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THIS WEEK

- UKGC investigates 17 online gaming operators
- Gambling.com and Indiana state prepare for PASPA repeal
- Cyprus' first IR to start trading in 2021
- Pennsylvania auctions mini-casino licences
- **Guest Columnists:**
Max Meltzer, Chief Commercial Officer, Kambi
Alan Moon, Business Development Director, Abilott

WEEK 02

FRIDAY 12 JAN 2018

GGA LONDON FINAL SHORTLIST REVEALED

The finalists in each of the 16 categories have now been determined by our expert Nomination Panel



After months of deliberation, the wait is over: *Gambling Insider* is proud to announce the Global Gaming Awards London Shortlist for 2018 (see page 6). After hundreds of self-nomination submissions and recommendations from our esteemed Nomination Panel, the final ten nominations in each of the 16 categories have now been decided.

Over the last two weeks it's been the job of the GGA London Judging Panel to cast their votes and crown the winners, with the final votes set to come in today.

The London ceremony celebrates the broad nature of the international gaming world, and the nominees in the final Shortlist reflect this diversity in the industry.

GGA London 2018 champions the work of a large number of sports betting operators, from retail sites to online sportsbooks, showing how important this ►

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THIS WEEK IN NUMBERS

The number of casinos potentially being introduced in Arkansas, if a proposal by the Driving Arkansas Forward lobbying group wins approval from the state's Attorney General



vertical is to the gaming economy. The exceptional growth in digital gaming in the past year is also acknowledged, with online casino, bingo and poker sites all getting their own categories.

The services that sustain this ecosystem are just as vital as the operators themselves, which is why awards for Corporate Services Supplier and Payment Solutions have been created to recognise their support.

The final award will see one of 25 CEOs recognised for their business leadership in the past 12 months, but with so many success stories in the gaming world this year, it has not been the easiest of tasks for the judges to select a winner.

The exclusive, invite-only event is set to take place on Monday, 5 February before ICE Totally Gaming and the London Affiliate Conference kick-off in the following days, creating the perfect backdrop to celebrate excellence within the gaming industry.

The awards ceremony will be hosted in the heart of London at one of the city's most iconic venues, the Hippodrome, where attendees will first enjoy a stylish champagne and afternoon tea drinks reception in the Heliot Lounge before moving to the opulent Matcham Theatre to see the winners announced.

Carry on reading GI Friday to see a full list of the final nominees and keep your eyes peeled for the winners at the beginning of February!

rescinding their licences under Section 117 of the act.

Issuing a letter to all online casino operators, the UKGC has outlined how it expects operators to conduct themselves in terms of their anti-money laundering and social responsibility obligations.

UKGC Chief Executive Sarah Harrison commented: "It is vital that the gambling industry takes its duty to protect consumers and keep crime out of gambling seriously. The action we are taking to examine online casino operators' compliance with money laundering and customer interaction requirements is just one example of how we will be relentless in turning that vision into reality.

"As the online sector continues to grow, and now accounts for a third of the British gambling market, it is right that we maintain a sharp focus on online gambling. That is why in addition to our work on compliance among online casino operators, we have also been conducting a wider ranging review of online gambling looking at how the market has evolved and to identify where further action can be taken to make gambling fairer and safer for consumers."



The sale price of the Revel Casino Resort in Atlantic City, New Jersey



The average number of petitions sent to the Supreme Court to review existing legal cases. Only 1% of these cases are actually reviewed



The number of signatures collected by the youth arms of three Swiss political parties to force a referendum on Switzerland's Money Gaming Act

UKGC INVESTIGATING 17 REMOTE OPERATORS

The unnamed operators have come under fire following the Commission's latest review

The UK Gambling Commission has confirmed that it is investigating 17 unnamed remote gambling operators following the conclusion of its latest anti-money laundering and customer interaction compliance assessment.

It confirms that of the seventeen operators under investigation, five are currently being reviewed under Section 116 of the Gambling Act 2005, with a view to potentially

COMPANIES AND STATES PREPARE FOR PASPA RULING

Many are anticipating the possibility of a legalised sports betting market in the US

Affiliate network Gambling.com has announced the launch of a localised version of its affiliate site in the US. Initially the site will focus on the New Jersey market, but its ultimate intention is to cover regulated online gambling from every US state in the future.

