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THIS WEEK

- **Mississippi governor approves DFS legislation**
- **Tabcorp switches regulatory supervisor**
- **David Baazov offloads a third of his Amaya shares**
- **GambleAware appoints four new trustees**
- **Guest Columnist: Phillip Wilson, COO, Winners Group**

WEEK 11

FRIDAY 17 MAR 2017

WILLIAM HILL APPOINTS BOWCOCK AS CEO

Gambling industry newcomer secures top job



Betting and gaming operator, William Hill, has appointed Philip Bowcock as its Chief Executive Officer with immediate effect, following his appointment as Interim CEO in July 2016. Philip will now take on the permanent role, ending the seven-month-long search for a replacement.

The bookmaker has lacked a permanent CEO since James Henderson's departure last July, after he failed to deliver enough growth in online and international gambling. Henderson left following a 3% fall in net revenue for the first quarter of 2016, while online net revenue declined by 11%.

Controversially, Bowcock has no previous experience of working in the betting industry before joining William Hill as Chief Financial Officer in 2015. However, the company remains

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THIS WEEK IN NUMBERS

40%



The reported growth in tax revenues generated by the Cambodian gaming industry in 2016

\$186.6M

The amount the Atlantic City casino industry took in revenue during February

€154M



The amount Playtech paid out to customers playing Age of the Gods: King of Olympus in 2016

2019

The year in which Macau's operators will need to upgrade smoking lounge standards if government bill passes

The combined amount share prices increased during February for both operators and suppliers

6.22%

optimistic in its expectation to improve operating profit this year following a 10% decline in 2016.

Philip Bowcock comments: "I am proud to be chosen to lead William Hill, a business that millions of customers trust and a brand that is synonymous with betting. During my time at the helm, I have had the opportunity to lead a passionate, talented and committed team and we have made considerable operational progress in recent months.

"The team and I are excited by the opportunity to keep improving our position in all our key markets whilst delivering a great experience for our customers."

Gareth Davis, Chairman at William Hill, adds: "Philip has driven the business forward at real pace and we have seen important progress across our online, retail and international businesses over that time.

"William Hill is now in a stronger position and Philip has outlined a clear plan to continue that momentum into the future."

William Hill shares rose 1.5% at 273.7 pence when the news of Bowcock's appointment was announced on Friday morning.

KEY POINTS

- Interim CEO Philip Bowcock secures permanent role after seven-month search.
- Shares rose 1.5% at 273.7 pence upon the announcement of the news.
- The company hopes to reverse decline in operating profits.

MISSISSIPPI GOVERNOR APPROVES DAILY FANTASY SPORTS LEGISLATION

Gov. Phil Bryant signs DFS bill into law

Mississippi finally passed new Daily Fantasy Sports (DFS) legislation that will allow operators to apply for a licence to run tournaments in the state.

Eight states passed similar laws in 2016, and Mississippi is the first state to pass this law in 2017. In the wake of the attorney general saying DFS was illegal gambling, the new law was officially legislated in the state during 2016, but was a temporary provision that expired in July 2017.

The legislation easily made it through the state House and Senate this year, and has now been approved by Governor Phil Bryant.

The newly approved legislation will allow current operators such as FanDuel, DraftKings, FantasyDraft and Yahoo DFS to apply for a renewed license. Authorised companies will have to pay US\$5,000 over three years, as well as an 8% tax based on the local revenues.

TABCORP SWITCH REGULATORY SUPERVISOR OF TATTS GROUP MERGER

Are Tabcorp governance under pressure of time?

Tabcorp Holdings recently made a surprise move by switching the regulatory body supervising its merger with Tatts Group.

The company submitted a direct merger application with the Australian Competition Tribunal (ACT), who will replace the Australia Competition & Consumer Commission (ACCC) as regulatory supervisor of the AUS \$11bn deal.

Various news sources have suggested that Tabcorp governance, who intend to begin the official merger integration by the first half of 2017, may feel threatened by ACCC's potential rejection of the deal.

Tabcorp Chief Executive Officer, David Attenborough, comments: "Through our extensive discussions with stakeholders since announcement of the transaction, it has become increasingly clear that there is broad-based support among our stakeholders for the proposed combination with Tatts.

"After careful consideration of the Statement of Issues, Tabcorp believes the merger authorisation process will deliver greater transaction certainty. It enables public benefits, including our strong funding relationship with the racing industry, to be taken into account."

BAAZOV OFFLOADS \$100M WORTH OF AMAYA STOCK

Ex-CEO relinquishes a large portion of his stake in Amaya

David Baazov has sold seven million common shares in Amaya Inc, almost a third of his stake in the Montreal-based online gambling company.

Baazov headed up the company until March 2016 after encountering legal troubles. He was charged with insider

 **\$10.4BN**

The estimated amount Americans will illegally wager on March Madness according to the American Gaming Association



The number of lottery terminals and ticket checkers IGT will provide to Western Canada Lottery Corporation in new strategic partnership



The amount New Jersey generated in online gambling revenue in February

trading and has pleaded not guilty, but will face fraud charges on trial next November in Quebec.

