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THIS WEEK

- **AGA appoints new President & CEO**
 - **Exclusive: Lawyer discusses sports betting in Brazil**
 - **DraftKings launches NJ online casino**
 - **Matt Davey to leave SG Digital**
- GUEST COLUMNIST:**
- **Michael Franklin, Open Innovation Manager, Kindred Group**

WEEK 51-52

FRIDAY 21 DEC 2018

WASHINGTON DC LEGALISES SPORTS BETTING



Sports betting has been legalised in Washington DC, after the DC Council gave final approval to a sports betting bill on Tuesday.

The bill passed thanks to an 11 to 2 vote, making the state the ninth to legalise sports betting, with wagering having already launched in seven – as well as one casino in New Mexico offering a sportsbook.

Back in May, the Professional and Amateur Sports Protection Act was repealed by the US government, paving the way for states outside of Nevada to legalise sports wagering.

In that time, New Jersey has enjoyed a strong start to life as a sports betting state, while Delaware, Mississippi, West Virginia, Rhode Island and Pennsylvania have also enacted sports betting legislation. Arkansas voters approved legalisation recently but the state is several months away from launching.

The DC Lottery will oversee sports betting under the conditions of the bill in Washington DC, which was written by council member Jack Evans.

“We’re entering into new territory with sports gaming,” Evans is quoted as saying before the vote.

Mayor Muriel Bowser is expected to sign the bill and Congress is unlikely to intervene, meaning implementation is expected to begin in 2019.

The bill creates two classes of sports gambling licenses; one for bars and restaurants and another for the four active, major sports venues in the district: Nationals Park, Capital One Arena, Audi Field and the Entertainment and Sports Arena in Ward 8. ▶

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THIS WEEK IN NUMBERS

\$16.3m

The total sports betting handle in November for the state of Delaware



\$49m



The price agreed for AGS to acquire Integrity Gaming

\$151.5m

Settlement agreed by Scientific Games in its court case with Shuffle Tech International



25%



New Jersey's year-on-year gaming revenue increase in November to \$257.4m

3



New appointments made by Wynn Resorts to its senior executive team

Tax revenue will be dedicated to funding the city's "Birth to Three" early childhood development program and the Neighborhood Safety and Engagement Fund.

The American Gaming Association (AGA) reacted positively to the news in a statement, emphasising the bill's exclusion of any type of royalty fee which would charge bookmakers and give the proceeds to professional sports leagues.

In the statement, Sara Slane, AGA Senior Vice President of Public Affairs, said: "We are encouraged by the DC City Council's vote today to authorise sports wagering in the district. This decision represents a step in the right direction when it comes to protecting consumers and the integrity of sports.

"We're pleased the bill adheres to a number of AGA's priorities for successful sports betting legislation, including promoting responsible gaming, instituting a reasonable tax rate and excluding any 'integrity fees' or 'exclusive data fees,' which have been rightfully rejected in every other jurisdiction that has enacted sports betting legislation."

However, Slane did highlight "deep concerns" about the lottery's "virtual monopoly in the mobile market."

She explained: "While the vote today is progress, we remain deeply concerned about giving the lottery a virtual monopoly in the mobile market. Predictably, this will result in less investment and innovation, to the detriment of consumers and the ability of a nascent legal marketplace to compete with the accessibility and convenience offered by many established illegal wagering operations.

"AGA urges district policymakers to re-evaluate the merits of this key aspect of their framework and allow greater competition in the future. AGA remains available to serve as a resource to the district and any other jurisdiction looking to create legal sports betting markets, protecting consumers and generating economic benefits in the process."

Some NFL owners and gambling companies released statements supporting the AGA's view that a monopolistic approach could be damaging to mobile sports betting in Washington DC. However, the overall decision no doubt signals further progress in what has truly been a breakthrough year for sports wagering in the US.

AGA APPOINTS MILLER AS NEW CEO

The American Gaming Association (AGA) has named Bill Miller as its new President and Chief Executive Officer.

Miller will replace interim leader Stacy Papadopoulos from 14 January 2019, who took the place of Geoff Freeman, with the previous CEO leaving the organisation in August earlier this year.

