



WEEK 16

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THIS WEEK

- Las Vegas Sands pays \$9m to settle SEC case
- RGSB launches new responsible gambling strategy
- Online skill gaming legislation passed in India
- Column: Tamir Berler, CEO Commologic

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TOP STORY

BOOKIES WIN BIG ON THE GRAND NATIONAL

Operators bounce back from Cheltenham Festival gloom to cash in at Aintree



UK bookmakers are likely to have made over £75m profit on Grand National day at the weekend, in stark contrast to their recent Cheltenham Festival woes, according to research from sports-betting social network bettingexpert.com.

Operator profit for the Saturday stood at £2.84 per person, based on aggregated data from "major UK bookmakers" – part of a total profit of over £16 per customer across the three-day Aintree meeting. Friday's Ladies Day led the way with a profit of £11 per customer, following a £2.33 profit on Thursday.

Average bets per user across the Grand National meeting stood at 7.5 for the first day, 10.3 for the second and 7.9 for the third. Average stake per bet ranged from £9.10-£9.20.

Last month bettingexpert.com figures revealed that bookmakers finished the Cheltenham Festival down £3.21 per customer.

Meanwhile, provider OpenBet says it handled 22 million sports bets across all channels on Grand National day. At its peak, the firm processed a record 62,000 bets per minute – an increase of 27% on 2015. It also processed 60.5 million account transactions, an uplift of 14% from 12 months ago.

At Cheltenham last month, OpenBet handled a record 31 million sports bets and 173 million account transactions across the four days. **CONTINUED ON NEXT PAGE ►**



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In other UK racing news, more betting operators have signed up to British Racing's Authorised Betting Partner (ABP) scheme.

188Bet, BetStars, McBookie, SeanieMac and ApolloBet have all joined in recent days, agreeing to make a "suitable level" of voluntary contributions to the sport based on their British racing business. Agreements have already been reached with Betfair, Bet365, 32Red, Sky Betting & Gaming and Bet Victor.

British Racing's Authorised Betting Partner (ABP) is a voluntary scheme that aims to reward betting operators who commit to making a contribution on their betting activity to assist British racing funding.

ABPs have agreed to make quarterly contributions to the Levy Board for three years, subject to the implementation of the Horserace Betting Levy replacement. The UK Government has committed to replacing the Levy mechanism by April 2017.

KEY POINTS

- UK bookies likely to have made over £75m profit on Grand National day, says bettingexpert.com
- Provider OpenBet peaked at 62,000 bets per minute
- Meanwhile more operators have joined racing's ABP scheme

ASIA CASINOS

PHILIPPINES NET LOSS FOR MELCO CROWN

Full-year figures worsen for 2015

Melco Crown Philippines suffered a net loss of 9.14bn pesos (approx. US\$199m) in 2015. The figure represents a 45% increase on the 2014 net loss of 6.3bn pesos. Gross revenue for 2015 sits at 13.73bn pesos but gross expenses have hit 22.85bn pesos.

Melco Crown expanded operations to entered the Philippine market in late 2014 with the opening of City of Dreams Manila. City of Dreams Manila is an integrated casino resort boasting three luxury hotels and DreamPlay, a DreamWorks-inspired family interactive entertainment offering.

Melco Crown Philippines is a joint venture between Belle Corporation, a subsidiary of SM Investments Corporation, and Melco Crown Entertainment.

RESPONSIBLE GAMING NEW RGSB RESPONSIBLE GAMBLING STRATEGY ANNOUNCED

Three-year plan contains 12 priority actions

The UK Gambling Commission (UKGC) has endorsed a new strategy for minimising gambling-related harm over the next three years. Operators, regulators, commissioning organisations, government and trade bodies are among the groups affected by the National Responsible Gambling Strategy, which has been produced by the Responsible Gambling Strategy Board (RGSB) following a public consultation last year.

A total of 12 priority actions are laid out by the strategy, which include better understanding of the effectiveness of education on gambling-related harm, improving methods of identifying harmful gambling and calling for more effort to be made to liaise with gamblers.

B2 gaming machines have been left out of the strategy, as RGSB says it will address the issue separately.

Commenting on the strategy, RGSB Chairman Sir Christopher Kelly said: "For the strategy to make a real difference, it requires ownership and prompt action from a wide range of organisations."

ONLINE REGULATION
NAGALAND GOVERNOR INKS INDIA'S FIRST ONLINE SKILL GAMES BILL
Could pave the wave for regulated DFS, poker across India

Nagaland, located in Northeast India, has become the first state to pass legislation on online skill games, a landmark moment for gaming in the world's second most populous country.

The legislation is the first in Indian history to address wagering on online games of skill, including poker and daily fantasy sports, both of which could have huge market potential in India.

Governor PB Acharya gave his assent to the legislation, named the Nagaland Prohibition of Gambling and Promotion

of Online Games of Skill Bill 2015 on 7 April. Once published in the Official Gazette, the Act will immediately come into force and the government will begin drafting regulations and licensing details.

Currently Assam and Odisha are the only states in India that include skill games under their criminal liability umbrella for gambling. Most real-money games operators argue that judicial precedents and statistical evidence are in favour of skill games being legal in India without concrete legislation being in place.

US CASINOS
LAS VEGAS SANDS PAYS \$9M PENALTY TO RESOLVE SEC CASE

Firm accused of poor bookkeeping following five-year investigation

Casino operator Las Vegas Sands has paid a \$9m penalty to settle a case relating to its business activities in Macau and China.

