



# WEEK 48

## FRIDAY 25 NOV 2016

### THIS WEEK

- China formally arrests three Crown employees
- ABB swerves Commons meeting
- William Hill granted Nevada eSports licence
- Guest column: Seth Freedman, Be The House

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#### TOP STORY

## DRAFTKINGS AND FANDUEL AGREE TO MERGE

Announcement comes amid regulatory wrangling and talk of financial troubles



The two largest operators in the daily fantasy sports (DFS) industry have announced their agreement to merge.

The pair are expected to finalise their merger, subject to regulatory approval, in the second half of 2017, with both to continue operating under their respective brand names until the process reaches completion.

The terms of the deal have not been disclosed, but it has been confirmed that DraftKings CEO Jason Robins will become CEO of the merged entity, while FanDuel CEO Nigel Eccles will be Chairman of the Board.

The announcement comes in the wake of a New York Times report that the pair are suffering from cash flow problems, having fought a number of legal battles across the USA in a bid to see DFS offered legally in certain states, while they were fined \$6m each in a settlement with New York State over false advertising.

A statement on DraftKings' website reads: "By combining and streamlining resources, FanDuel and DraftKings can work more efficiently and economically with state government officials to develop a standard regulatory framework for the industry."

Robins commented: "We have always been passionate about providing the best possible experience for our customers and this merger will **CONTINUED ON NEXT PAGE** ►



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## FROM FRONT PAGE ►

help advance our goal of building a transformational global sports entertainment platform.

“Joining forces will allow us to truly realise the potential of our vision, and as a combined company we will be able to accelerate the pace of innovation and bring a richer experience to our customers than we ever could have done separately.”

FanDuel’s Nigel Eccles said: “Being able to combine DraftKings and FanDuel presents a tremendous opportunity for us to further innovate and disrupt the sports industry.

“While both companies have accomplished much already, this transaction will create a business that can offer a greater variety of offerings, appealing to new users, including the tens of millions of season-long fantasy players that haven’t yet tried our products.”

## KEY POINTS

- The two biggest DFS operators have agreed to merge
- Robins to be CEO, Eccles to be Chairman of the Board
- Completion expected in H2 2017

## LEGAL & REGULATORY

### CHINA FORMALLY ARRESTS THREE CROWN RESORTS EMPLOYEES

**A total of 18 employees first held in mid-October**

The Australian Department of Foreign Affairs and Trade issued a statement announcing “the arrest of three Australian Crown employees on suspicion of gambling offenses” by Chinese authorities. One of the Australians arrested was Jason O’Connor, Vice-President of International VIP operations for Crown Resorts Ltd., who oversaw efforts to attract wealthy Chinese players to the company’s casinos.

The employees were originally detained on 13 October, and Chinese authorities were given 37 days to charge the detainees. The deadline passed this weekend, and the at least three Australian detainees will now be held for another two months following the arrest.

The arrest follows a series of anti-corruption crackdowns from the Chinese government, led by President Xi Jinping. This crackdown has been caused by a number of cases in which party officials have been using state funds at foreign casinos.

Although it is now illegal to directly advertise and promote casinos on mainland China, Crown Resorts’ Australian Casinos have seen an outstanding upsurge of Chinese tourists, which has likely made the Chinese government wary of the company’s adherence to Chinese advertising laws.

The Australian Financial Review has also reported the alleged arrest of a fourth Australian junket operator, along with the 13 other China-based Crown Resorts employees.

The final charges against the Crown Reports employees have not been released to the press, but will become evident if and when the case moves to trial. Police will decide whether to prosecute after further investigation.

## LEGAL & REGULATORY

### ABB COMMONS NO-SHOW DEEMED “MISSED OPPORTUNITY” BY CROUCH

**ABB considers that outcome of the inquiry has been “pre-determined”** UK Minister for Culture, Media & Sport Tracey Crouch has expressed her surprise at the Association of British Bookmakers boycott of last week’s “Commons All Party

Group on Fixed-odds Betting Terminals (FOBTs)“

The Commons meeting was arranged to discuss the current UK regulatory provisions for FOBTs, with further plans to restrict TV advertising for gambling and sports betting services and products.