Charles Gillespie, Chief Executive for the Gambling.com Group, commented: "There is great excitement in the organisation about the release of Gambling.com for the American market, as this company was founded by Americans and there are more Americans on the management



\$990m

Total acquisition cost of Big Fish Games by Aristocrat Games in a deal which completed on Wednesday

9.25%



The tax on sports betting revenue proposed by Indiana senators. The tax will be given to sporting associations to fund anti-corruption initiatives



Revenue generated by three casinos in Detroit, Michigan during 2017

\$33.31bn

Gaming revenues reported by the Macau Gaming Inspection and Coordination Bureau during 2017



team than any other nationality.

"We have been waiting since we started in 2006 for meaningful regulation to take place in the US, and while the market is still small, we feel like now is the time to get involved. 2018 will be an exciting year with the forthcoming ruling by the Supreme Court on PASPA."

Gambling.com is not the only organisation eagerly anticipating the upcoming ruling, with legislators in Indiana, looking at a potential bill if sports betting in the US does indeed become legitimised.

Senate Bill 405, introduced by Indiana State Senator, Jon Ford would see all money wagers in the state include a fee which would be paid to sports leagues and associations, to aid them in combating match fixing and integrity related issues.

Under the proposals, a tax of 9.25% on sports betting revenue will be introduced on all bets, with sports betting operators being allowed to deduct the so-called 'integrity fee' from their gross revenue before tax.

MELCO'S €500M CYPRUS IR SET TO COMPLETE IN 2021

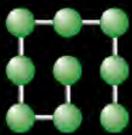
The IR is set to haul in €700m for the island nation per annum

2021 marks the year Cyprus' first integrated resort worth €550m will open its doors to the public, after further details on the project were announced earlier this week.

President Nicos Anastasiades said that whilst the project is an ambitious one, he assured that the "benefits for the country certainly outnumber any negative consequences".

According to an economic impact study produced by PwC, the impact to Cyprus' economy after the second year of the casino's operation will reach approximately €700m per year, approximately 4% of the country's annual GDP.

Melco's Chairman and Chief Executive Officer, Lawrence Ho, commented: "I am proud that the Cypriot government has entrusted Melco and CNS to build Cyprus's first Integrated Resort which will place Cyprus on the world tourism map



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21.9% 

Nektan's rise in net gaming revenues during Q2 FY1

and attract visitors, not just from the surrounding region but also from the whole of Europe and around the world.

"In the same way as we delivered in Macau and the Philippines, we build with local partners, invest in extraordinary world-first architecture and design, create sophisticated entertainment experiences, and embed state-of-the-art technology into everything we do."

PENNSYLVANIA AUCTIONING OFF MINI-CASINO LICENCES

The first in a string of bidding wars for ten operating licences

Pennsylvania regulators have arranged a bidding-war for the first of ten licences to build mini-casinos in the state. The auction is open to the state's 11 casino operators, which can submit bids to open a facility comprising 750 slot machines and 40 table games. Individual licences are expected to fetch up to \$7.5m each.

Officials from cities and towns across Pennsylvania are already expressing

interest in playing host to a new mini-casino. Westmoreland County planning director Jason Rigone said: "We've been interested in a facility, and Westmoreland County would embrace the opportunity to have a casino here. We're hoping."

Under the auction process, bidders will submit two sealed envelopes: One confirming the amount of money they want to pay for the licence and the second will confirm the midpoint of its proposed casino location within a 15-mile radius. Only the bidder which submits the highest monetary bid will have their second envelope opened.

The winning bidder will have until 4pm on 12 January to pay the money required for the licence and will be given a further six months to file a more detailed proposal for their respective project, confirming the exact location for their casino development.

This is only the preliminary auction, with nine separate further auctions to be held, and the last mini-casino licence is expected to be sold by May. ◀

430,000

The number of times people have been refused entry for being underage in Macau during 2017



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INDIANA, MISSOURI RISE

Indiana and Missouri join the list of Midwestern states rounding out the year on a high note in terms of gaming revenue.

Indiana gaming revenues rose 4.42% in December and Missouri gained 4.85%, the Show-Me state's best year-over-year gaming revenue performance since March.

In Indiana, Tropicana Evansville, which began operating as the state's first land-based casino in October, grew double-digits for the fourth straight month.

Centaur Gaming's properties grew a combined 8.32%, and when factored out, Indiana would have been up 3.49%.

Caesars is acquiring Centaur for \$1.7bn, but still needs regulator approval from Indiana.

