

While being one of the first to sign up with Betfair was evidence of Peter's grasp of the potential an exchange had, it was by no means a fast route to riches, as the initial lack of liquidity meant it was a while before the site really took off. Yet it gave people like Peter time to experiment with Betfair to get a steady footing as to how it worked: "I started by doing arbitrage so would go to a bookmaker and bet on say Phil Mickelson to win the US Open at 7/1 and then lay it off on Betfair and wait for someone to take it. Then one day I suddenly woke up and thought why don't I just make the bet on Betfair rather than at the bookies? It was one of those eureka moments. I was spending all this time looking for decent prices, why not just offer a couple up on Betfair and see if people took them? And to my surprise, they did."

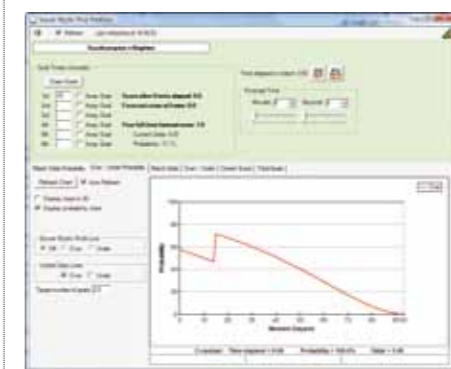
If this was Peter's eureka moment, it came at precisely the right time as the liquidity on the site also began to take off. "In 2002/03 it started to accelerate quite dramatically and in 2004 it went off the scale. I realised I could trade large amounts on horse racing as even then liquidity was huge – you'd have half a



million matched on a race – and that's when I started to think I could do it more seriously."

Moving onto horseracing was the logical step given the money matched on it. Yet amazingly Peter dived into it with no knowledge on the sport, merely using trends and statistics: "When I first started betting on horse racing I knew nothing about horses, but I could see they were turning over billions of pounds a year - and 'x' percent of a billion is quite a lot of money. As I had this big problem knowing nothing about horse racing my betting was all statistically based on how the markets reacted and moved to certain situations."

It was this remarkable ability to trade horse racing through analysing the markets which led Peter to create Bet Angel, software which gives users an extra dimension to their activity on Betfair. The software is funded by



Bet Angel's revolutionary Soccer Mystic tool

membership, which costs £150 per year, and is constantly updated to provide users with a major edge. An example of how it works is clear when looking at one of the many tools, Soccer Mystic. This tool assesses the Betfair market and will tell users where the market will go if certain scenarios were to happen in a match.

"You can ask what will happen to the market if there's a goal after 35 minutes and it will show where they will be expected to move and where they will go. You can then use your intelligence to work out where to back and exit," explains Peter, who has since clued up on the form based factors associated with horse racing after years of trading it.

"It works in pretty much any market as the tool itself looks at the market and tries to establish what is going on, and it will tell you. We have a similar tool for tennis, so if Nadal is one set to love up but is 40-30 down on his serve in the second set, it'll tell you what will happen to the odds if he's broken. If he wins the game his odds will move by 2% but if he gets broken he'll move 15%, in which case you'd lay him."

Predicting how the market will react to various incidents is by no means all Bet Angel is limited to though. "In a football match you can back 0-0, 1-0 and 1-1 for a set profit if you want to. Or you can say I want £20 if it ends up on any of these four scores and I'm happy



to lose £10 if it's this one; so you can start changing and managing your risk."

To make the product even more user friendly, customers are not even required to log in to Betfair as Bet Angel acts as an interface tool which draws all the information onto the Bet Angel product: "We've designed it so it looks similar to Betfair but once you start using it you can change things around and can set up the screen however you want. We've even linked it into Microsoft Excel so you can write a system that bets automatically throughout the day; you can carry on working and let Bet Angel do it for you. While we're sat here I've actually got a program running for me on the greyhounds," admits Peter.

Plenty of betters would understandably have qualms about using an automated betting program to use their hard-earned cash on while they're not even watching the event at the time. Yet given Peter's technological and statistical background, putting his faith in a program he has created himself – which has proven to be successful – seems a no brainer. "We've written a specialist tool that will monitor the market and then switch to the next race once the first one finishes. It will trade one automatically – and I could programme certain commands, say back this dog if it reached this price – then it'll wait three minutes before the next race starts

and switch to that one. It will also wait for the volume to rise to a level where it feels comfortable participating."

It's at this stage of proceedings, if it wasn't evident before, that his trading has reached serious levels: "At first I was looking to turn over thousands a race, then it was many thousands a week and then it was hundreds of thousands a week. This became millions a week and off it went into the distance."

