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THIS WEEK

- **UKGC's new customer complaint tool**
- **Cordish Gaming application refused in Madrid**
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- **Kambi posts growth and secures 888 extension**
- **Guest Columnist: Nick Stein, Head of Marketing, Snapscreen**

WEEK 30

FRIDAY 28 JULY 2017

ONTARIO CEDES CONTROL TO PRIVATE OPERATOR

Three properties up for grabs, with rights on a fourth



Officials from the Ontario Lottery and Gaming Corp (OLG) have confirmed that they will hand over control of gambling operations in the greater Toronto area to a private operator.

The OLG have revealed that they will select the chosen business within the next few weeks, giving the operator full control over its casino and thousands of slots machines in the greater Toronto area for the next 22 years. It is a potentially lucrative carrot that has attracted many local and international firms to the table.

According to reports in the *Globe and Mail* newspaper, at least three companies are in the running to take over control of gambling at the Woodbine racetrack in Toronto, Ajax Downs and the Great Blue Heron Casino in Port Perry. Rumoured but as yet unconfirmed bidders include: American casino giant Caesars Entertainment, Canadian property developers Brookfield Asset Management and Malaysian casino conglomerate Genting Group.

The Woodbine racetrack is located close to Toronto Pearson International Airport and nearby Highway 401, making it a potentially ripe site for development by the winning operator should they choose to do so. John Siscos, a spokesperson for Woodbine Entertainment, who helps to run the Woodbine site, welcomed the move saying: "The OLG's modernisation plan is the catalyst for Woodbine Entertainment to unlock the value of the Woodbine lands, to sustain horse racing on our 680-acre site and bring real economic development to Rexdale." ▶

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THIS WEEK IN NUMBERS



Cost of SkyCity's
Adelaide
Casino
expansion

AUS\$330M



As part of the bidding process, each tendering company is required to undergo a review of its conduct. In an interview, OLG spokeswoman Allison MacNeil confirmed that: "Part of that process involves undergoing an extensive due-diligence process into current and past business conduct [...] examines a gaming operator's ability to act in accordance with the law, with integrity, honesty and in the public interest."

Estimates released by the OLG confirm that the winning company will earn a minimum of \$72m annually for the 22 years of the deal, as well as up to 70% of gambling revenue. The deal allows a private operator to rebuild all three sites as full casino properties, with the potential to add a fourth casino subject to local approval.

Local MPP Shafiq Qaadri said: "I'm looking forward to the long-awaited day when we can inaugurate a 'Vegas North' right here in the riding, bringing tourism, concerts, conferences, activity and buzz."

However not everyone is championing the potential expansion, with 400 workers at the Woodbine racetrack picketing the site since mid-July in a row over the future

of their jobs and government pensions after the racetrack is transferred to private ownership.

KEY POINTS

- Full control to be granted to private operator for next 22 years
- Caesars Entertainment, Brookfield Asset Management and Genting Group purported to be interested parties
- Winning firm estimated to earn \$72m a year from Ontario sites

UK GAMBLING COMMISSION LAUNCHES NEW TOOL FOR CUSTOMER COMPLAINTS

Tool aims to streamline complaint cases against gambling operators

The UK Gambling Commission (UKGC) announced yesterday the release of Resolver, a tool which will enable consumers to file gambling-related complaints. It will be available online and free of charge from 1 August, 2017.

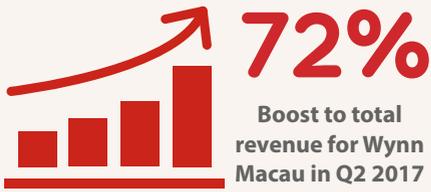
The UK's gambling regulator paired with Resolver's developers to create an online support tool through which gamblers can submit their complaints;

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Rise in Macau visitors for the first half of 2017



The number of hotel rooms being constructed at the Imperial Pacific Resort in Saipan, to be completed by August 2018

Resolver will automatically create a file case and submit it to gambling operators.

This innovative system will help gamblers to forward their complaints in a structured way as well as informing them of their consumer rights and storing their information.

The UKGC emphasised the impartiality and fairness of this new tool. "Resolver is not an intermediary, and doesn't act on the consumer's behalf," an official statement explained.

It is expected Resolver will also be beneficial for operators by helping them to manage and respond to complaints more efficiently. The UKGC claims that a quarter of customers will not proceed with a dispute once they are fully aware of their rights and limitations.

MADRID LIVE! IR APPLICATION REJECTED FOR A SECOND TIME

Operator refused despite meeting all licence requirements

Cordish Gaming's second application for the right to build a \$2.2bn integrated casino resort (IR) in the Spanish capital was rejected by the Community of Madrid on Friday.