In Missouri, results were led by a strong showing from Penn National's properties, which combined showed 8.36% growth compared to last year.

	REVENUE (\$M)	YEAR-OVER-YEAR
NORTHERN INDIANA - CHICAGOLAND		
Majestic Star	\$10.887	+10.91%
Blue Chip (BYD)	\$11.334	+1.84
Horseshoe (CZR)	\$31.438	-0.05
Ameristar (PNK)	\$16.666	-0.70
Chicagoland Total	\$70.325	+1.65%

SOUTHEAST INDIANA - CINCINNATI		
Hollywood (PENN)	\$14.279	+7.12%
Belterra (PNK)	\$9.257	-3.76
Rising Star (FLL)	\$3.876	-4.99
Southeast Indiana Total	\$27.412	+1.42%
OHIO PROPERTIES		
Belterra Park (PNK)	\$7.174	+9.24%
JACK Cincinnati (JACK Entertainment)	\$17.456	+6.86
Ohio Property Total	\$24.630	+7.54%
* Cincinnati total	\$52.043	+4.23%
LOUISVILLE - SOUTHWEST INDIANA		
Tropicana (TPCA)	\$12.002	+22.03%
Horseshoe (CZR)	\$20.481	+3.87
French Lick	\$7.168	+2.56
Louisville - South-	\$39.652	+8.51%
CENTRAL INDIANA - INDIANAPOLIS		
Indiana Grand (Centaur)	\$10.887	+15.26%
Hoosier Park (Centaur)	\$11.334	-0.09
Indianapolis Total	\$31.438	+8.32%
Indiana Total	\$171.797	+4.42%

GLOBAL GAMING AWARDS

LONDON 2018

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After months of deliberation, the finalists in each of the 16 categories have now been chosen by Gambling Insider's globally recognised Nomination Panel. Drawn from across a broad spectrum of disciplines and areas of expertise, they are some of the most influential and knowledgeable individuals in this industry.

It has been their job over the last few months to choose finalists in each category from the hundreds of self-nominations we have received, as well as including companies that they believe are worthy of recognition.

The results will be revealed at an exclusive ceremony in London's iconic Hippodrome Casino on 5 February. Who will you be rooting for?