Miller has previously worked as Senior Vice President at the Business Roundtable, where he helped grow the organisation's brand and advocacy footprint in Washington, leading to the association's outreach to Capitol Hill. He also has senior level experience at the US Chamber of Commerce.

The new President and CEO said: "I am honoured to join a team with a well-earned reputation for advancing the casino gaming industry's legislative and communications priorities and addressing the issues that matter most to its members."

Tim Wilmott, CEO Penn National

Gaming and Chairman of the AGA Board of Directors, said: "Bill's extensive work with federal policymakers and as a seasoned leader of membership and industry advocacy organisations was critical to our decision.

"He joins a successful organisation at a time when our industry is enjoying great momentum, thanks in part to a major policy achievement – the ending of the federal sports betting prohibition. On behalf of the AGA Board, I am excited to welcome Bill to the team."

Wilmott added: "The Board is extremely thankful for the leadership of Stacy Papadopoulos and Sara Slane, and the commitment of the entire AGA team during this period of transition."

Previous CEO Freeman spent five years with the organisation and now leads the Grocery Manufacturers Association as President and CEO. He was also recently appointed to the board of directors at supplier AGS.



16

The number of awards to be issued at the Global Gaming Awards London 2019

2019

LeoVegas will enter the Spanish market from 1 January



The current total of approved Swedish gambling operators, after regulators awarded five more licenses

BRAZIL STEPS CLOSER TO LEGALISED SPORTS BETTING

Brazil is firmly on course to legalise sports betting, Marcelo Munhoz da Rocha, legal advisor at BetConsult, has exclusively told *Gambling Insider*.

He says the South American country is currently "living a high expectation" with regards to the legalisation of fixed-odds sports betting, following the approval of Provisional Measure 846/2018 by both legislative Federal Houses and the Presidential Sanction.

Da Rocha said: "This development was received with great expectation by the general public and the Ministry of Finances estimates lotteries, including sports betting, could generate an income of about R\$30bn (\$7.7bn) for the Federal Administration."

The approval from outgoing President Michel Temer was supported by Jair Bolsonaro, the newly elected President and his Minister of Justice, former judge Sergio Moro, and is therefore unlikely to be overturned when they take office.

With support from the public and government officials, da Rocha thinks

there is little chance of the process turning back. He now asks what the next steps will be and looks to the future of other forms of gambling in Brazil.

He said: "On the good side, you have several indicators coming from the next Federal Administration that wishes to adopt a more liberal point of view of how economy should work in Brazil.

"On the other hand, it is known the religious sector has shown great support for the elected government, which could be a bad thing for the legalisation of other gambling types."

In March, Senate Bill PLS 186/2014, which would have seen the legalisation of bingo, online sports betting and casino games, was dismissed by a 13-2 senate committee vote, despite a wide interest from Brazilian and international operators.

Da Rocha thinks it is still early to forecast news on other forms of gambling, but believes there are positive signs for the industry in Brazil ahead of 2019.



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THE WEEK IN QUOTES

"I am very pleased to appoint Lars Johansson as Chief Financial Officer. He brings significant experience to the role and has already played an important part in the ongoing change process of NetEnt."

Therese Hillman, CEO of NetEnt, discusses the company's new CFO

"The NBA was the first sports league we partnered with and has been an incredible partner ever since. We share a clear view on how we can collaborate to bring basketball fans new ways to engage with the games and players they love."

Matt King, FanDuel CEO, comments on the operator's partnership with the NBA

"Their approach to innovation matches our own, so we're delighted to be able to complement our existing casino and full-platform solution."

Richard Carter, SBTech CEO, talks about the integration of Red Tiger Gaming's content portfolio

THIS WEEK'S WINNERS AND LOSERS

WINNERS

Pennsylvania - A total of \$183.2m in tax revenue was generated following the launch of sports wagering at Hollywood Casino, during a two-week period in November

888 - Its board remains confident adjusted EBITDA for the full year is in line with expectations

GVC Holdings - Has extended its B2B agreement with operator Danske Spil

Bethard - The operator has launched a new virtual live casino with NetEnt

Caesars Entertainment - The operator's search for a new CEO could last "well into 2019," according to a gaming analyst

LOSERS

DRAFTKINGS LAUNCHES NJ ONLINE CASINO

DraftKings has launched the first phase of its New Jersey online casino platform.