Spanish news outlet *El Confidencial* reported that US-based Cordish Gaming were said to be in "shock" and that they would seek legal remedy in response.

The company's proposal to build a macro-complex in Torres de la Alameda, Madrid, was reportedly 500 pages in length, while the original proposal rejected in March 2017 was said to have "met all the requirements for a CID (IR) license."

Cordish issued a statement expressing frustration at having learned of the latest rejection through media reports rather than through official channels.

Moreover, Cordish stated it "would vigorously pursue the exercise of all legal actions that may be in defence of their legitimate interests against the regional government and the responsible persons concerned."

The project was slated to occupy over 225 acres of land near the Adolfo Suárez Madrid-Barajas airport.

Only one Integrated Development Centre (CID) can be approved in any ten-year period because of the broad scope of such a project, including land use and tax issues.

SPORTPESA CONTINUES FIGHT AGAINST NEW KENYAN TAX REGULATION IN COURT

Operator will consider moving if 35% tax rate adopted by government

Africa-focused online gaming company SportPesa is heading to court to fight Kenya's new 35% tax rate bill on all gambling revenue. Although the new tax rate is due to come into effect from January 2018, SportPesa has repeatedly expressed its displeasure at the move.

In response to the planned tax hike, SportPesa Founder and CEO Ronald Karauri has already announced last month the withdrawal of sponsorship to local sports clubs, including the partnership with the Kenyan Premier League.

The gaming firm was considering shifting its operational base to the neighbouring country of Tanzania or the United Kingdom. However, recent news suggests that Uganda would be SportPesa's final choice. A government delegation and SportPesa directors have held unofficial talks to discuss the betting company's expansion to Uganda, where President Yoweri Museveni is willing to help by making concessions.

Speaking to the local press, both parties involved expressed gratitude over the initiation of this dialogue. Karauri said: "We are committed to supporting the development of the game in Uganda, just as we have done in Kenya. "We will offer advice and mentoring support across a range of business areas to include; stadium operations, marketing, media & business management"

On their behalf, Minister Nakiwala commented: "We are going to look at SportPesa in isolation because it is coming with a heavy weight of promoting football; investing in academies, investing in young people, giving them employment."

KAMBI REVEALS SOLID REVENUE GROWTH IN SECOND QUARTER OF 2017

Company remains upbeat despite operating profit losses in Q2

Sports betting technology supplier Kambi has revealed that its revenue



6%

Increase in China lottery sales for the first half of 2017

\$400M



The cost for expansion of the Tohono O'odham Nation's tribal casino in Glendale, Arizona



Amount lost by one Macau casino through seven incidents involving fake gambling chips

HKD600,000

increased by 3% in the second quarter of 2017.

In its quarterly report to investors the company confirmed Q2 2017 revenue of €14.1m, up from €13.7m in the same period of 2016.

Operating profit for the three-month period amounted to €300,000, down from €2m in Q2 of 2016 while profit after tax also dropped from €1.8m to €100,000.

Company cash flow from operating activities, which excludes the company's working capital, fell from €100,000 in Q2 2016 to a loss of €500,000.

Despite this, Kristian Nylén, Kambi's CEO, remained optimistic in a statement released with the figures, saying: "I am pleased to report that Q2 was a successful trading period for Kambi.

"Not only has the day-to-day performance of the business remained strong, but Kambi has managed to further strengthen its foundations for future growth."

Kambi also took the opportunity to announce the extension of its pre-existing agreement with 888sport, with Kambi becoming 888's sportsbook

of choice for the long term. Since its arrangement with 888sport began in May 2013, the operator's annual sports revenue has grown from \$7m to over \$52m in 2016.

Nylén commented: "We are very pleased to have secured a multi-year extension with one of our key customers, 888sport. We believe the longer term benefit from securing 888sport for years to come, far outweighs the shorter term impact the re-negotiation has on our financial results."

A further exclusive deal has been agreed with Colombian sportsbook operator Corredor Empresarial, which currently operates over 25,000 betting outlets around Colombia. Under the terms of the deal Kambi will assist in the creation of a new Colombia-focused online sportsbook which will be known as BetPlay.

Nylén concluded: "I am also delighted that Corredor Empresarial has chosen Kambi as its trusted partner for the launch of a Sportsbook in its home market of Colombia. We believe this deal will lead to significant business opportunities for both parties." ◀

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SURVEY: ARISTOCRAT ROLL CONTINUES

Aristocrat and Scientific Games continue to gain share in sold games and adding to their installed base of leased games, according to the second quarter EILERS-FANTINI Slot Survey.

The industry's largest survey set another record for participation with 133 participants representing 600 casinos, 17,200 retail outlets and 533,000 slot machines. North American responses represent 36.5% of the installed base of slot machines.

