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THIS WEEK

- **William Hill updates full year outlook**
- **Amaya amends Rational Group payments plan**
- **Nektan records a positive Q2**
- **Digital Sports Tech enters Russia**
- **GGA 2017 preview**
- **Guest Columnist: Mick Ingersoll, VizExplorer**

WEEK 02

FRIDAY 13 JAN 2017

RANKIN STEPS DOWN AS CROWN CHAIRMAN

James Packer returns following a shake up of the board



Robert Rankin has stepped down from his role as chairman of Crown Resorts following a restructuring of the company's senior governance. Furthermore, James Packer will be returning as director after leaving the company in December 2015.

The company reshuffle comes after a profit slump and a debacle in China which saw 18 Crown employees arrested on suspicion of breaching the nation's stringent anti-gambling laws.

Following the controversial arrests, the company has halved its investment in the Macau-based Melco Crown in order to redirect its efforts to Australian operations that are already in place. As well as this, Crown decided not to proceed with a €2bn casino development project in Las Vegas.

John Alexander, the current deputy chairman will replace Rankin from 1 February. Alexander expressed his plans to remain focused on the company's online gambling businesses and Packer's high rollers casino and six-star hotel in Brangaroo.

Mr Rankin is also quitting as chief executive of Consolidated Press Holdings, a private corporate vehicle of the Packer family, under what was described in a press release as an "amicable agreement" with James Packer.

The board shake up follows a steep decline in profits from Crown's Macau casino interests and questions about the viability of its expansion plans in Australia following the crackdown by Chinese authorities on its attempts to solicit high rollers from China.

"The next stage of development of Crown Resorts will be rightfully more focused on ►

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COMPLETE GAMING PLATFORM

THIS WEEK IN NUMBERS



Debt of Caesars Entertainment Operating Company, with the final stages of Caesars Entertainment's restructuring plan reportedly entered last week



Salary increase demanded from Macau's six major gaming operators by nearly 300 Macau casino workers at a demonstration on Monday



The year Ron Hoffman joined Playtech, recently promoted to Chief Executive of the company's Financials division.



The season to which Plus500's recently extended sponsorship deal with Atlético Madrid will run



Size of Unibet's spend on TV advertising in Sweden for the first 11 months of 2016, the largest amount of any gambling operator

its outstanding Australian assets, and led by John Alexander, Crown Resorts has a very strong team in place to do that," said Rankin.

"Crown Resorts is one of Australia's leading entertainment companies and we will work hard to ensure it continues to deliver world-class facilities and services to all its customers and guests," Alexander said. "I thank the Crown Resorts board for its support and look forward to representing all shareholders to ensure the business continues to grow and create value."

KEY POINTS

- Robert Rankin steps down as chairman of Crown Resorts
- Reshuffle comes after profit slump and employee arrests in China
- John Alexander will replace Rankin from 1 February

WILLIAM HILL UPDATES FULL YEAR OUTLOOK AS DIFFICULT DECEMBER IMPACTS PROFITS

William Hill isn't the only operator ending the year on a bad note as football hits betting industry for £100m losses

British operator William Hill has issued a full-year profit warning in its latest trading statement, as "customer-friendly" results in the football and racing markets hit its earnings in December.

With gross margins coming in below expectations, the FTSE 250 bookmaker said that its full year profit for 2016 would be at the bottom end of its guided £260m to £280m range, offering the caveat that underlying trends "remain encouraging".

Hill has endured a difficult 2016, suffering from the decline of its digital verticals and the resignation of CEO James Henderson in July, for whom the operator has yet to find a permanent replacement.

However, William Hill isn't the only operator perturbed by December's results. Betting operators are reported to have been hit by industry-wide losses of over £100m as heavily backed football favourites won their respective matches, with some bookmakers expected to report losses of approx £10m.

Sky Bet detailed to the UK media that December 2016 had been its "worst month in living memory", stating that it had paid more than £8m on Christmas Day.

AMAYA AMENDS RATIONAL GROUP PAYMENTS PLAN

Amaya plans to pay the remaining \$197.7m of the deferred purchase price of the Rational Group throughout 2017

Technology-based products and services provider, Amaya Inc has confirmed that it will pay its \$197.7m balance relating to the deferred purchase price for acquired Rational Group right the way through 2017.

Following a review of its financing options, Amaya governance detailed the amendments to its payment plan which was originally due for 1 February 2017. After evaluating the multiple non-dilutive options available to the company, Amaya will now pay its balance throughout 2017, using its "unrestricted cash" and "cash-flow generated from operations".

The Toronto TSX-listed company detailed its staggered payments would be "the least expensive and most flexible financing option at this time as it avoids, among other things, incurring additional term debt, amendment fees and associated costs and expenses".

