

Basics of betting.

The following is a description of the basic theory for betting.

When making betting and going for profit you are dealing with the same mathematical function no matter what kind of betting you are actually making. This function is rather simple, so if you understand this function and become clever to manage it you are on your way to bet with success.

At first the function looks a little hard to handle because you are going to view a large number of bets. But here you get excellent help from the spreadsheets in which you can plot in as many bets you want. Keeping things in a spreadsheet makes it possible to manage the function with ease.

For every bet you make things are rather easy. If you are right you make a net profit, but you are wrong you lose your stake.

All these things can be expressed in just one mathematical function. Let us say I have found a bet with a known decimal odds. It could 2.0 or 4.2 or 8.0 or....

The value could be anything greater than 1.0. I just want to denote this value O.

To this bet I stake a certain amount of money. It could be \$ 1 or \$ 100 or \$ 50.000 or It could be any positive value, which I denote S.

My bet can go one of two ways. Either I win or I lose. If I win I give my bet the value 1, but if I lose I give the bet the value 0. No matter whether the value is 1 or 0 I just denote it V.

Now I have almost all that I need to express my function. For every bet I make my net profit is expressed with this function:

$$\text{Net Profit} = (O \times S \times V) - S$$

These symbols are rather easy to understand. The expression inside the bracket is a the calculation for the gross profit you can make. And the – S after the bracket is your cost for making the bet which equals your stake.

Now let us look at an example. I have a bet of odds 3.4 and I stake \$ 100.

The bet can go two ways for me. Either I win or I lose. First let us say I win. Then I assign V=1 to the bet. Doing so my net profit is:

$$\text{Net Profit} = (3.4 \times 100 \times 1) - 100 = 340 - 100 = 240$$

$\downarrow \quad \downarrow \quad \downarrow \quad \downarrow$
 1 2 3 4

Let us examine the net profit a little.

The bracket contains of 3 factors.

- 1) This factor is the decimal odds.
- 2) This factor is the stake that is invested in the bet.
- 3) This factor is an indicator which is assigned to the depending on whether the bet is a winner or a loser. Here the bet is a winner so the value is 1.

These 3 factors are multiplied together. In the example above we get the value 340.

4) This factor is my own stake which I invested in the bet. The value 340 is my revenue for the bet and my own stake is my cost for the bet. That is why it has a minus. Then I just calculate my net profit by subtracting the cost from the revenue. This way I end with $340 - 100 = 240$ as my net profit.

Now let us see if the bet is a loser. Then I have to assign the value 0 to the bet and then I get this net profit:

$$\text{Net profit} = (3.4 \times 100 \times 0) - 100 = 0 - 100 = - 100$$

Obviously if I lose the bet I don't get any money in return and so I don't have any revenues. The 3 factors in the bracket are multiplied but the value is 0 because the V-value in the calculation is 0. Nevertheless I have the same cost with the bet as when the bet was a winner. The cost will always have the same value. This is the amount I first give out in the investment process. Next when the result for the bet is determined, I can see if I get a revenue. Whether the V-value is 1 or 0. Here the bet is a loser, which means no revenue just a cost of 100 so the net profit is $- 100$ as stated above.

Let us look at the function again with the symbols.

$$\text{Net Profit} = (O \times S \times V) - S$$

This is a function with 3 variables. As such it is impossible to manage such a function completely. But actually only the V-value is an unknown variable. The odds as well as the stake you decide yourself before you enter the bet. You evaluate a bet and if you find the odds too low you can decide to avoid it. Next you decide the amount you want to stake. The amount can be low or high. This way you can vary the odds and the stake up and down and balance the bet, so it fits your preference. It is only the V-value you can't control because this value is assigned to the outcome of the bet.

At the bottom line you can say that you can manage and control the function to a certain degree. You always have to deal with the element of risk in each bet. The risk for the V-value to be 0 and you get a loss.

Now the above description concerns for the single bet in isolation. But you never make just one bet and then stop betting. You always make an unlimited range of bets – day after day – and this way you work with a number of net profits from bet to bet.

Doing it this way your odds and stake turn even more variable. You have to manage your choice of odds and you have to manage your stake through a certain strategy. This together with the V-value that can change between 1 and 0 from bet to bet. So now the management of the profit function turns a little more complicated.

If you view the function over a rather huge number of bets you are dealing with a sum function where you must assign an index to every bet. It goes like this:

$$\text{Net profit for n bets: } \sum_{i=1}^n (O_i * S_i * V_i) - S_i$$

This sum function will calculate the net profit from bet to bet. In this situation it will be appropriate to use a spreadsheet to get a view over all the bets included in the sum function. The sum function has a more mathematical expression but it is just an easy way to collect the net profit for all single bets in one expression.

The above description is the basic theory for betting. In your daily betting you either try to maximize the sum function or bring it to a certain value level.