BETTING SHOP OPERATOR

Betfred

Boylesports

Codere Group

Fortuna Group

Ladbrokes Coral Group



Marathonbet

OPAP

Paddy Power Betfair

SNAI Rete Italia

William Hill

ONLINE SPORTS BETTING OPERATOR

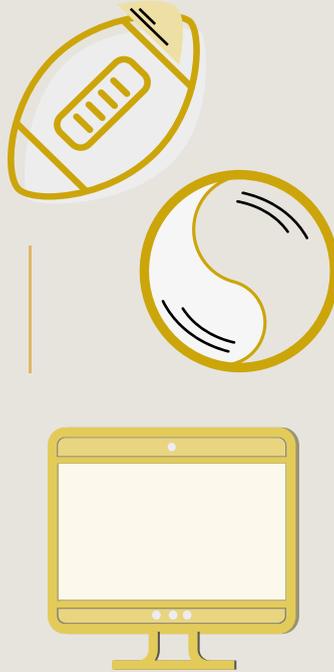
888 Sport

bet365

Betsson AB

Betway

bwin



Interwetten

Ladbrokes Coral Group

Paddy Power Betfair

Sky Betting and Gaming

Unibet UK

RETAIL SUPPLIER

BetConstruct

Betradar

Golden Race

Inspired Gaming

Intralot



Playtech BGT Sports

Racing Post B2B

SBTech

SG Gaming

SIS

ONLINE SPORTS BETTING SUPPLIER

BetConstruct

Betgenius

Betradar

BtoBet

EveryMatrix



Kambi

OpenBet

SBTech

Sporting Solutions

UltraPlay

CASINO

Aspers Stratford

Casino Baden-Baden

Casino Campione

Casino de Barcelona

Casino Estoril, Portugal



Casino de Monte Carlo

Holland Casino Amsterdam

Olympic Casino Carlton,
Bratislava

Resorts World Birmingham

Hippodrome Casino

ONLINE CASINO

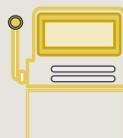
32Red

888 Casino

BGO

Casino.com

Casumo



LeoVegas

Mr Green

Online Casino Deutschland

Sky Vegas

Videoslots

CASINO SUPPLIER

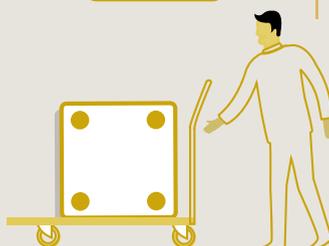
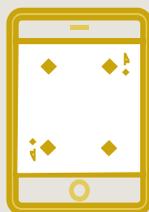
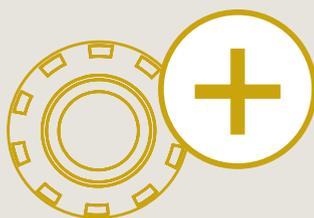
Abbiati Casino Equipment

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Casino Technology

EGT

IGT



Mercur Gaming

NOVOMATIC

R. Franco

Scientific Games

SuzoHapp

ONLINE CASINO SUPPLIER

Aspire Global

Betsoft

Blueprint Gaming

IGT

Microgaming



NetEnt

NYX Gaming Group

Playtech

SG Interactive

Yggdrasil Gaming

CASINO PRODUCT

Authentic Gaming: Casino Floor Live Studio

Ganapati: Pikotaro's Pineapple Pen

Habanero: Koi Gate

Hero Gaming: Casino Heroes 3

Lightning Box Games: Stellar Jackpots with Dolphin Gold



Play'n GO: Moon Princess

Pragmatic Play: Panda's Fortune

Quickspin: Goldilocks and the Wild Bears

Realistic Games: Win Sprint

Red Tiger Gaming: Lucky Valentine

PAYMENT SOLUTION

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ECommPay

ecoPayz

eMerchantPay



HiPay

NRT Sightline

Paysafe

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Vantiv

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Alderney eGaming

Beehive

Betting Connections

BettingJobs

Harris Hagan



Isle of Man Gambling Supervision Commission

Lexis Nexis Risk

Malta Gaming Authority

SMP

Square in the Air

ONLINE BINGO OPERATOR

Coral Bingo

Foxy Bingo

Gala Bingo

Heart Bingo

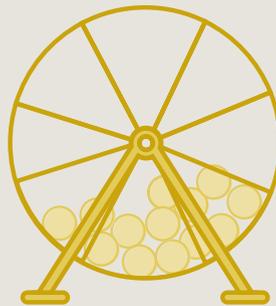
Jackpotjoy

25

8



17



Maria Casino

Mecca Bingo

Sun Bingo

Tombola

Wink Bingo

ONLINE POKER OPERATOR

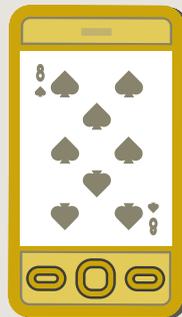
888poker, 888 Holdings PLC

Everest Poker

Partypoker, GVC Holdings PLC

PokerDom

PokerStars, The Stars Group



Redbet

Sky Poker

Svenska Spel

Unibet Poker, Kindred Group

Winamax

AFFILIATE PROGRAMME

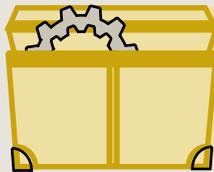
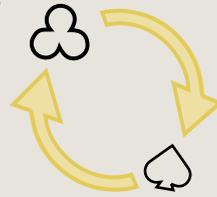
10Bet Affiliates

ActiveWins

bet365 Affiliates

Energy.Partners

GoWild



Intertops Affiliates

Kindred Affiliates

Ladbrokes Partners

LeoVegas Affiliates

VBet Affiliates

CORPORATE RESPONSIBILITY PROGRAMME

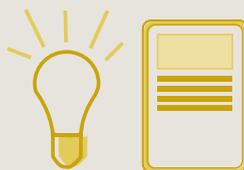
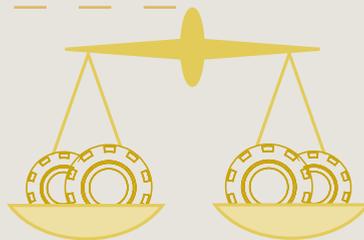
Aspers

