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WEEK 20

FRIDAY 17 MAY 2019

CASINO REPRESENTATIVE:
25% TAX RATE AND \$10M
LICENSE FEE WILL HINDER
SPORTS BETTING IN ILLINOIS



LIVE CASINO
COMING SOON





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THIS WEEK

- **Genius Sports willing to sublicense Premier League data rights**
- **GVC granted preliminary Nevada approval**
- **Fredrik Erbing named as NetEnt Chairman**
- **Better Collective establishing US presence**

GUEST COLUMNIST:

Josh Linforth, Commercial Director - Director Marketing, Betgenius

WEEK 20

FRIDAY 17 MAY 2019

CASINO REPRESENTATIVE: 25% TAX RATE AND \$10M LICENSE FEE WILL HINDER SPORTS BETTING IN ILLINOIS



Tom Swoik, Executive Director of the Illinois Casino Gaming Association, discusses proposed amendments to Illinois sports betting legislation with *Gambling Insider*.

Can you tell me how the amendments to sports betting bill H1260 were received?

Nobody was really in favour of either of the amendments in their totalities. First of all, we did not have a lot of time to look at them. They came out that morning between 10am and 11am and the hearing was scheduled for 2pm, although it didn't get started until after 3pm.

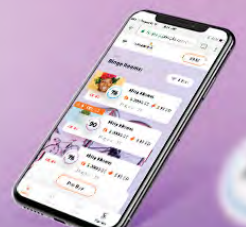
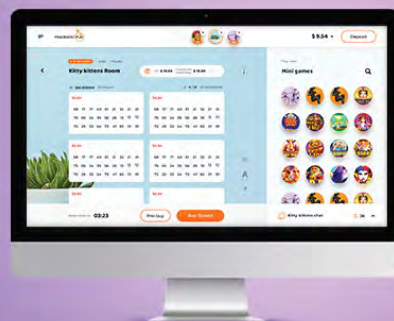
There were two 75 page amendments and there are some significant differences between the two. I represent nine out of 10 operating casinos in the state and some of the concerns that my members had were in both amendments; the \$10m licensing fee and also a 25% tax.

One of the things I brought up at the hearing was that our legislature is always talking about trying to bring people back who are gambling in other states and here we are potentially passing a bill that is going to cost us hundreds times more what our neighbours will have to pay to license and two to three times more in taxes.



BINGO

COMING SOON



THIS WEEK IN NUMBERS



19th

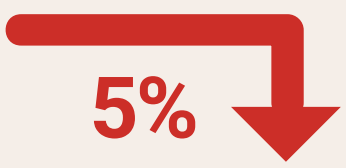
Bet365's owners, Denise, John and Peter Coates are ranked 19th richest in the UK

\$236m



Amount Fox Sports paid for Stars Group shares in US sports betting partnership

Genting Singapore's Q1 revenue fell 5% year-on-year to S\$430m (US\$314m)



The percentage Wynn Resorts' revenue dropped by year-on-year to \$1.65bn for Q1

\$136.2bn

Melco Resorts & Entertainment reported a 4% year-on-year revenue rise in Q1



How else would the amendments restrict operations?

The second amendment had some restrictions on businesses that had operated in the state in a way considered to be illegal. This includes some of the fantasy sports operators. They haven't been found guilty of anything but there have been attorney general opinions and those kinds of things that said operations have been illegal.

That restricts using them for three years. I know that Caesars and the casino run by Boyd Gaming in Illinois did have agreements with some of those companies - DraftKings and FanDuel - so it wouldn't even allow them to apply for a license in three years. This means, as there are so few licenses available, they would all be gone after those three years.

What is the opinion from operators in Illinois around integrity fees?

My members don't believe we should be making any required legislative payments to any of the leagues, whether it be called an integrity fee, data fee or whatever else. We contend that if there are any agreements between the leagues and the sports betting operators, that those should be individual contracts between those entities and not something mandated by the state.

Would these amendments help or hinder sports betting in Illinois?

It sounds to us that they would hinder sports betting. The whole market in Illinois is changed. We've got three times more licensed gaming establishments here than Nevada. So, we believe that Illinois is pretty well saturated with what we would call regular gaming. We think the only two places for real market expansion, other than just moving money from one location to another, is sports wagering and internet gaming. We think that's two untapped markets that could really benefit the state and the current operators.

Have there been any developments since the subcommittee hearing last week?

No, I understand the Senate House staff is working on the various things that were brought up and a trying to clean up the language. I don't know how detailed that will become.

The thing that concerns me as much as anything is I was hoping the language would be cleaner. Both Senate Houses cancelled Friday's sessions and they cancelled Monday's sessions, and the sessions are all meant to be over on 31 May. So we've got around 18 days to try and get something done.