Rafi Ashkenazi, Amaya's Chief Executive says: "Based on our operations and performance in 2016, we are confident in our ability to repay the balance of the deferred purchase price in a timely manner.

"We believe that our current plan speaks to the strong cash flow generation of our business model and will allow us to continue investing in the success of our business while meeting our pre-existing contractual obligations to the former owners."

NEKTAN RESULTS FOR Q2 LOOKING POSITIVE

Nektan growth continues as latest quarterly revenue reaches £3.6m

Gaming solutions and services provider, Nektan played its way towards a 71% rise in net gaming revenue to £3.6m for the three months ended 31 December 2016. Year-on-year growth was even stronger, with NGR up 260% compared with the same period 12 months prior.

The London-listed B2B gaming provider saw the number of transactions processed by its platform double compared to last year.

The number of first-time depositors significantly increased to 35,215, an

HB 1887

Year-on-year decline in tourist arrivals to Macau for the first two days of January

**14 JAN**

Date of the January launch of Delta Corp's new casino in Sikkim, Deltin Denzong



Class of the license obtained by EveryMatrix from the National Gambling Office in Romania

increase of 220% year-on-year and up 151% on the previous quarter.

Chief Executive Officer, Leigh Nissim said: "Nektan continues to make positive progress in our business in Europe and the US, powered by our proprietary core platform, Evolve, helping the company to strengthen its position as an international gaming provider, offering solutions and services that are fresh, high quality and tangibly different from other suppliers."

Despite a £2.3m share subscription in December and a £500k share offer to existing share holders, the gaming service provider noted it will need to raise additional funds for its long-term goals. Nektan said the funds from the subscription will provide short-term working capital, but "without undertaking alternative corporate transactions, the company will need to undertake additional fundraising".

DIGITAL SPORTS TECH ENTERS THE RUSSIAN MARKET

Digital Sports Tech has made a deal with Russia's largest sportsbook operator, Fonbet

Provider of next generation sports betting solutions, Digital Sports Tech has entered the Russian market for the first time via a deal with the country's largest sportsbook operator, Fonbet.

Under the deal, Fonbet will integrate the supplier's betting product, Player Props into its sportsbook, with the UI fully translated into Russian, including player names.

The deal comes about just a week after Digital Sports Tech signed with Mexican operator, Caliente, in a bid to expand in Latin America.

Ari Lewski, Executive Director of Digital Sports Ltd, says: "We have had our sights set on the Russian market for some time now, so to be able to partner with the country's largest sportsbook at such an early stage in our company's lifespan is a testament to the value Player Props brings.

Fonbet CMO Alexandra Sergreeva adds: "Digital Sports Tech have brought to the market a very innovative and exciting new sports betting product that opens up what we see as a big growth area within the industry – player performance betting." ◀

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PREVIEW

THE GLOBAL GAMING AWARDS WILL RETURN FOR ITS FOURTH YEAR IN 2017, HAVING QUICKLY BECOME THE MOST TRUSTED AWARDS IN THE INDUSTRY AND THE MUST-ATTEND EVENT THAT KICKS-OFF G2E. WITH SELF-NOMINATIONS OPENING ON 16 JANUARY, HERE ARE THE 12 CATEGORIES IN WHICH THE INDUSTRY'S BEST AND BRIGHTEST WILL BE VYING FOR SUCCESS.

LAND-BASED OPERATOR

Award Sponsor:  IGT

This category recognises excellent performances or achievements from all land-based verticals, from casino to sports betting. As an ever-popular form of entertainment for millions around the world, land-based venues are in many ways the backbone of the global gaming industry. So many vital elements contribute to the creation of a great venue, from games to entertainment, this award is the perfect opportunity to recognise the best in the business. Entrants are recognised for varied accomplishments including opening new casinos, successfully launching IPOs, acquisitions and cementing a position as a clear market leader as well as some pretty impressive financial results. Last year's awards saw MGM Resorts International win for its third consecutive year.

DIGITAL OPERATOR

Award Sponsor:  NETENT

As an especially prestigious one to win, this widespread award covers the entirety of the online sector. The company receiving this recognition, and indeed even those nominated, will need to have achieved something truly special to make themselves stand out in what is a crowded and very competitive marketplace. Last year's winner was 888 Holdings who made great strides with their poker site 888poker.com, which challenged the dominance of PokerStars in the US and Europe over the course of the year. This year's winner will have to match previous victors by making an outstanding impression on the industry during the last 12 months.

LAND-BASED PRODUCT

It isn't only the casino operators that the Global Gaming Awards are set to recognise, as individual products themselves will also be acknowledged. This isn't only limited to game either – the award is open to any piece of equipment, technology or feature that has played a part in enhancing the overall land-based casino experience. This includes games, cabinets, payment technology and management technology. Last year we saw IGT awarded for its mobile OnPremise platform, which demonstrated the value casino operators are placing on the development of mobile products within the walls of their casinos.