Campaigners have long called for the maximum stakes on these gaming machines to be reduced from £100 to £2.

Crouch claims the industry body has “missed an opportunity” to state its concerns regarding changes to UK gambling legislation. Her concerns were also backed by UK Gambling Commission Chief Executive, Sarah Harrison and Labour MP Carolyn Harris, who chairs the committee.

Crouch explains the aim of the review is to look closely “at the issue of sub-category B2 gaming machines and specific concerns about the harm they cause, be that to the players themselves or the local communities in which they are located”.

The ABB has responded, saying: “We see no value in providing evidence to a group

when the outcome of its inquiry has been pre-determined and it operates as little more than a kangaroo court.

“The All Party Group is a club of anti-betting shop MPs, funded by amusement arcades and casinos with commercial interest in attacking betting shops.”

Several bookmakers have welcomed the review of the machines. Nonetheless, Malcolm George of the ABB says: “It’s very easy for the anti-gambling lobby to make strong false claims about the industry.”

**SPORTS BETTING**

**WILLIAM HILL GRANTED THE FIRST ESPORTS LICENCE IN NEVADA**

**ESports expanding at an immense rate in the USA**

William Hill is to become the first operator in Nevada to receive an eSports license to offer betting lines on video gaming competitors. Last week, the Nevada Gaming Control Board approved William Hill and the Downtown Grand Hotel & Casino’s application to accept wagers on eSports tournaments.

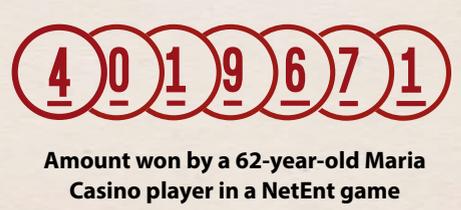
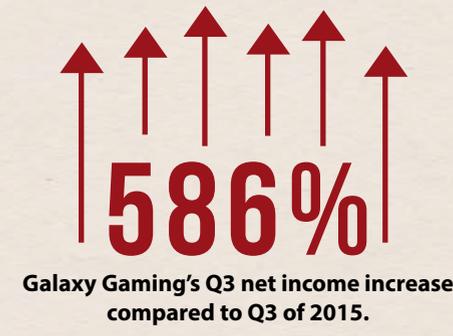
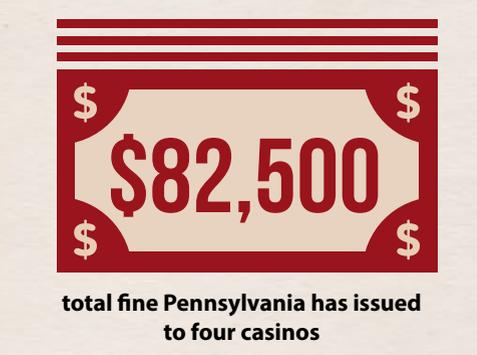
Although online platforms have been participating in skins gambling and fantasy eSports, William Hill is the first legal gambling entity permitted to run traditional sports betting moneylines on the industry. The decision came about after the Gaming Policy Committee determined that branching out into eSports betting required only some regulatory tweaks rather than a complete legislative overhaul.

Nevada Governor, Brian Sandoval says: “This announcement is a major step toward ensuring Nevada becomes the e-sports capital of the world. By embracing this unique opportunity and incorporating innovation and technology into our gaming industry, we’re expanding the potential of one of our oldest industries.”

William Hill U.S. CEO, Joe Asher says: “We are excited to partner with Seth Schorr and the Downtown Grand to become the first sportsbook in America to offer legal wagering on eSports. William Hill always tries to offer the most innovative and largest wagering menu and this reflects our commitment to innovation.”

