

GI FRIDAY

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THIS WEEK

- Paddy Power launches FB Messenger chatbot
- Crown Resorts pulls Vegas plans
- GVC exits the Czech Republic
- Ireland begins betting tax review
- Guest Columnist: Eddie Mumtaz, Managing Director, iGame Media Limited

WEEK 21

FRIDAY 26 MAY 2017

AUSTRALIA PROPOSES NEW NATIONAL LOTTERY

Public lottery could fund country's sporting talent



Greg Hunt, the Australian Minister for Sport, has called for the introduction of an Australian version of the UK's national lottery game as a way of better funding the country's Olympic athletes.

It finished tenth in the medal standings at the 2016 Olympics in Rio, the country's worst medal finish for 24 years, and federal sports authorities are keen to reverse this decline.

The Australian Olympic Committee and the Australian Sports Commission have seen government funding for sports dwindle as a result, and feel the answer could lie in a UK-style lottery that funds athletes with the revenue generated.

Mr Hunt told Australia's ABC News: "It is a sensible way to provide additional permanent sports funding which I think is fair, reasonable and appropriate."

"If it is legislated and highly regulated, and it's a public good lottery then that's sensible."

Hunt claims that the new lottery could deliver up to A\$50m in extra funding for athletes every year, with two-thirds of the proceeds going to sport and the rest being used in other good causes.

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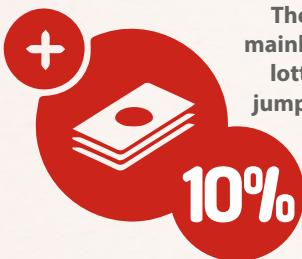
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He said: "We could be sponsoring particular athletes and in return the athletes who are sports' best ambassadors are out and about in schools and in communities.

"In 30, 50 and 100 years it will still be here and providing a way to support participation and support performance for Australian sport."

Many Australian states already operate their own lottery systems, but Hunt believes that the Australian Government could put through proposals to make the new lottery work alongside existing state lotteries by limiting it to online sales only.

Hunt added: "That's something which I believe there would be broad support for. The states would sign on, they could keep the additional revenue but they would apply it on the basis of agreed priorities with the Australian Sports Commission."

KEY POINTS

- Minister Greg Hunt calls for a public national lottery
- Funding generated will go towards sports development
- Idea modelled on the success of the UK National Lottery.

PADDY POWER THE FIRST TO LAUNCH FB MESSENGER CHATBOT

The technology is provided by developer Onionsack

Paddy Power is the first operator to go live with a chatbot for Facebook Messenger.

Paddy Power customers will be able to use the chatbot to login to their betting account, check balances and place wagers through the Facebook Messenger app.

The platform, provided by Onionsack, allows users to construct bets as natural language written messages, which it is able to understand and execute.

Customers can also use the chatbot to receive personalised sporting updates through push notifications, as well as access Paddy Power's videos, podcasts and blogs.

Michael Healy, Product Director at Paddy Power, said: "We know our customers love mobile messaging apps so having a chatbot on Facebook Messenger is the obvious first step into the chatbot marketplace. We're delighted to be the first bookmaker to market in such an exciting area.

"Our customers will be able to request odds and receive push notifications tailored

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The rate at which gaming-related crime in Macau increased year-on-year in Q1 2017



Sweden's gambling market turnover during Q1 2017, driven by increases in online segment



to their own betting interests, plus enjoy a daily serving of Paddy Power mischief and entertainment."

Onionsack CEO Jonathan Power commented: "With nearly the whole world connected to Facebook, the logical step is to allow customers to place a bet through the social media giant's Messenger app.

"Our innovative transactional bot allows exactly that, providing punters with an even easier way of betting through instant messaging.

"We expect more bookmakers to launch their chatbots in the near future, as it provides a simple and more personalised way of betting."

Australian billionaire James Packer's exit from the Las Vegas market marks a continuation of his move away from international assets. The news comes shortly after Crown announced the disposal of its entire stake in the Melco Crown joint venture in Macau.

The land was originally traded for \$1.2bn in 2007 and is owned by Crown Resorts and Oaktree Capital Management. Packer purchased the land back in 2014 with the plan of developing the \$2.5bn Alon Las Vegas project.

Executive Vice President of CBRE Group, John Knott said: "This is one of the most exciting properties to become available in Las Vegas in a long time."

CROWN WITHDRAWS VEGAS PLANS

The operator will sell its 35-acre development site

Crown Resorts has abandoned plans to build a casino on the highly sought-after 35-acre plot on the Las Vegas Boulevard.

The Australia-based gaming operator has hired brokerage CBRE Group to sell the land for a reported \$400m.

GVC PULLS CZECH OPERATIONS

The country's tax regime has been assessed as overly punitive

GVC Holdings has taken the decision not to pursue operator licensing in the Czech Republic's regulated market.