Peter is in a small minority of people who can bet on sports, not for the profit, but for the sense of fulfilment that succeeding and mastering a market brings. The money is but a by-product of his success and it is finding new ways to conquer markets which drive him: "I can look at a market now that's going to occur at 3 or 4pm this afternoon and know within seconds how it will pan out, how much turnover there will be, what it will feel like and what I'm going to do. I've gone off the edge of the curve in terms of trying to understand how a market works. I can tell you on a finite level when the best time to get involved is having analysed everything in infinite detail."

Listening to Peter's mastery of the markets, it seems in the most basic of terms that his statistical approach has removed the fun out of his betting. Yet given the amount of

money at stake and the reasons why people trade in the first place – it's business not pleasure – it's not only understandable but is what all traders should be striving for.

"If I look at the dogs, I don't have a passion for the sport so there's no fun in the first place," Peter quips candidly, before going deeper into the fundamentals of his betting. "When I knew I could make money out of it, it was a question of trying to accelerate as much money through the market as I possibly could. If you look at racing there'll be about 40 races a day. I might be able to put £160,000 through; all you're doing is recycling money through as many markets as possible. I could do 2 or £3million a week but only risk a couple of thousand capital on each betting market."

While the turnover seems extraordinary to some, for Peter it's where his biggest problem lies. When the exchanges took off and liquidity shot up, few were finding it hard to match money on the markets. Eleven years after Betfair launched however, and people like Peter have overtaken the pace of development: "For a long length of time I grew a lot faster than the markets did, but now I've hit the buffers. The problem is you're on a set of scales and you're just looking to tip them slightly in your advantage. But if you tip them too far it goes back the other way. The markets aren't as scalable as a financial market so I'm restricted by liquidity."

It's not a case of needing more money to invest into the markets, but finding more opportunities and markets to exploit. "If you gave me £1,000 now," he explains, "I could give you £2,000 back next week. But if you gave me £100,000, I'd give you back £102,000. It doesn't scale and that's one of the disappointments with the market."

It's also a disappointment that has fuelled Peter further in his desire to get to the very core statistics of sport; to pinpoint the factors that are fundamental to the outcome of a race or match. "I'm generally driven by discovery, I'm constantly searching for new ideas and looking to see if there's a new way of doing things," he says. He's almost got to the stage where he's gone full circle, returning to the roots of his career where he'd spend hours analysing football matches looking for the source of the draw.



Peter Webb is MD of Bet Angel, for more information on the product visit [www.betangel.com](http://www.betangel.com)

"On football I've gone off the top level and even the intermediate level and am now looking at individual players: when are they shooting? Where are they shooting from? What is creating the shot? Using that I can work out how many shots there are; from the number of shots, the accuracy of them and the rate of scoring, I can work out how many goals there will be. And from that I can see from the in-play patterns what is happening."

It may come across as obsessive attention to detail, yet it could prove to be the vital edge all traders and gamblers are looking for. "Rickie Lambert isn't scoring this season for my team, Southampton, and my interest in that is a case study because it's as clear as daylight. Last season he would get the ball and it would end up in the back of the net and he ended up scoring 30 goals. This season he can't do it [Lambert had scored 8 goals by mid January] and I'm asking myself is it Lambert's fault he's not scoring? Is he

missing shots? Or is it the supply? What's the cause behind it and is there going to be a change in the team? And will that change it? It's a very narrow esoteric and difficult thing to look at, and identifying the moment when that changes is what interests me."

Analysing the game to the extent Peter does is getting into Money Ball territory; Michael Lewis' critically acclaimed sports book that highlighted the statistical approach Oakland Athletic baseball team took on recruiting players ten years ago. They shunned the personal opinion of scouts and the big money signings the scouts suggested and recruited instead on statistical analysis, and to incredible effect.

"Could I go to Southampton and say 'actually I think you should be playing this guy in a different position as it's the cause of the problem?'" Peter jokes. Whether his analysis will actually reveal any patterns is yet to be

seen, yet it's easy to see how a football club may want in on his findings.

In the meantime, Peter will continue to look for new opportunities in the markets, admitting that for every discovery he makes, he's found nine other dead ends. And if there's one piece of advice he has for others out there, it's how they deal with the dead ends they find: "If you're walking through a maze and you reach a dead end you don't stop and stay stuck in the maze forever. But that's what lots of people do when faced with a loss. I try to teach people that a loss is another progression on your route and shouldn't stop you from continuing to participate. You go back and try another way and eventually you find a way out. And that's how the markets manifest themselves. It isn't a series of continuous profits; it's a bumpy road that means you're slightly ahead of where you were six races ago." GH