Baazov sold the Amaya common shares at \$19 apiece, totalling \$133m. The sale represents around 4.8% of the company's outstanding common shares and about 30% of his holdings in Amaya.

The disposition leaves Baazov with roughly 17.6m common shares, representing 12.1% of the company's issued and outstanding stock.

The sale comes only days after Amaya had announced that it had refinanced its long-term debt, which was put in place to discourage Baazov from acquiring control. The gaming operator successfully re-priced its first-line term loans and included an amendment to prevent a "certain current shareholder" from taking over the company.

GAMBLEAWARE APPOINTS FOUR NEW TRUSTEES

GambleAware's new appointments signal new emphasis on government involvement

GambleAware has appointed the following independent trustees following a rigorous

four-month recruitment process:

- Professor Siàn M Griffiths OBE, Past President of the UK Faculty of Public Health, Associate Non-Executive member of the Board of Public Health England and Trustee of the Royal Society for Public Health;
- Professor Anthony Kessel, former Director of Global Public Health and the Responsible Officer for Public Health England, and Honorary Professor and Co-ordinator of the International Programme for Ethics, Public Health and Human Rights at the London School of Hygiene & Tropical Medicine;
- And Chris Pond, Chair of the Money Charity and the Equity Release Council Standards Board and the Lending Standards Board and Vice-Chair of the Financial Inclusion Commission.

In addition, Jim Mullen, CEO of Ladbrokes Coral Group plc, has also been appointed as one of the 13 trustees on the board.

Kate Lampard, Chair of GambleAware, stated that "national and local government authorities and agencies too have a role to play in providing treatment and intervention services" related to problem gambling. ◀

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PHILLIP WILSON

COO, WINNERS GROUP

IN IT TO WIN IT

Wilson explains why online lottery will become a significant vertical this year, and what operators and affiliates should do to get in on the action

It is no secret that lottery is a giant; the World Lottery Association have it pitched at almost \$300bn each year, and in Europe, more than 70% of consumers play on a regular basis. It should therefore go without saying that iGaming operators would want to take a piece of the action.

For more than a decade, the so-called 'agency' model has had some moderate success, but with more than 99% of tickets sold through official sources, barely a dent has been made in the potential.

The key to unlocking the potential, and offering more choice (and ultimately changing player behaviour) is looking at lottery in a more disruptive way. Many operators have tried and failed, but today, secondary lottery is starting to become mainstream, offering operators a chance to compete with state lotteries like never before.

Insurance is the key word, and insuring the jackpots (by placing a bet on the outcome) is used rather than purchasing an actual ticket. The experience is familiar to millions and players are offered choice and variety with instant access to thousands of draws per year from around the world.

You would be forgiven for rolling your eyes at this point, as this is nothing new, but never before has technology, insurance, risk management and consumer behaviour converged to a point where a brand had the ability to leverage the market globally.

State operators have to sell millions of ticket to offer millions in prizes, but with insurance, you could sell a single ticket and still offer a multi-million Euro jackpot. If a player wins, the insurance company covers it.

For operators, it is a win/win; lottery can drive engagement, and retention (especially for subscription products) is unparalleled. Lottery players are among the most loyal; they play with the same brand week-in-week out, for years on end.

In the highly promiscuous world of online casino and sports betting, this is a powerful tool.

In addition, lottery can act as the glue between casino, sports, poker, live, bingo and other game verticals. Casual players are comfortable with lottery – some have been playing for decades – but are unfamiliar with other game options. With the right approach to marketing, operators can successfully cross-sell online lottery players to other products.

On our own Insight platform, we measure player retention in months and years, and some secondary lottery brands are reporting more than 3 million customers from a standing start only a few years ago. The giants are waking up, and in 2017, we will see the first large operators launching their own secondary lottery products, thanks to institutional insurers which now offer policies with a solid pay-out record.

For us, Risk Management is the first and last question you should ask – imagine being liable for a \$1.4bn jackpot, but institutions such as Lloyds are now actively seeking this type of risk which is allowing mainstream entry to the market.

When looking for a platform, or a provider, we believe in giving our partners the choice of whether to use one of our insurance policies or their own, and have the experience to guide them through these options as well as all other aspects of launching and running a successful secondary lottery.

An alternative to traditional insurance, the ILS (insurance linked security) has had a lot of press but should be treated with caution when you don't know who the investors involved are. With more than 20 multi-million pound jackpots to cover on a Saturday night, it is vital to get this right and risk management becomes the most critical aspect.

The next 12 months will see online lotteries, including secondary and synthetic products, enter the mainstream for the first time. It presents a huge opportunity for iGaming operators, affiliates, and other businesses to engage with their consumers, excite them with a disruptive product, foster loyalty, and increase revenues.

But as the saying goes, you first have to be in it to win it.

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