**THIS WEEK IN NUMBERS**

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



## GUEST COLUMNIST

## RIGHT BEFORE YOUR EYES



**By Seth Freedman**  
Co-founder,  
Be The House

Innovation is a word we hear a lot in the online casino industry; innovative new feature this, innovative new bonus engine that. But when you dust off the hyperbole and take a closer look, you realise it's just a slightly revised version of an existing product sprinkled with a pinch of PR magic dust. And that's because online casino operators are focussed on making their games as real as possible in order to build trust among players, many of who remain sceptical about computer-generated casino games, instead of pushing the boundaries.

But other verticals have managed to do both, to engage their players, build trust, and devise new features and formats that have caused a seismic shift in the landscape of the industry. Think sit&go for poker, and cash-out for sports betting. So why has online casino not been able to follow in the slipstream and build momentum behind its own game-changing products? It has a lot to do with just how much money slots games generate for operators; they are bottomless gold mines, fields of cash that constantly need harvesting.

**If it ain't broke**

In that regard, there isn't the same impetus to upset the status quo and come up with something new. The age-old saying rings true; if it ain't broke, don't fix it. But that is taking an idle approach and is

holding back the vertical from achieving its true potential. Innovation needs to be at the beating heart of any industry, and online casino is no different. It could be argued, however, that online casino presents a more hostile environment with additional hurdles for developers to clear.

There are some great new ideas and products out there, and they are often delivered by smaller suppliers and start-ups. But the process of getting a game from inception to market is wrapped up in so much red tape these firms often get tied in knots. And a lot of the time the headaches are caused solely by the integration process – most large operators shun direct integration in favour of spreading the workload across several parties. The result is a legal merry-go-round that chews up valuable time and resources.

**Excuses, excuses, excuses**

But in reality those factors – making money and challenges with integration – do not excuse the blatant lack of innovation in online casino. And, to be honest, I think the real reason we are yet to see a truly innovative product come to market is because suppliers and operators are too focussed on developing complex and complicated iterations of current games and formats that they can't see the solution is sat right in front of their eyes.

Indeed, it often needs someone from outside of the industry to bring new ideas and take a fresh approach. That is what we have done here at Be The House. When I co-founded the firm back in 2014, I brought absolutely no industry experience to the table – my background is in finance, journalism (I reported for The Guardian from Israel for five years) and book writing. But I spotted a gap in the market that countless industry veterans have so far missed.

**Stake its claim**

Our first product, Cash Out Roulette, can stake its claim to being truly innovative as it offers customers accumulative bets and cash out functionality. Sure, it's a simple addition to a game that has been played for hundreds of years, but it injects enough impetus to make it new and exciting but without complicating or diluting the core gameplay. In fact, it is often the case that the simpler the idea, the more effective it is. Some take innovation to ridiculousness, launching products that often interfere with the game and are rejected by players because they fail to enhance their overall experience.

Take roulette as an example. There are so many variants out there from additional numbers on the wheel to bays that unlock bonus games. They are exciting for a short while, but then get labelled faddy when players lose interest and return to the traditional variant. Cash Out Roulette doesn't alter the game, it adds to it. That is why sportsbook cash out has worked so well, and accumulators – for some this is the only way they bet on sports.

Innovation is clearly possible in online casino, but a new approach is needed. Instead of trying to re-invent the wheel, focus on its key attributes and how to make them better. It doesn't have to be complex, keep it simple and you will succeed.

*Seth Freedman started his career as an equities broker and trader in London before making a career change and becoming a combat soldier in the Israeli army.*

*Following that, Freedman became a journalist and wrote for The Guardian from Israel on the conflict with Palestine for five years. He is also an author who has had four books published.*

*In 2016, Freedman and his co-founder Andrew Woolfson brought Cash Out Roulette to market.*

**OUT NOW: Look out for the November issue of *Gambling Insider*, which is out now. We ask many of the most influential leaders in gaming to tell us the trends, technologies, innovations and regulations that will have the biggest impact on the gaming industry in 2017**