GENIUS SPORTS OPEN TO SUBLICENSING PREMIER LEAGUE BETTING DATA RIGHTS

Perform Group, Sportradar and other data suppliers could still sublicense betting data rights to the English Premier League, English Football League and Scottish Professional Football League (SPFL) from Genius Sports from next season, *Gambling Insider* understands.

Genius Sports announced an exclusive, global deal for the rights, and the supplier said while it could enter sublicensing discussions, it is not obliged to do so.

Mark Locke, Genius Sports CEO, told *Gambling Insider*: "There is no requirement for us to sublicense the rights, but we are willing to have conversations with anyone who wants to have a conversation with us. Our aim is to distribute the data as widely as we possibly can.

"I won't rule anything out, and I'm always happy to pick up the phone, but there is no obligation whatsoever for us to do a deal."

Genius Sports has bought the rights from Football DataCo, a joint venture between

the Premier League and Football League, which can sell the SPFL rights through an agency agreement.

Gambling Insider understands the agreement will run for five seasons, from 2019-20 to 2023-24.

A source close to Football DataCo said while it is not able to add a sublicensing requirement into the deal, its aim is to have its data distributed as widely as possible to drive out the unofficial data market.

Discussions over a sublicensing deal are yet to take place, and should the rights be sublicensed, each betting operator would have the power to decide which licensed supplier it can purchase the data from.

Andrew Ashenden, Perform CCO, said: "It's important to note the tender process that all the data suppliers entered into was one where the appointed party would be required to sublicense the rights to other data distributors."

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Scientific Games
saw a 3% year-
on-year revenue
rise for Q1

13%



JPJ Group saw its Q1 gaming
revenue rise 13% year-on-year to
£83.3m (\$107.5m)

3

Gambling ads have
had complaints held
against them in the
UK by the Advertising
Standards Authority,
implementing William
Hill, Paddy Power and
Monopoly Casino

NETENT RE-ELECTS FREDRIK ERBING AS BOARD MEMBER

NetEnt appointed Fredrik Erbing as Chairman of the Board at its Annual General Meeting.

Erbing was also re-elected as board member along with Pontus Lindwall, Peter Hamberg and Maria Redin. Lisa Gunnarsson, Chirstoffer Lundström and Jonathan Pettemerides were elected as new members.

Erbing was first elected as Chairman in 2008 and is Vice President of Acando AB, a Swedish software and consultancy firm.

Re-elected board member Lindwall is the founder of NetEnt and holds 4,100,000 class B shares. He is CEO of online operator Betsson.

Another announcement from the meeting saw the Board of Directors and CEO, Therese Hillman, "discharged from liability for the financial year 2018".

Hillman was officially named as CEO in May last year with the supplier's financial results not matching expectations. She worked as NetEnt's CFO since January 2017 and served as acting CEO from March 2018.

NetEnt saw its revenue fall 3% year-on-year to SEK 418m (\$43.7m) for Q1, while operating profit dropped 6% to SEK 126m and net profit fell 18% to SEK 120m.

On the results, Hillman said: "The Nordic countries accounted for almost the entire slowdown, mainly due to lower volumes in Sweden as the new regulation was introduced at the start of the year.

"The new rules have impacted our customers and players to an extent that we had not foreseen; the combined effect of fewer players and lower average revenue per user has led to a weak start on the new regulated market."

In April, NetEnt signed an online casino supplier agreement with DraftKings in New Jersey, having been awarded a permanent license for the state in February.

Through its new partnership with NetEnt, DraftKings will now offer a "large selection of NetEnt casino games" to its players.

Originally one of two market-leading fantasy sports operators, DraftKings' large fantasy database is something supplier NetEnt is keen to utilise.

Access new markets. Reach your potential.



THIS WEEK'S WINNERS AND LOSERS

WINNERS

Iowa – became the third US state in 2019 to legalise sports betting

New York Senate Racing, Gaming and Wagering Committee – progressed bill S17 to the Senate Finance Committee

The American Gaming Association (AGA) – unveiled its Responsible Marketing for Sports Wagering in its attempt to prevent complications caused by sports betting advertising

The High Court – found SIS guilty of using Arena Racing Company's (ARC) date unlawfully

William Hill – said its Q1 retail gaming net revenue fell 15% year-on-year, due to the FOBT max stake reduction.

LOSERS

GVC TO PAY \$100,000 FOR COMPLIANCE INVESTIGATIONS FOLLOWING PRELIMINARY NEVADA APPROVAL

GVC Holdings progressed in its desire to operate in Nevada following a hearing with the Nevada Gaming Control Board (NGCB).

The operator was recommended for licensing by the NGCB following a 2-1 vote.

The board recommended the approval of a provisional license for GVC, which would require the operator to return to regulators in two years to re-assess performances.

GVC must also foot the \$100,000 bill for future investigations into its own compliance levels.