A few months after debuting DraftKings Sportsbook in the Garden State, DraftKings Casino has now been incorporated into the existing sportsbook app.

Blackjack is the only game currently available on the Android-based platform, with more games and the iOS version expected in the near future.

DraftKings Casino falls under the license of Resorts Atlantic City, just like the operator's sportsbook platform.

Resorts also operates its own online casino and carries the license for Mohegan Sun and PokerStars.

FanDuel could be next to enter the New Jersey online casino market, as DraftKings and FanDuel have typically matched each other's offerings in the past. FanDuel is part of Paddy Power Betfair, which will no doubt be looking to expand its US business in 2019.

Elsewhere, DraftKings has announced

a licensing agreement with an affiliate of Penn National Gaming, as it prepares to launch a sportsbook in West Virginia.

The sports betting platform will be available both online and on mobile, pending regulatory approval.

Sports betting was legalised in West Virginia this March, with the West Virginia Lottery Commission approving final state rules for sports betting in October.

Matt Kalish, Chief Revenue Officer and Co-founder of DraftKings, said: "We are thrilled to work with Penn National Gaming to bring our online sportsbook product to West Virginia."

John Finamore, Sr. Vice President of Regional Operations for Penn National Gaming, said: "We are pleased to help welcome DraftKings to West Virginia. We believe the state will certainly benefit from DraftKings' tremendous brand awareness and expertise in providing customers a quality online sports betting experience."

MATT DAVEY TO LEAVE SG DIGITAL

Matt Davey is to leave his position as SG Digital CEO as part of a series of management changes at Scientific Games.

Davey was CEO of NYX Gaming Group, which was sold to Scientific Games in January for approximately \$631m, and departs following the completion of NYX's integration.

The supplier will move Jordan Levin into the role of SG Digital CEO at the end of 2018; Levin was previously President of SG Interactive and is currently Senior Vice President for Corporate Development.

He will be responsible for defining the business group's overall strategic direction and overseeing all functions of the business.

Meanwhile, in the SG Lottery division, Group Chief Executive Jim Kennedy will take up the role of Chairman, being replaced by Patrick McHugh, who will be Executive Vice President and Group Chief Executive.

McHugh will be responsible for the global lottery business and will work with Kennedy to service existing relationships and grow the lottery business in the US and around the world.

Scientific Games CEO Barry Cottle said: "These globally-respected leaders and long-time members of our SG family are the best people to continue our growth trajectory, deliver operational excellence and inspire our employees. Pat will leverage his in-depth Lottery experience and proven success at Scientific Games to provide strong operational leadership and innovation."

"He will work with Jim to continue to execute our global growth strategies. For SG Digital, Jordan's digital experience will prove immensely valuable, as he formally takes over our rapidly accelerating digital gaming and sports betting businesses."

PA'S FIRST SPORTS BETTING

Penn National's Hollywood Casino in Pennsylvania generated \$508,997 in sports betting revenue in 13 days of operation in November.

That was from \$1.415 million in handle.

Average daily revenue was \$39,153 while average daily handle was \$108,846.

Hollywood Casino was the only Pennsylvania casino to offer sports betting in November. William Hill

operates sports betting for the casino.

Rush Street's Rivers in Pittsburgh and SugarHouse in Philadelphia launched sports betting last week.

Kambi is supplying retail and online sports betting technology to those casinos.

MA SAME STORE FALLS

Massachusetts' gaming revenue was down 0.38 percent on a same-store basis in November.

MGM Resorts' \$960 million MGM Springfield generated \$21.248 million, down 4.47 percent compared to October.

Slot revenue was \$13.372 million and table revenue was \$7.786 million, both down compared to the prior month.

Slot hold was at 7.90 percent, its lowest since the property opened in August.