DIGITAL PRODUCT

In the same vein as its land-based counterpart, the digital product award is there to cover any feature or innovation that has improved its particular sector in the last 12 months. As with the Land-Based Product award, the winner and nominees in this category don't have to be a game – nothing in the interactive space is discounted. Microgaming scooped the award for the second year running in 2016, coming out ahead of the competition thanks to the success of its fully customisable Quickfire platform.

DIGITAL ACQUISITION PROGRAM

Having great games and services is means nothing if you cannot get the players to play them. Covering all aspects of online marketing, from internally created campaigns to external affiliate services, this award will bring together the most impressive products, platforms, and promotions relating to the acquisition of new digital players. This was the category in which Unibet won its first ever Global Gaming Award. As one of the highest performing and fastest growing digital gaming operators in Europe, with an extraordinarily successful Affiliate Program, Unibet were a worthy winner of this award.

CUSTOMER LOYALTY PROGRAM

Award Sponsor:  AGS

Customers are the lifeblood of any business, and generating and maintaining their loyalty is therefore paramount for commercial success. The Customer Loyalty Program of the Year category is also our first category that compares the efforts of the land-based and digital industries, which adds a twist to this much coveted award. Last year's award was won by MGM Resorts International for the second year in a row. Many firms will pay lip-service to the notion of valuing their customers but which can actually back it up with an impressive loyalty program? This award will reveal all.

LAND-BASED INDUSTRY SUPPLIER

Award Sponsor:  Agilysys

The Global Gaming Awards are all about giving credit where credit is due, so as well as recognising excellence in gaming operations they acknowledge the contribution of those who actually make the fantastic products and services that customers enjoy so much,

whether they be manufacturers, suppliers, or providers. Nominees will have supplied the gaming industry with a variety of products that improves the casino floor, which includes, but is not limited to, casino games. IGT were last year's winner, who also won Casino Product of the Year.

DIGITAL INDUSTRY SUPPLIER

The competitiveness of this category will likely mirror that of the interactive industry itself, which is full of superlative suppliers producing entertaining and engaging online gaming products. The level and consistency of output across all the major digital verticals is impressive and it is this wonderful work which will be celebrated and recognised here. Last year's winner was Playtech, going one better than its runner-up finish in 2015, the judges clearly impressed by the excellent financial results complimenting its impressive range of supplied verticals

LAND-BASED GAMING INNOVATION

Innovation has been a key factor in the long-term sustainability and success of the land-based sector. Players constantly demand new games, ideas and concepts, which makes this particular industry so uniquely fast-paced. This award recognises the original and exciting ideas that suppliers have strived to develop, whether it be an entirely fresh product or an enhancement to an existing one, in order to improve player's casino gaming experience. SG Interactive took home this award last year for its SG Universe offering, the second mobile product to win in a land-based product category.

DIGITAL GAMING INNOVATION

The past year has been a hotbed of industry innovation, much of which has come from the online sector's impressive

collection of high quality companies, all of which are striving to meet the ever-growing demands of discerning digital players. This award celebrates the passion, expertise and creativity of the very best the online arena has to offer. NYX Gaming Group saw off stiff competition to claim victory for its Witch Pickings slot.

RESPONSIBLE BUSINESS

Award Sponsor:  Microgaming

The best gaming firms aren't just the ones who provide the greatest entertainment or make the most money – a major commitment to responsibility is also a vital component to consider when judging a company's merits. Corporate responsibility is one of the major factors executive decision makers have to take into account on almost a daily basis, particularly in an industry in gambling. This category is therefore a hugely important and respectable one that everyone will want to be nominated for. Last year we saw GeoComply take home the win for this category, awarded for its technology which has led to safer, more responsible, regulated digital gaming in casinos in regulated states in the US and further afield.

EUROPEAN EXECUTIVE

The global gaming industry is full of hugely impressive individuals, each of whom have spent the last year expertly guiding their respective companies and organisations on the long but rewarding road to success. New for 2017, this award will reward and recognise an outstanding executive connected to the European gaming sector, who has made their mark on the industry over the last 12 months.



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GUEST COLUMNIST:



MICK INGERSOLL
INDUSTRY SPECIALIST,
VIZEXPLORER

HYPER SEGMENTATION FOR PLAYER DEVELOPMENT

Database marketing is a monster. With a myriad of intricacies, the strategies within can be overwhelming to those outside of the gaming world. They can even be overwhelming

to those inside the gaming world who don't have experience in that department. It's an ever evolving science that provides a tremendous value to any casino. It's a practice that generates millions in annual revenue. It rewards loyalty and drives trip frequency. It's brilliant. Why then, do we not apply the experience we've gleaned from our successes in database marketing to Player Development and hyper-segment each Host book?