A more than five-year Securities and Exchange Commission (SEC) investigation found that LVS kept inaccurate books and records, and frequently lacked supporting documentation or proper approvals

for more than \$62m in payments to a consultant in Asia between 2006 and 2011. The SEC made no finding of corrupt intent or bribery by Las Vegas Sands and the company neither admitted nor denied any of the SEC findings.

The administrative order from the SEC includes a \$9m penalty and an agreement from Sands to retain an independent compliance consultant for two years.

Since its receipt of a 9 February 2011 subpoena from the SEC, Sands has believed that the investigation was the result of allegations made in an employment lawsuit filed by former executive Steve Jacobs.

The firm said that at the time of the events in question its compliance function was shared with its legal function, but that it now operates as a free-standing function with "enhanced financial controls, an independent global controller, a larger internal audit programme, and a newly created board compliance committee, which is in addition to the existing oversight functions of the board's audit committee".

THIS WEEK IN NUMBERS

The facts and figures that have caught our eye in the past seven days



Finance raised by New Jersey lobbyists on behalf of gaming in 2015



Average percentage of OpenBet remote Grand National wager placed via mobile



European interactive gross gaming yield (GGY) for 2015
 Source: GBGC

\$1.2 BILLION

Potential capital that could be raised from MGM Growth Properties' initial public offering for the REIT created by MGM Resorts International



Percentage of Las Vegas visitors that gambled in 2015, out of a total of 41 million, according to a Las Vegas Convention and Visitors Authority survey

8 Members that make up the Senet Group, following the announcement that Gala Leisure and Gala Interactive have joined the self-regulatory body

35M+

Wagers expected to have been placed on the 2016 Grand National



Gross operating profit for Atlantic City's eight casinos for 2015 - up 40%



Portion of UK gamblers that would prefer to keep the extent of their gambling hidden from colleagues, according to a YouGov survey

48.5%

Sport's share of the European interactive GGY 2015
 Source: GBGC

GUEST COLUMNIST

"A FOCUS ON RISK AVOIDANCE IS STUNTING INNOVATION IN THE SECTOR"


By **Tamir Berler**
CEO,
Commologic

It is often joked that one of the enduring ironies of the gaming industry is its aversion to risk.

Of course, it is sensible to limit exposure across many parts of a business, but a quick overview of the gaming sector in 2016 shows you an industry which is overly reluctant to take a punt on a new idea.

Online gaming has grown impressively in recent years but this has tended to have been a result of underlying factors such as new markets and technology. Because of strong growth, too many major operators have been happy to take a "business as usual" approach; it is a struggle to find major operators which have played an active role in disrupting the gaming sector. This creative stagnation among Europe's leading online operators could even be cited as the driving force behind the current spate of M&A action we've been seeing.

For the most successful firms, consolidation is seen as the safest way to build scale, whereas those that have struggled to keep pace see it as a way to make up ground on rivals.

Many operators like to talk a strong game when it comes to risk-taking and innovation. But a quick glance back over the brief history of online gaming

suggests performance in these fields has been poor. Just look at online poker disruption – a multi-billion dollar opportunity which was best exploited not by existing operators, but by new entrants. Similarly, when it comes to mobile it tends to be newer operators that perform best on the channel.

Innovate or stagnate

A failure to aggressively pursue innovation could be the biggest risk operators don't even realise they are taking. In the past 15 years alone, we've seen two major disruptions to the online gaming space which the biggest operators were slow to react to in the form of poker and mobile. With competition fiercer than ever and added taxation pressures squeezing margins, missing the next disruption could be fatal.

It is not like there aren't new, innovative products reaching the market. Our new second-screen, live betting game BetUP has recently launched with Unibet. The game is focused on entertainment and fan engagement, and strips away complicated odds to avoid overloading users with too much information. It is a simple and enjoyable experience with wide appeal, but very different from conventional in-play sports-betting offers.

It is no coincidence that Unibet is the first operator to sign BetUP. They are not afraid to try something new, as displayed by the launch of their Apple Watch product last year and recent trial of voice recognition technology on their sportsbook.

And the approach is clearly working. In February Unibet announced year-on-year sportsbook revenue growth

of 21% for 2015, once again well ahead of the market.

New opportunities

For operators to take the tried and tested route when the online gaming landscape is rapidly changing is potentially destructive to future prosperity. Rolling out the same, tired products is no way to reach new audiences or better engage existing ones.

It is no use tweaking marketing campaigns or hoping improved CRM capabilities will be enough to pivot towards these new opportunities.

Agility is highly valued in the tech sector and there is much to gain for those firms who can capitalise on the first-mover advantage. But this has to begin with product, which remains at the heart of the user experience, and more often than not that means trying something new.

Operators need to seek out products which work harder for them. This might mean offering products which educate users about new forms of gaming, or can compete for their attention for longer.

We are confident BetUP will fulfil these criteria. But more importantly we hope it helps show operators that trying something new can pay dividends. If more operators can remove themselves from the industry's herd mentality, there is potential not only to grow the sector but ensure that when the next disruption arrives, we are all ready.

Tamir Berler is CEO of Commologic, a start-up gaming supplier which has recently launched its second-screen live betting game BetUP with Unibet. He was previously head of sportsbook for Playtech and is based in Tel Aviv.

OUT NOW: Look out for the March/April issue of *Gambling Insider's* print magazine, because it's time for this year's marketing special. Exclusive content in the issue includes interviews with Ladbrokes' new CMO Kristof Fahy and NYX Gaming Group CEO Matt Davey

