



WEEK 30

FRIDAY 25 JUL 2014

THIS WEEK

- Gloomy brick-and-mortar casinos forecast
- Columnist: Martin de Knijff on golf betting
- Betfred appoints new CEO
- Tweets of the week

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TOP STORY

FANTASY TO TRACK GAMING LAWS

Trade association hires lobbying firm



Action shot from an NFL game

The US fantasy sports industry has hired a major law firm to monitor online gaming legislation. The Chicago-based Fantasy Sports Trade Association (FSTA), which represents businesses involved in fantasy sports, has tasked Dentons with lobbying on 'Issues that may affect the fantasy sports industry and legislation related to gaming; HR 4301 and S 2159 Restoration of America's Wire Act'. The information is contained in a federal lobbying form dated 21 July, highlighted by political newspaper *The Hill*.

HR 4301 and S 2159 are identical federal bills from Senator Lindsey Graham and Congressman Jason Chaffetz, released in the House and the Senate, which would ban online gaming in the US by restoring the Wire Act to the position it occupied prior to its reinterpretation by the Department of Justice (DoJ), who in December 2011 determined that its outlawing of online gambling only applied to sports betting. The bills have been assigned to respective subcommittees for consideration.

The legislation would not criminalise fantasy football or other fantasy sports competitions, which are currently legal

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in the US. However the FSTA insist they are neither supporting nor opposing the bills.

The legal landscape recently became more nuanced when the NFL became the first major US sports league to launch its own pay-to-enter fantasy competitions, the NFL Fantasy Ultimate Experience Leagues, which cost between \$10.99 and \$124.99 to play and offer prizes such as memorabilia.

State gaming laws dictate that a contest is illegal if it involves 'consideration', for example an entry fee, 'reward', ie a prize, and 'chance', the definition of which can vary from state to state. Writing for *Forbes*, Marc Edelman, an Associate Professor of Law at the City University of New York's Baruch College, Zicklin School of Business, notes that the new pay-to-play contest's terms of service prohibit entry in seven states, seemingly because the level of 'chance' involved in the game may be construed as being too high. The states in question are Arizona, Illinois, Iowa, Louisiana, Montana, North Dakota and Washington.

KEY POINTS

- The Fantasy Sports Trade Association has hired law firm Dentons to lobby on US online gaming legislation
- Wire Act restoration bills will be a focus
- Legislation would ban online gambling but keep fantasy legal

USA

ANALYSTS PESSIMISTIC ABOUT US BRICK-AND-MORTAR REVENUES

Regional land-based market could struggle in long term

Long-term growth in existing US



regional brick-and-mortar casino revenues will "remain challenging", according to a report published by Fitch Ratings on Monday.

The report posits that the regional US land-based market is largely saturated and said Fitch is pessimistic in regards to future revenues due to "longer term structural macroeconomic and secular factors".

Such factors include the proliferation of online casino-themed social games and other low-cost alternatives such as lottery eating into customers' recreational budgets and a decline in slots revenues for both suppliers and operators as younger generations gravitate towards table games. Fitch estimates the amount of revenue generated by slots will have fallen 10% by 2030.

Fitch said it saw a consolidation of lottery and table game suppliers and participation in social gaming as "smart hedges" against a "difficult backdrop". Other factors mentioned were lowered preparedness for retirement by baby boomers, stagnant wages among lower tier players and the solvency of social security funds.

KEY POINTS

- US regional land-based market saturated
- Long-term factors don't bode well for future revenues in the sector

UK

BETFRED FILLS EMPTY CEO CHAIR AFTER TWO YEARS

Shake-up at UK bookmaker

Bookmaker Betfred's former managing director John Haddock has succeeded Trevor Beaumont as CEO of the firm following Beaumont's departure two years ago. Until now the position had been vacant.

Haddock has aided the company's growth over his 30-year stint with the firm and told the *Racing Post* he looks forward to heading its continued expansion across all platforms.

Meanwhile, Betfred's digital managing director Christopher Sheffield and head of online marketing Adele Lawton have both departed the company.