The new casino has been hurting nearby casinos, as Penn National's Plainridge Park in eastern Massachusetts fell 0.38 percent to \$12.852 million and Foxwoods and Mohegan Sun's slot revenue in Connecticut fell a combined 7.25 percent in November.

Since MGM Springfield's opening, Plainridge Park is up 0.89 percent, while Foxwoods and Mohegan Sun are down a combined 5.09 percent.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Plainridge Park (PENN)	\$12.852	-0.38
MGM Springfield (MGM)	\$21.248	N/A
Total	\$34.100	+164.33
Same Store	\$12.852	-0.38



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GUEST COLUMNIST



MICHAEL FRANKLIN
OPEN INNOVATION MANAGER,
KINDRED GROUP

Franklin explains the challenges involved in offering sports betting via smart speakers

Smart speakers have become the tech du jour of recent years. With an expected 100 million devices sitting on kitchen tops around the world by the end of the year, according to Canalys, they dominate sales every Black Friday and Christmas, and manufacturers release another model every few months. While some of this is certainly throwing mud at a wall and seeing what sticks, the momentum within the marketplace and the consumer uptake appears to show something more lasting than a technological fad.

We wanted to explore if smart speakers could be used to facilitate voice-based betting. Using natural language processing (NLP) developed with Artificial Solutions, we at Kindred Futures sought to explore whether it's possible to deliver great consumer experiences through voice.

However, we quickly found two main obstacles. One centred on the automatic speech recognition (ASR) built into the devices by Google, Amazon, Apple etc. The second centred on the linguistic challenges of how we each request bets and the multitude of variants this presents.

The speech recognition challenge

When working in a voice setting, you're dictated by the device you look to use and, importantly, the built-in ASR. What the devices "hear" will directly impact what the NLP can interpret, meaning it has a huge impact on the end capability of the action or skill. Hence, a large part of our exploration became testing the device ASR. As the most popular, we focused on the Amazon Alexa and Google Home, providing over 4,000 inputs for each.

We quickly found the Alexa ASR performed poorly in a betting context – less than 10% of phrases were heard correctly word-for-word and it recorded 1,084 team variations from the 30 names we used. For example, Watford was heard as Waterford. Importantly, it's a lack of consistency in the mistakes that made us look beyond Alexa.

Google, with its history as a search engine, proved to have a far broader ASR that could pick up betting phrases and terms. While only 43% were word-for-word correct, when it was wrong, it was consistently wrong. But from testing, you can see what these devices have been built for – "place a tenner" as "play Santana," "place a bet on" as "play sabaton" and "Man U" as "menu." Google Home has not been trained to recognise betting lexicon, so we had to build a huge language ontology to cover for the mistakes and deliver useful inputs for the NLP engine.

From our work developing the Unibet Facebook Chatbot, the NLP already understood a myriad of ways customers request bets. When moving into the more casual and slang voice settings, the permutations grow even further. There are near infinite ways to ask for a bet – whether they are variants of team names, scores, outcomes, markets, stakes – and that's not even considering the sentence structure and what information relates to which team.

A further challenge is the ambiguity that comes in the way we talk about sport as we assume a level of knowledge from the other party. "City to win" or "Spurs to lose midweek" may be obvious to those who talk about sport every day, but we had to build the NLP to disambiguate by availability of odds, kick-off times, and making assumptions based on popularity of teams and past bets.

The biggest challenge, though, is the nuanced lexicon that comes with gambling. "Stick a tenner on..." and "Gunners to be drawing at half-time..." are domain-specific phrases that simplistic NLP would struggle to interpret. It's even further complicated when you start asking for bets on Borussia Mönchengladbach or Real Sociedad. A smart speaker may never have been trained to understand these terms and teams, and so firstly building the NLP to understand these, and then expanding to cover all variants that the ASR may hear, makes building a voice capability twice as difficult.

This is still a prototype and by no means the finished product. However, through the work we've undertaken, we believe we've overcome many of the ASR and natural language challenges to show betting is possible in a voice interface. We have a slightly facetious goal of building understanding of "Toulouse to lose 22-20 to Toulon." That may be unachievable right away. But we've built a device-agnostic natural language capability which can understand users – and deliver a voice betting interface that shows what the future may look like.

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