It's imperative that the Host and database teams work in tandem as each player book is essentially a micro casino. If an ADT threshold is set at \$500 to be eligible for coding, we acknowledge that there are many players who are at that minimum; however, there are also a number of players who have a substantially higher daily worth and a bulk of the Hosted group is somewhere in the middle. Hyper-segmentation is the key to adequately serving these segments with the Host book and using information that already exists within the database as leverage to increase wallet and time share.

Database incorporates battle zone marketing to aggressively increase market share from competitors on a grand scale. From the Player Development perspective, the same practices can be directly applied to a highly targeted player segment. Hosts can continue to segment this player group to identify opportunities within a coded group of players. Think of a unique game that your property has for which your VIP players have a preference. In some markets, this could even be as simple as having table games as an option. How far away is the next property that offers that same game? Which players are equidistant between your property and them? The Host team has a need to pay special attention to this band of players and entice them to the property. At this point, from the player's perspective, it comes down to the guest experience they have at your property. Same travel time. Same game experience. Different Host relationship.

Segmenting by geography is nothing new. Sadly, not many Hosts are using it as leverage to maximize performance each quarter. The Player Development team can easily strategize by focusing on business that needs more lead time for a visit or invitation and zero in on those with easier access near the end of a quarter where guests may need as short as a day's notice to respond with a visit. This geographic low hanging fruit can be the difference between a made goal and a missed goal at quarter's end.

Comp redemption is a delicate dance between Host and player. Hosts want to reward VIPs for their loyalty. They want to get as much as they can to the point of a negative reinvestment if they can take it that far. They're not to be blamed. Essentially, Hosts must find that sweet spot where the casino can make a profit and its VIPs can have a great time and feel appreciated. Hosts can analyze comp redemption to identify behaviours commonly associated with a player's life cycle. By segmenting a group of players who have a recent spike in redemption, they may be able to identify someone who has started to feel like they need more for their play. Maybe there has been a correlating spike in actual

win on his or her recent trips. Theoretical win helps the casino internally, but the player doesn't have a theoretical wallet. Players feel actual loss and want to be rewarded when they leave money in a machine or on a table. We can speculate that someone who is redeeming comps at a higher rate with no associated increase in play is someone who may be near the busting point. Unfortunately, in this business, there is a risk that a person plays beyond their entertainment dollar is someone who may be nearing that point by trying to get as much tangible reward for play as they realize what they've truly invested into their recreation. Sometimes, players with the fewest time constraints are the most wallet-constrained. As an industry, there has to be an ethical awareness on all levels, including redemption of comps and incentives.

Another major benefit of database marketing is the ability to identify incliners and decliners—both critical segments to a Host team. Even more attention should be directed toward a decliner or inactive because fewer visits by these high worth players have a greater impact. Beyond the unavoidable attrition, the Host must know at all times whom he or she is missing. Helpful new industry tools that offer a better view of player data can be setup to establish triggers and provide real-time alerts when a player moves into the inactive segment. Because of these players' high value to the casino and to the individual host's livelihood, immediate attention to players who move into inactive segments or show any decrease in visit frequency is required.

The inactive players also happen to be the segment your competitors are most eager to entice away from your property. To prevent this, hosts must be deeply familiar with their players' regular patterns and behaviours. Not knowing about a change in visit frequency until 90 days or even 18 months have passed is a huge missed opportunity. Redirecting negative growth as it arises will always be a more viable option than trying to reactivate an account.

Common wisdom says it takes approximately 21 days for something to become a habit. If a player who typically visits five times per week is gone for 21 days, it's highly likely that they have created a new habit elsewhere. There's an opportunity to break that new habit if it's caught early, but virtually no chance if the guest is classified as inactive (and Host only notified) at the 90 day mark. Most players taper off slowly; good Hosts who notice the pattern before it becomes a habit have the best chance to implement a recovery effort to regain that player's loyalty. The longer that player goes without being contacted by his or her Host, the easier it is for the player to assume that his or her business doesn't matter to the casino. Imagine how you would feel if no one noticed that you took your business elsewhere until after you were gone for 3 months. Would you be more or less likely to return after such a long time?

There are countless ways to segment groups of players and target them with personalised offers, but it requires Host teams to be empowered with the right tools and technology. Give them the data and the knowledge to create an unparalleled guest experience.

Mick Ingersoll is a 13-year Player Development and VIP marketing veteran. He is responsible for developing and managing Best Practices Training for the company's player development & CRM solution, hostViz™.

Catch Mick in person at VizExplorer's OI Summit 2017, the premier operational intelligence conference for the gaming industry. The second annual OI Summit is on January 18-19, 2017 (with a user-oriented OI Training Day on January 17). Browse the agenda, see who's speaking, and buy tickets today.