bet365

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Videoslots

Antonios Kerastaris – Intralot

Bernard Marantelli –
Colossus Bets

Denise Coates – bet365

Fred Done – Betfred

Fredrik Elmqvist –
Yggdrasil Gaming

Gustaf Hagman - LeoVegas

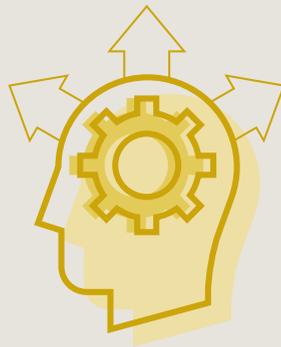
Harald Neumann –
NOVOMATIC

Henrik Tjärnström – Kindred
Group plc

Henry Birch – Rank
Group Plc

Jesper Kärrbrink – Mr Green

Kenny Alexander – GVC



Kristian Nylén – Kambi

Matt Davey – NYX Gaming
Group

Mor Weizer – Playtech

Paris Smith – Pinnacle

Paul Gauselmann –
Gauselmann Group

Rafi Ashkenazi-
The Stars Group

Richard Flint – Sky Betting and
Gaming

Roger Raatgever –
Microgaming

Simon Thomas – Hippodrome
Casino

Tristan Sjoberg –
TCSJOHNHUXLEY

Vladimir Dokov – EGT

Kostandina Zafirovska –
BtoBet

Walter Bugno – IGT

GUEST COLUMNIST:



MAX MELTZER
CHIEF COMMERCIAL
OFFICER, KAMBI

GROWING PAINS
*The path to expansion through
M&A isn't always the best one to
take, argues Max Meltzer*

As many of us relaxed into our Christmas slumber, Ladbrokes Coral and GVC revealed they had reached an agreement to create the world's largest listed gaming company. Although the acquisition of Ladbrokes Coral by GVC had been rumoured ahead of the announcement on 22 December, the formal agreement underlines what I already thought to be true – that in this industry, scale matters.

Most, if not all, of the mergers and acquisitions we've seen over the past few years have been driven by the desire to achieve greater scale and scalability. As regulation spreads and governments from all corners of the globe look to raise additional tax revenues, gaming companies - particularly those operating proprietary sportsbooks - are having to work to stringent regulatory restrictions and even tighter margins.

This is where scalability plays a crucial role. Businesses increasingly require the ability to move into new markets to help protect against rising costs and potential changes in regulation. Through its acquisition of Ladbrokes Coral, GVC will gain a leading position in the UK retail and online markets, a sizeable business in Australia, a top-five player in Italy, as well as notable revenues in Belgium, Spain and Mexico.

While I have little doubt GVC will make a success of the merger, recent history tells us consolidation isn't the silver bullet others had hoped, with a number of previous combinations having failed to live up to their early billing.

Initial cost synergies may well be achieved through M&A, but complex integrations are often underestimated, staff can become demotivated, combined management divided and product development frequently put on hold as the process of making two (or three) become one is elongated. In short, mergers are bound with risk.

BENEFITS OF SCALE

"So M&A produces mixed results – that's hardly groundbreaking information," I hear you say. Bear with me. At the start I said I believed scale was important in this industry, and I've not changed my mind in the past few minutes. But scale and scalability can be felt and achieved in many ways and you don't necessarily have to own scale in order to benefit from it. Let me explain.

As mentioned previously, when margins are tight, scale can help increase competitiveness and protect profits. It can also put the squeeze on smaller competitors. If you look at bet365, it initially built scale through international expansion, but has since managed to leverage its scale

by being able to offer fine margins to the player, and to process and understand the data its vast scale offers to help create new and improved sports betting experiences.

This is similar to what we have created at Kambi - a data-led sportsbook that operates at vast scale, enriched by the information it continuously gathers and studies. However, to our additional advantage is the fact we power 15 operators across six continents, in some cases multiple operators in the same territories, all focused on different customer segments and utilising Kambi in different ways. This customer mix produces a richer, more varied data stream, helping us derive the insights needed to ensure the expectations of all sportsbook players continue to be exceeded.

And unlike in merger situations, our scale is channelled through a single platform, enabling us to process data effectively and allow all customers to benefit from the subsequent insights from day one. It's no coincidence a Kambi customer recently won a sportsbook of the year award just 18 months after launching sports with us – with 20 years' worth of data learnings, Kambi is set up to springboard customers to success.

A SCALABLE MODEL

Another essential element to scale and scalability is the ability to move in to new and regulating markets quickly, when the opportunities arise. Too often operators are held back from expanding internationally due to technical constraints and the need to meet local regulatory requirements. Often when operators do enter new markets, the product doesn't have the same appeal or fails to meet local standards.