In an announcement to affiliates, the company said that it had withdrawn from the Czech Republic because its current

11.5%

The amount the government's take from direct tax on gambling in Macau increased in Q1

13%

The rate at which Rank Group's online revenues increased during Q1 2017

The amount Genting Malaysia could lose on a Massachusetts casino

**\$80M**

The amount raised by Philippine firm Udenna Corporation to build a new casino resort on the island of Mactan

gaming laws are "incompatible with the principles of the European Union".

GVC stated that its customers in the republic would now be limited to withdrawing their funds from the company's platforms.

At present, Czech gambling authorities place a 23% tax on sports betting revenues and a 35% tax on casino slots play. However, over the last year many international operators have called this tax level unfairly punitive, saying that such a regime is unworkable and breaches EU standards.

Additionally, individuals wishing to gamble online must sign up at designated public administration centres, legislation which international companies believe unfairly favours local betting operators like Fortuna or Sazka.

The development follows the withdrawal of GVC brand PartyPoker's licence application, although better news for the brand came this week as it appointed new Chairman Mike Sexton.

Amaya brand PokerStars is now the only international casino gaming operator to successfully launch in the Czech regulated market, having obtained its licence in February.

IRELAND LAUNCHES BETTING TAX REVIEW

The review is mandated as part of the 2016 Finance Bill

Ireland's finance ministry has confirmed it has launched a high level review of current Irish betting tax rules, with a view to reforming them.

The review focuses on the remote sector, notably on the effect of changes made to both industry and government by the 2015 Betting (Amendment) Act and the impact of a potential increase in betting duty rates.

The act required all Irish-facing online operators to hold a local licence.

It seeks feedback to confirm if the current model of taxation on turnover is appropriate for the industry and which levels of betting tax are appropriate.

The review also looks to assess the potential industry appetite for moving bookmaking taxation from the bookmaker to the bettor and potential bettor taxation avenues which could be used.

Operators are required to submit their feedback to the Irish Department of Finance by 19 June in order for their views to be considered as part of the review. ▶

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ATLANTIC CITY PROFITS RISE

Profits for Atlantic City's casino operators grew 30.4% to \$139.219m in the first quarter compared to last year.

Resorts' profits grew the most as they jumped 710.9% to \$4.006m. Tropicana's profit more than doubled as it grew 122.2% to \$16.241m in the quarter.

In iGaming, resorts also turned a positive profit of \$570,000 compared to a loss of \$1.106m last year, while Caesars Interactive profits fell 6.6% to \$2.328m.

The overall occupancy rate in the first quarter was 81.1% with an average room rate of \$103.42.

US STOCKS	
Fewer gaming companies saw stocks hit 52-week closing highs this week than past weeks.	
Company	Closing High as of Wednesday
Gaming and Leisure Properties	\$36.56
Inspired	\$12.15
Penn National	\$19.67
Scientific Games	\$24.00

Casinos	Operating Profit	Year-over-Year Change
Resorts	\$4.006m	+710.9%
Tropicana AC (TPCA)	\$16.241m	+122.2%
Golden Nugget (Landrys)	\$ 6.196	-7.7%
Borgata (MGM)	\$61.424	+28.8%
Bally AC (CZR)	\$ 4.500	+19.9%
Caesars (CZR)	\$20.169	+31.6%
Harrah's (CZR)	\$23.785	-11.3%
iGaming:		
Caesars	\$2.328m	-6.6%
Resorts Digital	\$570,000	N/A
Total	\$139.219m	+30.4%

EVENT PREVIEW: JUEGOS MIAMI

Juegos Miami is widely considered as the premier event of the Latin American and Caribbean gaming calendar, providing opportunities for networking and learning amongst operators and stakeholders.

The show's second year will showcase all forms of gaming, including: casino, bingo, betting, sports betting, lottery and social, across a variety of platforms. The extensive programme will enable operators, regulators and governments to rise to the challenges and opportunities facing the industry. This year the event's main focus will be its learning agenda, which will feature keynote speakers and educational sessions for both online and land-based verticals. Kate Chambers, Managing Director of the gaming division at Clarion Events, says: "During the extensive research programme that we undertook amongst gaming stakeholders in the region, the desire for a robust and relevant learning programme consistently featured in the top two requirements of each and every person that we canvassed. New, emerging markets are hungry for knowledge, and the opportunity to learn and gain insight from

the experience of operators, regulators and thought leaders in more mature markets. The first edition of Juegos Miami satisfied those requirements and I am delighted that we will be continuing and enhancing the learning and networking opportunities at this extremely important event."

WHAT'S ON THE AGENDA?

The agenda will consist of a variety of interesting themes, including:

- Regulatory Updates: a look at the past year at some of Latin America's biggest markets
- Legislative Forecast
- Responsible Gambling and combating the negative public image of gaming
- Regional spotlight on the use of gaming revenue for social welfare
- The fight against illegal gambling and organised crime
- Sports betting and integrity
- Player protection and AML best practices
- Attracting Millennials and innovation
- Arguing the case for uniform regulation in the region.