GVC entered into a 50-50 sports betting joint venture, Roar Digital, with MGM Resorts International in July last year.

The Nevada Gaming Commission (NGC) will meet on 23 May to take the final steps in approving or rejecting GVC for its state license.

In his first meeting since being appointed to the board, Phil Katsaros voted with Chairwoman Sandra Morgan

in favour of the recommendation.

If its license is approved by the NGC, GVC would join William Hill, Paddy Power Betfair and Bet365 in operating a US sportsbook.

Terry Johnson voted against the approval recommendation and directed questions at GVC CEO Kenny Alexander for failing to supervise operations in Turkey.

The Las Vegas Review-Journal reports Johnson as having said: "I'm at a loss to understand where exactly did the buck stop in the company if it didn't stop with you, and why are we to be assured that going forward you're going to be at the helm of this company in a different manner than what transpired over the past several years?"

GVC is currently licensed to operate poker and online gambling in New Jersey. It has a partnership with MGM Resorts in Atlantic City.

THE WEEK IN QUOTES

"As operators start coming into the US market and opening up offering sports betting applications, they will have to really think about how they are going to keep players out of the game in states that are restricted. That's going to become more and more important as they are operating within the US, and being able to control a certain player by geographic boundaries to make sure they are compliant."

lovation's Product Marketing Manager, Angie White, on evasion measures happening in US sports betting

"We have been working hard to raise standards in the online industry to ensure that gambling is crime-free and that the one in five people in Britain who gamble online every month can do so safely. But our work will not stop here. As a regulator, we will continue to set and enforce standards that the industry must comply with to protect consumers."

Richard Watson, Gambling Commission Executive Director, discussing the four penalties issued to gambling businesses as part of the Commission's investigation into the online casino sector

BETTER COLLECTIVE CEO: WE ARE READY TO ROLL OUT IN THE US AS STATES REGULATE

Jesper Sogaard discusses the affiliate's Q1 2019 and forecasts strategies in the US.

You attributed the 97% growth in revenue to €14.9m to performances in the new depositing customers (NDC) sector. What caused the rise in NDCs?

I would highlight the three last quarters of 2018 as being strong performers across our portfolio sites. With such an intake of NDCs when we mostly are on revenue share agreements with our partners, this will eventually lead to an impact on the revenue side. That's what we saw in Q1.

How have operations in Sweden fared?

What we have seen in the first quarter is that performance on revenue and NDCs has been satisfactory. The way the Ribbacka Group has monetised has been more towards hyper deals and CPAs than if you take the average of Better Collective as a whole. Even though we do have revenue share agreements in place in the Swedish market, it's not as big a proportion as other markets.

What can you tell me about your plans for operations in Pennsylvania?

We are looking into potential acquisitions and collaborations in the US market. We experienced that expertise we possess with sports betting affiliation is in demand, many different stakeholders with relations to US sports and sports content in general are looking to sports betting for new ways of monetising.

For other states, regulation is really the driver. But we are establishing ourselves over there with people on the ground and we're ready to take part in what will hopefully be a very big market, as it rolls out in the US.

How do you see the affiliate industry developing in Brazil?

It is a large market and it has a strong appetite for sports betting, so I am very excited about this development. It's a continent where we definitely expect to see growth in the coming years.

Sogaard spoke at length to *Gambling Insider*, [click here to read the full article](#)



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Total gaming revenue jumped 23.76% in April thanks to the addition of sports betting and continued double-digit growth of online gaming.

Land-based gaming revenue was mixed in April, with totals up 8.45% but same-store down 11.69% thanks to Hard Rock and Ocean Casino taking a bite of the pie.

Sports betting handle fell 15.77% from March, which benefitted from the NCAA basketball tournament. Revenue dropped 33.01%. Online handle was quadruple retail handle.

Online gaming revenue leaped 58.93% as online casino grew 64.25%, offsetting online poker which fell for the third straight month.

TOTAL GAMING REVENUE:

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Golden Nugget	\$29.344	+ 3.69%
Borgata (MGM)	\$58.858	+ 1.99
Resorts	\$20.181	- 3.11
Bally's AC (CZR)	\$14.515	- 4.65
Harrah's (CZR)	\$27.254	- 6.33
Tropicana (ERI)	\$27.786	- 9.70
Caesars (CZR)	\$26.625	-18.10
Hard Rock	\$25.050	N/A
Ocean	\$16.333	N/A
Meadowlands	\$12.117	N/A
Monmouth Park	\$ 2.552	N/A
NJ Total	\$265.381	+23.76%
Same Store	\$203.751	- 4.98

INTERACTIVE:

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Resorts Digital	\$ 7.137	+97.56%
Golden Nugget	\$13.855	+70.35
Caesars (CZR)	\$ 4.579	+30.50
Borgata (MGM)	\$ 5.463	+18.99
Tropicana (ERI)	\$ 3.685	+16.15
Hard Rock	\$ 1.555	N/A
Ocean	\$ 0.308	N/A
Online Gaming Total	\$36.583	+58.93%
Same Store	\$34.720	+50.83
Casino	\$34.915	+64.25%
Poker	\$ 1.668	- 5.30

SPORTS BETTING:

MARKET/PROPERTY	REVENUE (M)	PARTNER
Meadowlands	\$12.117	PPB, PointsBet
Resorts Digital	\$ 4.767	TSG, DraftKings, Kambi
Monmouth Park	\$ 2.552	WMH, Rush St
Ocean	\$ 0.838	WMH
Bally's	\$ 0.351	SGMS , 888
Resorts	\$ 0.246	DraftKings, Kambi
Hard Rock	\$ 0.131	Gaming Innovation
Tropicana	\$ 0.077	WMH
Harrah's	\$ 0.074	SGMS
Golden Nugget	\$ 0.039	SBTech, CHDN
Borgata	\$ 0.025	IGT, GVC
Total	\$21.216	N/A

LAND-BASED CASINOS:

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Borgata (MGM)	\$53.370	+ 0.47%
Harrah's (CZR)	\$27.181	- 6.58
Bally's AC (CZR)	\$14.164	- 6.96
Tropicana (ERI)	\$24.024	-12.95
Golden Nugget	\$15.450	-23.39
Caesars (CZR)	\$22.046	-23.98
Resorts	\$12.797	-25.66
Hard Rock	\$23.365	N/A
Ocean	\$15.187	N/A
Land-based Total	\$207.583	+ 8.45%
Same Store	\$169.031	-11.69
MULTIPLE PROPERTY COMPANIES:		
Caesars	\$67.969	-11.53

GUEST COLUMNIST



JOSH LINFORTH
COMMERCIAL DIRECTOR
– DIRECTOR MARKETING,
BETGENIUS

Linforth explains why retail sportsbooks are increasingly turning to specialist technology to drive footfall to their properties

As brick-and-mortar casinos across the US weigh up the possibility of entering into the sports betting fray, they see tremendous upside in the opportunity to cross-sell their existing patrons into the sportsbook, thus driving up their value.

The opportunity becomes all the more exciting when an in-venue sportsbook can begin drawing a completely new set of customers to the property. Getting sports fans through the door won't just mean traffic for the sportsbook, but a flow to the gaming floor as well.

But how can traditional casino operators connect with local sports fans when you're solely known as a place to go to play slots or table games? How can you speak the language of sports bettors in an authentic way?

MAKE A PERSONAL CONNECTION

While high-profile TV and out-of-home campaigns do a great job of placing your brand front-of-mind, highly-targeted digital marketing allows a sportsbook to build credible and contextual long-lasting relationships with the right people.

Unlike their online counterparts, retail sportsbooks can't simply entice players to bet via a few touches of a button. When it comes to winning over sports fans, both personal preference and geography are key factors that need to be considered. If run too widely, ad spend is wasted on campaigns that reach people who won't be travelling to your property any time soon.

For operators that offer online or in-venue mobile betting, insights into an individual's betting history can be used to fuel future user-specific campaigns.

But for those who take bets via terminals or tellers, information is harder to come by. In these cases, past staking data, such as the sports, time of game and bet-types that generate the most activity, are vital to the focus and pace of new marketing spend.

If used correctly, the impact is powerful. For example, a fan in Philadelphia checking the latest team news ahead of the 76ers' game versus the Toronto Raptors will be served a digital banner with a local sportsbook's latest moneyline odds for that game, and a countdown clock ticking towards tip-off. As we have learned from more than a decade of running campaigns in the online space, this kind of live and contextual content dramatically increases conversion rates.

Integrating informative features, such as distance from the customer to the property into your ads, as well as promotions like free restaurant coupons when you bet \$10, are proven methods to add another dimension to your creative. As a result, footfall increases dramatically and overall customer value is maximised.

GET IN FRONT OF YOUR CUSTOMER

With fans consuming sports content in a variety of ways across mobile apps, podcasts, social media and sports websites, placing your ads in the right place is crucial.

But where do your customers hang out? In the fast-moving world of digital, you need to truly understand sports fans and bettors. This can be achieved via specialist technology, which analyses behavioural and environmental data in real-time to efficiently buy media space in the right place and at a time that is in tune with the sporting calendar. This level of personalised digital advertising delivers significant results.

To raise brand awareness with sports fans in metropolitan areas, ambitious operators are turning to inventive spaces such as TV screens in local sports bars and restaurants. To keep pace, operators must move with the times. Without a dedicated digital marketing strategy, brick-and-mortar sportsbooks risk losing out on potentially high-value players forever.

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