- Scientific Games had 30% ship share, up 3 points over the trailing 12-month average and added a net 16 leased machines
- Aristocrat also added 3 points to ship share to 21%. Leased units rose 356 units
- IGT's 24% was down 3 points and the number of leased games declined 30 units.

The full 64-page report provides complete rankings for sold and leased games, purchasing and lease trends by companies, casino spending plans rankings of individual games, casino openings and expansions and systems and technology spending, among other information. Results are broken down geographically.

US STOCKS

As US-listed gaming companies report second quarter earnings, several have hit 52-week highs:

COMPANY	CLOSING HIGH AS OF WEDNESDAY
Boyd	\$26.23
Monarch Casino	\$34.07
Everi	\$8.18
Full House Resorts	\$2.69
Scientific Games	\$39
MGM Growth Properties	\$29.88
MGM Resorts	\$34.27
Tropicana	\$43.50
Red Rock Resorts	\$23.73
Churchill Downs	\$186
Wynn	\$138.98

GUEST COLUMNIST:



NICK STEIN

HEAD OF MARKETING,
SNAPSCREEN

ACTIVATING MILLENNIALS THROUGH INSTANT BETTING

*Stein explains how the power
of mobile image recognition
could transform wagering*

Having been in and around the sports world for over a decade, there are two main issues that come up time and again and they are how to reach bettors, both new and existing; and how to remove any barriers to allow them to bet.

These issues are obviously multifaceted so I will concentrate on the Millennials as they are the future of our industry, and from talks with many in the industry they present a bit of a mystery in terms of how to engage with them.

The average age of online bettors is 38 and in-store bettors 45. This shows that this is an aging group, yet gives an insight that the younger bettors are active online or on mobile.

As is always the case in business, it is necessary to see where your customers are and either meet them there or create something that mirrors their behavior to acquire them. Millennials are on Snapchat, Instagram and a number of other photo-based social media platforms. Fun fact, it is estimated that a Millennial will take up to 25,000 selfies during their lifetime.

So it is possible to reach out to them directly on these platforms to engage and later activate them, which a number of companies are actually doing. This can be a long-winded way of getting to them, building up trust, connecting with them and then turning them into customers.

The other option, is through a user experience that mirrors how a user group interacts with one another in the hopes of grabbing their attention in a medium they feel at home in. This can be achieved through creating the technology in-house or finding a technology that integrates directly into your app/solution. Both have their advantages and disadvantages.

Millennials have really taken to heart the proverb "a picture is worth a thousand words" by turning the camera into a full-on communication tool. It is the obvious place for the betting world to position itself for a frictionless user experience and to ease customer acquisition and activation.

Snapscreen does all of the above. It has turned the camera of a mobile device into a betting activation tool and is able to seamlessly integrate into apps; both web and native.

Imagine sitting in a loud pub watching the Sunday game with your friends. The game is starting and you want to let your other friends and the fans on Social Media know the team lineup, so you take a photo to post on Instagram, Snapchat et al. In the same amount of time it takes to hashtag the image, you could have placed a bet. This significantly removes the friction between the desire to bet and actually placing a bet.

Instant image recognition allows fans watching the game to react on their impulse to bet and be part of the moment. The advantage of this over audio recognition is that an image is universally recognised, no need for different languages, and thus the volume or clarity of the audio is not an issue.

This technology is not just applicable to televised games but also to adverts. As the technology behind Snapscreen is able to instantly recognise the TV image, it would be possible to make an advert Snapable. What this means is, it is possible to turn an ad break into an activation opportunity, running a Snapscreen enabled advert with an offer embedded behind it. It could be a voucher for that specific game, new odds based on the score so far, an early cash out opportunity, or even the chance to win sponsorship for your 5-a-side team. The opportunities are almost endless.

Millennials are the future of our industry and we need to address them in a way they are already communicating with one another. Fast moving technology will help us address a whole new generation of bettors.

About Snapscreen

Snapscreen is a new tech startup in the image recognition field, which recently launched their sports betting product at ICE '17 to connect the offline and online betting world.

The story goes that Founder and CEO Thomas Willomitzer was watching the Super Bowl in 2013 and saw an advert using audio recognition software to help viewers interact. He thought that this is not the best technology for a loud bar and that image recognition would work much better and even quicker. Thomas is a veteran in both the startup and image recognition world as he was the Co-Founder of LastFM and also the CTO of Jumio.

Nick has been involved in sports and sports betting for a long time. He has worked for MLB, on sponsorship campaigns for Manchester United and the British Open, as well as consulting for BGT in the past. He is now heading the marketing push for Snapscreen, helping the technology spread through the sports betting world.

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