The agenda will be covered by a variety of expert speakers, such as:

- Tiburcio Perdomo, Commercial Director at Lotería Nacional de la República Dominicana
- Luis Gama, President at CIBELAE y Loterí Nacional de Uruguay
- Karen Sierra, Director of Government Relations and Business Development at LatAm, GLI
- Luiz Felipe Maia, Founding Partner at FYMSA (Franco, Yoshiyasu, Maia, Simões & D'Alessio Advogados)
- Mariela Huenchumilla, Head of Responsible Gaming at Sun Dreams
- Nestor Cotignola, Executive Director at CIBELAE
- Miguel Quesada, Business Development Manager at Mr. Green
- Evert Montero, President at Fecoljuegos
- Mark Hutchinson, President at Gaming Solutions International.

VENUE

This year's event will be taking place at The Biltmore Hotel in Coral Gables, Miami, located five miles from Miami International Airport, eight miles from South Beach, and just minutes from the Coral Gables and Brickell business districts.

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EDDIE MUMTAZ

MANAGING DIRECTOR,
IGAME MEDIA LIMITED

THE FUTURE OF VIDEO STREAMING

Mumtaz explains how a single API video platform can significantly simplify live event streaming

We're all aware of the opportunities and challenges provided by the explosive growth online, with the invigorating effect of live event video and sports data on the in-play betting market.

On the face of it, live video delivery is relatively simple – but it's an art form in its own right, and delivering it to operators presents huge challenges. The amount of work involved in securing each video using a platform can be mind-blowing – and I'm not referring to the technical elements. What is concerning is the overall cost to acquire, integrate, and support the full end-to-end delivery for each online operator.

A basic top line of live video delivery involves the rights holder fees, the agreement, then the technical integration setups, with multiple teams managing multiple platforms from sportsbook, front end, development time, design and architecture heads, networks, product testers and live product teams, not to mention a dedicated account manager... and so on. All operators with live video offering know about these elements - and recognise the need for change.

Click cost charges and the number of resources managing each rights holder's integration continues to go up and up, biting into each operator's per bet margin. In addition, rights holders and media aggregators resell their licenses (rights fee) in a way that charges operators for streaming itself. This is either based on the number of sessions a user requests, a live video or, most commonly, by charging a fee for unique user views. Although understandable, this 'user stream view' fee has grown, with UK racing videos commanding as much as 40p per unique user view, and that's on top the monthly license fee.

Operators taking bets from the UK pay a government levy (point of consumption at 10% of gross bet) on every bet placed by the punter before they even view the live video. Other countries, including New Zealand and soon Australia, apply a similar levy. If you consider a £1 bet placed in UK, with say 30p gone to the rights holders for stream delivery or user view, 10% towards the levy (tax) on profit, an average 20p towards marketing, plus the sportsbook platform maintenance cost, one wonders how much margin one operator can retain. As it is, the

market is heavily saturated and increasingly fierce, with over 40 operators targeting eight million or so active betting audiences based in the EU, a quarter of that based in the UK alone.

But live sports video has proved highly attractive to users, keeping them onsite for longer and, especially if their experience is unified and smooth, encouraging them to come back. So given that live video is driving traffic, there has to be a better way for operators to maximise their remote gaming profit, with strategy which not only costs less in terms of resources to manage the end-to-end delivery, but also reduces the cost of the delivery without compromising a unified look - giving the users a much more enhanced and enjoyable experience.

This has been the focus of our team at iGame Media for some time now, with our R&D centred on two central elements: video platform management and cost of delivery. It soon became clear that the best ways for operators to increase margins was to centralise all their content consumption on a single sportsbook Integration. iGame Media has become the first in the world to do just that.

iGame Media's Single API connectivity is unique because it allows various rights holders, content providers and data aggregators to connect with our core platforms backbone. Our customers use this one video platform integration to receive all their live content – so event offering, event mapping and user calls are all managed through a single integration on the sportsbook end. It doesn't need a rocket scientist to figure out how few sportsbook and support resources are needed to manage this. Or how easy it will be for our customers to move from one sportsbook provider to the next!

The Single API video platform reduces over 80% of the resources and efforts required by our customers to acquire and offer a live video event. We deliver live sports events over bespoke Single API platforms managed for operators, offering live video delivery across their entire online estate. Single API can also cater for video delivery to offline (LBOs) and subscription-based services utilising OTT and over IPTV.

We are the only solutions provider to offer bespoke content video platforms for individual customers using a modular architecture. It's designed to allow for custom enhancements, bespoke features, scalability and, most importantly, end-to-end control of digital media whilst delivering the best ROI. iGame Media set out to shape the way betting operators consume and distribute live content to their end users, and our Single API platform is the model to deliver that.

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