I have spoken with CEOs at a number of tier one operators who continue to place international expansion at the top of their agendas, but so far I've seen little evidence of it, despite good intentions. Moreover, I know of operators who have gone through the licensing process for various markets only to be unable to launch due to technical debt and an inability to scale.

To be honest, I find it astonishing some bookmaker company boards and shareholders don't put more focus and pressure on their business' ability, or should I say 'inability', to scale by encouraging the executive team to have in place both internal and external partner scalability plans to adapt to market changes and opportunities.

Operators building expensive and compliant proprietary technology for each new market isn't a sustainable answer. Some have approached the issue by acquiring local brands but, again, this has produced mixed, and in some cases costly, results.

I'd argue putting faith in a scalable supplier; one with experience of the market, that has a successful base product, is fully compliant and, crucially, can empower operators to differentiate from other participants. One thing you can certainly be sure of in 2018 is that as the importance of scale increases, doing nothing is no longer an option.

GUEST COLUMNIST:



ALAN MOON
BUSINESS
DEVELOPMENT
DIRECTOR, ABILOTT

THE BAR GETS HIGHER FOR START-UPS
Decisions made in the early days of a new start-up can be the most crucial. Alan Moon explains there are solutions that can make those first steps that little bit easier to manage

Wow, last year was a busy one for start-ups in the real money gaming sector. There seems to be no end to new online gaming ideas in the sports and casino spaces. The challenge for many of the new start-ups is that they really can be unaware of the amount of effort required to bring a product to market and then keep the operation going long enough to attract a sizeable enough customer base, and ultimately make a profit.

You might expect some significant changes are driving the barrier to entry ever-upwards? Well, there have not really been any step changes, just an ongoing maturity of the market bringing increased competition and regulation. On the regulatory front, GDPR is just around the corner. The more established businesses are undertaking ISO27001 as a foundation plank for GDPR, while the UKGC is also increasingly imposing fines on companies for breaches, be it in player protection or other areas of compliance.

So what does this mean for start-ups? Essentially, there's even more to worry about in getting a venture off the ground. Taking the idea, getting funding, developing the game, getting ATF (Accredited Test Facility) approval, applying for a UKGC licence, getting a player fund account, perhaps even setting up a business on foreign shores like Malta or Gibraltar, the list goes on. We estimate an investment of between £250k and £350k is required for the first year of operation and that doesn't take care of the expensive game of marketing and player acquisition!

A common approach to getting off the ground is to accrue sufficient seed funding through friends and family to build a concept version of the game app to show potential investors. Having secured an initial third-party investment, start-up businesses can then

go on to actually launch, licence and re-engineer based upon player feedback. Funding can be sought from angel investors, venture capitalists (VCs) or crowdfunding. Each method has its own pitfalls and nuances, however seeking funding from an angel who knows the sector and has contacts can bring not just the financial backing but a wealth of experience. In comparison, crowdfunding will generally only supply the start-up with money.

Another fly in the ointment, and possibly a very positive one, is blockchain. What this really means for the gaming sector is not for this article, however it is another area that start-ups are weaving into their operation, either through the use of established cryptocurrencies or through offering an Initial Coin Offering (ICO) to raise funds.

It's not all doom and gloom for the start-up; there is some good news in the form of available help. Organisations like Gamcrowd and Gambling Startups Meetup are a useful place for advice and resources. If it's hands-on help to obtain an operator licence, i.e. being steered through the process to save time and money in the long run, then there are established businesses like Abilott that help start-ups in this space.

An alternative approach would be to use an intermediary operator. This is an operator that uses its licence to operate the start-ups brand on its behalf. There are some that can provide the whole end-to-end platform such as BetConstruct, however if it's a straight forward 'operate our game' scenario then new entrants Best Gambling may be the way forward. The benefits of this approach are getting to market quicker and up to a 50% reduction in operating costs. The start-ups are also free to focus on acquisition rather than worrying if there has been a change in 'remote technical standards' from the UKGC for example.

There are risks to using a third party to operate the brand. A good contract protecting the start-up's intellectual property and player information ownership (as opposed to the player data collected for UKGC) are key areas to look at – i.e. making sure start-ups can exit seamlessly further down the line to operate their own game is essential.

If you are launching a new game this year then invest the time in talking to others who have done it before – it may save you a lot of heartache.

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