



WEEK 6

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THIS WEEK

- Industry flocks to ICE 2016
- Progress for New York i-poker
- Amaya CEO wants to buy firm
- Columnist: Stephen Taylor-Matthews on data

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TOP STORY

MAJOR OPERATOR DEALS COMPLETE

GVC acquires BwinParty while Paddy Power and Betfair merge



Kenny Alexander, CEO of GVC, which has just acquired BwinParty

Two significant M&A deals have officially completed. It was announced on Monday that online gaming group GVC Holdings had completed its acquisition of operator BwinParty, with Paddy Power's merger with fellow operator Betfair completing the same day.

GVC had to fend off competition from 888 Holdings to buy BwinParty for an approximate value of £1.12bn – 25p in cash plus 0.231 new GVC shares per BwinParty share – a deal which was initially agreed in September. 888 had agreed a deal to buy BwinParty for approximately £898.3m, as was announced in July, but was usurped by GVC's offer.

Having started out with its German-facing brand Casino Club, GVC bought Brazilian operator Betboo for an initial consideration of \$4m in 2009 before acquiring operator Sportingbet for 56.1p per share in 2013.

Meanwhile, the newly enlarged Paddy Power Betfair PLC closed its first day on the London Stock Exchange with a share price of £104.90. The new organisation, which is predicted to have combined revenues of over £1.1bn, said: "The company is pleased to announce that with the scheme having now become effective, all of the conditions

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to the recommended merger have been satisfied and completion has occurred."

The merger, which was announced in August, sees Paddy Power shareholders own 52% of the enlarged group, with Betfair shareholders owning 48%.

Breon Corcoran, who was CEO of Betfair, has become chief executive of Paddy Power Betfair. Alex Gersh, who served as Betfair CFO, is CFO of the enlarged group. Ian Dyson is a non-executive director and senior independent director. Zillah Byng-Thorne, Peter Jackson and Peter Rigby have all been appointed as non-executive directors. Cormac McCarthy, Tom Grace and Ulric Jerome have resigned as directors.

Morgan Stanley analyst Vaughan Lewis said of the new entity: "The merger of Paddy Power and Betfair creates the listed leader in the global online gambling industry with top two positions in the UK, Australia and USA online gambling markets, with strong growth potential in Italy, Spain and other regulating markets."

KEY POINTS

- GVC Holdings acquired BwinParty on Monday
- Paddy Power merged with Betfair the same day and began trading on Tuesday
- Paddy Power Betfair shares reach £104.90 at the end of first day's trading

EVENTS

INDUSTRY FLOCKS TO ICE TOTALLY GAMING

Hundreds of firms gather in London
ICE Totally Gaming has been taking place this week, with the event playing host to over 500 exhibitors and a record number of attendees.

The show opened at the ExCel Centre in London on Tuesday with a ceremony attended by show organisers alongside



Eurocoin, one of the 16 pioneer organisations at the inaugural ICE.

As ever, there were celebrity appearances aplenty, with two of the most notable being boxing legend Evander Holyfield's appearance at the SBTech stand [pictured] and former England footballer Michael Owen's penalty shootout competition at the Colossus Bets stand.

The exact attendance figure will be revealed shortly, but the number has already been confirmed as an ICE record.

For an extensive photo review of ICE Totally Gaming 2016, see the March/April issue of *Gambling Insider*.

LEGAL

NEW YORK I-POKER FINALLY MOVES FORWARD

Committee vote 9-0 in favour of S5302B

A bill that would regulate online poker in New York has been unanimously passed by a Senate Committee. S5302B received nine votes in favour and zero votes against from the Senate Standing Committee on Racing, Gaming and

Wagering, making it the first to be approved at a state Committee hearing.

Senator John Bonacic, chairman of the Committee and sponsor of the bill, attempted to regulate online poker in each of the last two years, while S5302B was reintroduced to the Senate in January.

It is not the only current push for legal online poker in the state, as Assemblyman Gary Pretlow introduced A9049 in January.

NORTH AMERICA
AMAYA FOUNDER WANTS TO BUY COMPANY

David Baazov could privatise firm
 PokerStars owner Amaya has confirmed that its CEO, chairman and founder David Baazov wants to take the provider private and has made a non-binding indication to acquire the company.

Indications are that Baazov, who founded the firm in 2005 and currently owns approximately 19% of shares, intends to make an all-cash proposal to acquire the company



at a price currently estimated at C\$21.00 per common share.

Amaya's board of directors has established a special committee to address any potential share purchasing offers that might arise. The committee, which will be chaired by Amaya's lead independent director Divyesh (David) Gadhia, would consider Baazov's offer were it to materialise as well as any other proposals from alternative sources.

US
MGM RESORTS RECEIVES NATIONAL HARBOR FINANCING

Hotel-casino set to open this year
 MGM Resorts International has secured \$525m in financing to help complete its \$1.3bn MGM National

Harbor development in Maryland, reports the Las Vegas Review-Journal.

The 308-room hotel-casino near the Potomac River, which is set to open at the end of this year, will include entertainment, fine dining, high calibre shopping opportunities and a spa.

Union Gaming Group analyst Chris Jones said of the development: "We continue to believe MGM National Harbor will be one of the most profitable regional casinos in the US."

MGM Resorts International was awarded the sixth licence to operate a casino in Maryland in December 2013, and began construction on MGM National Harbor in May 2014.



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EVENT REVIEW

KPMG SUMMIT ADDRESSES BIG INDUSTRY ISSUES

Detailed report published following Isle of Man event

The most recent KPMG eGaming Summit took place at the Villa Marina in the Isle of Man in November, where over 200 delegates gathered to discuss in an open forum the challenges and opportunities of the domestic and global online gaming industry.