KEY POINTS

- Bookmaker sees promotion of new CEO while two others leave



Tweets of the week

"170 million players play social gambling-style products – that's THREE times as many as play real-money gambling products."
@AideenShortt

"Create your own moth greyhound races by simply fitting a torch light to a Scalextric car."
@elguido2k [via @TwapTwips]

"Big credit to WilsonBet, smallish firm but first up with antepost handicaps every season and prepared to lay a decent bet. How it should be."
Coral head of football trading @NickGoff79

GUEST COLUMNIST

"A NEW ERA IN SPORTS BETTING"



by **Martin de Knijff**
CEO, innovator,
game designer

"I believe in-game golf wagering will account for up to 20% of all sportsbook operator revenue within five years – a prediction I recognise is likely to raise more than a few industry eyebrows.

Sports-betting's current trend, however, is unmistakable. In the past decade, almost all growth in the sports-betting market has hailed from in-game tennis and football – a success due primarily to the development and availability of truly live digital content, offered by such industry leaders as SportRadar, Perform Media Group and Enetpulse.

These feeds have enabled market automation, algorithmic pricing, visualisation tools and live streaming – enhancements that have in turn dramatically increased the depth and breadth of wagering markets, effectively rendering tennis and football betting a 24/7 opportunity. Accordingly, operators who have embraced this technology and incorporated these features into their offering have enjoyed tremendous customer and brand loyalty.

In-game golf wagering, such as my company Metric Gaming's SuperLive Golf, will only accelerate this trend, as the sport yields several unique and compelling additional dimensions.

For example, while golf boasts a relaxed and natural game flow, player

momentum can nevertheless change by the minute – along with bettor opinions. The result is a perfect recipe for a second-screen, live betting experience, particularly where the average golf fan is already following live television broadcasts for four hours or more at a time.

Golf's inherent live betting culture has also created a large demographic of punter that currently has no intuitive and engaging mobile wagering outlet. Indeed, there are today approximately 120 million golfers worldwide, many of whom, while competing on the course themselves, are already betting socially on who will win the hole or even on the very next stroke. For them, in-game golf betting should already feel familiar, thus eliminating the learning curve and yielding a customer conversion process that is largely frictionless.

Compared to other sports' in-game propositions, live golf markets are also far more accessible to the average punter, as the sport uniquely lends itself to live wagering given its 'game within a game' format; indeed, every hole of golf provides a new mini-game with hundreds of wagering opportunities. As such, there is no adaptation required, and all focus can remain where it belongs: on the user experience.

For many operators, however, several hurdles stand in the way of leveraging this growing trend. Most common is the lack of proprietary in-house technology, which forces operators to seek expensive, outsourced alternatives. And while sports-betting platform providers typically offer turnkey solutions, many of those providers are themselves operating on outdated technology, ill-suited to accommodate the new generation of sports bettor

that demands and expects its wagers to mimic the instant gratification culture in which we live today.

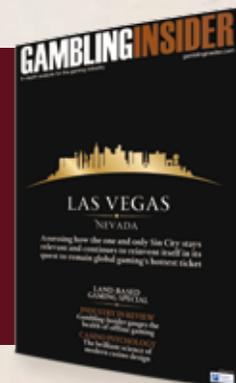
Indeed, such 'instant' markets entail not only massive data loads with potentially huge volumes of concurrent users, they must also maintain the absolute highest standards of transactional integrity, such that as each wager is graded, users' accounts can be debited and credited in real time. This new breed of 'what will happen next?' sports betting is impossible without cutting-edge equipment, software and programming techniques, such as those relied on today by Metric Gaming to provide its SuperLive offerings.

In addition to satisfying a pressing market demand, such instant, high-volume betting also yields a tremendous amount of customer data, thereby fuelling more sophisticated customer relationship management (CRM) and continued, optimised innovation. Thus while the technological hurdles may cause some upfront delays for many operators, these added benefits only further solidify instant-gratification sports betting – and in particular golf – as the undeniable wave of the future."

Martin de Knijff has been CEO of Metric Gaming since 2013. He comes from a professional sports-betting and poker background, and won the World Poker Tour's World Championship for \$2.7m in 2004. Martin is an acknowledged innovator and game designer within the sports-betting sector, with the patented BettorOption product being one example

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