A detailed summary of the panel sessions and individual presentations is available in an official Summit Report of the event, which can be accessed at kpmg.co.im/eGamingSummitReport.

The 58-page document offers a unique perspective on today's online gaming sector and proves informative reading for those who were unable to attend the Summit.

Highlights of this year's Summit included a live polling feature, whereby delegates voted on a series of questions put to them via their mobile phones

on the Bizzabo app. The findings of the polls were instantly revealed, offering an interactive dimension to the day and stimulating further discussion on a range of online gaming issues. The Summit welcomed back the IMGL for three of its popular Masterclasses, including a fascinating look at the financing of the sector's consolidation boom.

"There are some exciting new concepts out there and they will provide some interesting topics of discussion for the coming year," said Russell Kelly of KPMG Isle of Man.

The event was the sixth annual Summit in the Isle of Man, and the eleventh in a series which spans both Gibraltar and the Isle of Man. The next KPMG eGaming Summit is scheduled for Gibraltar on 21 April 2016.

Key focuses in Gibraltar will include the M&A environment, alternative payments, crowdfunding, technology and an update on the review of the Gambling Act, as well as the global landscape for 2016.

KPMG's advisory director Micky Swindale commented that "changing regulation and the increasing compliance burden it is placing on operators, particularly in the AML/social responsibility space" would also be a significant area of focus at the Gibraltar Summit.

KPMG has also confirmed that the IMGL will once again be featuring their Masterclasses at the Summit.

Attendance is free and by invitation only. Interested parties can apply to attend at <https://events.bizzabo.com/KPMGGibraltarSummit>.



GUEST COLUMNIST

“BEWARE ILLEGITIMATE DATA”



by **Stephen Taylor-Matthews**
Director, Onnisoft

Year-on-year, at the ICE Conference, the sports-betting area is becoming larger and more impressive, with the stands, services and products on display easily overwhelming those that came previously. From the well-known media data companies to the staple B2B providers, all the big hitters were well represented in 2016 but, if you were walking around the South Hall of the ExCel this week, you would have noticed a mini-explosion of new service providers. At first glance this may not be such a surprise as there are profits to be made, but what was astonishing is the amount of live data these new platforms seem to be offering, and at a bewilderingly low price in comparison to other providers. So what’s going on?

The sports-betting industry currently has a handful of key sports data suppliers such as Perform (RunningBall), IMG, Betradar, SIS, InPlay Sports Data and SportingPulse that offer live data in an official, authentic, timely and accurate manner to operators. From the outset, companies like Perform used their existing relationships to create a bedrock of legitimacy and commercial viability for the sports’ governing bodies to finally engage with the gambling industry. As a consequence, the sports gambling operators were invited in from the data

wilderness and used this new, fast data to push the revolution and profits of in-play betting. Needless to say, in this era of unrestrained sums for sports rights, this access comes at a cost. Most recently the International Tennis Federation signed a five-year pact with Sportradar for an eye-watering \$70m, for example. These agreements are an increasingly important part of solidifying the governing bodies’ engagement with the gambling industry, but over the past year a pattern has emerged to undermine this.

As the standard cost of official or scouted feeds can take a significant part of a B2B’s operating profit margin, some sceptical service operators have started to source and offer illegitimate feeds. This practice has turned into a cottage industry at ICE 2016, with over 75% of new B2B sports-betting companies offering data without any agreement with the appropriate data companies that have acquired the official rights or even taken the effort to create the data themselves. These feeds are, in the main, being parsed (copied) using scraping robots from existing bookmaker websites that display the data in real time, for marketing purposes, and sold on unofficially to the industry. With just a simple search of Google you can find the source code for these data scraper robots being sold openly for around \$1,000, which would give you access to an astonishing 30,000 live events a month being produced by the authentic data suppliers. Obviously, not all B2B sports-betting companies are openly admitting to undertaking this crude operation to garner their data, with some even setting up faux sports data companies as a front in a hope to legitimise themselves, but it is apparent that this practice is now pervasive in the sports-betting industry.

Clearly this inauspicious scheme purveyed by these crafty providers leaves the sports-betting industry open to many problematic scenarios. From a customer’s perspective you are being told that this information is legitimate or authentic and that you are being given a feed direct from the stadium in some cases, when in fact it is coming from a third-party website where you have no control over the speed or accuracy of the data and leaves you, as an operator, woefully open to any errors. There is nothing to stop these copied feeds being blocked at source, which could turn your whole operation off from one minute to the next, and your business could be sunk overnight.

From other B2B platform providers’ perspectives it is undercutting their commercial models as they are trying to legitimately work with official and authentic data suppliers while offering products that create a stable environment for trading solutions. And, most importantly, it has the potential to harm the current relationships with sports rights holders as it undercuts the value and integrity of the data being used in the betting industry.

If you are sat at your desk (with a bit of a fuzzy head after ICE) flicking through the business cards of platforms you have seen, then just ask yourself a very important question: “Where is this business getting its sports data from and is it authentic?”

Stephen Taylor-Matthews has over ten years of experience working in the gaming industry and has worked in the Asian market as a key supplier for Perform Group. Most recently he was the head of commercial for the Pinnacle Sports brand. Stephen now runs his own gaming software and consultancy business Onnisoft (onnisoft.com)

OUT NOW: Look out for the January/February issue of Gambling Insider’s print magazine, featuring a CEO Special as we interview four executives shaping our industry: Mark Frissora of Caesars, GVC’s Kenny Alexander, David Rebeck of the New Jersey DGE and Gamblit’s Eric Meyerhofer.

