



# WEEK 35

## FRIDAY 30 AUG 2019

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### FOOTBALL INDEX: GENUINE INNOVATION OR OVERLY COMPLICATED?

#### THIS WEEK

- **Playtech CEO speaks to *GI* about H1 results**
- **Kambi extends partnership with DraftKings in US**
- **Las Vegas Sands bows out of Osaka**
- **Voting open for Global Gaming Awards Las Vegas 2019**

#### GUEST COLUMNIST:

- **Stuart Godfree, Managing Director, Mkodo**



The *Gambling Insider* editorial team takes a closer look at Football Index, the operator which allows you to trade shares in professional footballers, just like investors would in the stock market.

**Tim Poole**

For years now, both industry insiders and sports bettors themselves have bemoaned a lack of genuine innovation. Request-a-bets and cash outs have enhanced the sports betting experience but, at its heart, the product has not changed since its inception.



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14 OCTOBER / SANDS EXPO LAS VEGAS



# THIS WEEK IN NUMBERS



The number of Swedish operators fined for accepting bets on events with underage participants

## 0.25%

The year-on-year fall in Rank Group's revenue to £729.5m (\$885.1m) for H1



The percentage Spain's gross gaming revenue grew year-on-year for Q2 to €178.4m (\$198.1m)

## \$260,000

The amount Singapore police confiscated from a 62-year-old illegal bookmaker (US\$187,239)



To be clear, I love traditional sports betting and I am a big advocate of it. How frustrating is it though, to fully lose your stake thanks to a disallowed goal or last-minute deflection?

Through Football Index, I've found there is more of an emphasis on sporting knowledge and less on chance.

If you buy £5 (\$6.13) worth of shares in a footballer who puts in a dominant performance but doesn't score, their price will likely rise. If you bet £5 on that player to score at any time, their dominant performance means nothing and your whole wager disappears.

Bad performance, meanwhile? The price drops but, don't worry, you're still in the game to see another day.

I like the concept of utilising steady player knowledge, just as you would in Fantasy Football, rather than trying to "beat the bookies" by predicting a definite outcome which could go either way on any given day.

For Football Index to run as a business, there is no "us vs. them" mentality and its profits are not hit by players actually winning. In terms of entertainment value, you could get a whole year out of a £20 deposit. That's not something you can say for your average sportsbook.

With the current emphasis on responsible gambling, I feel Football Index's concept also lends itself very well to playing for true enjoyment, reducing the risk of a rogue VIP manager tempting a customer into emptying their bank balance.

With a genuine alternative on offer, why settle for the same old feeling of disappointment when your weekend accumulator inevitably falls through?

### Nathan Joyes

Football Index has recognised a gap in a very competitive market and for that, I take my hat off to it. But what I think is key to remember, especially in 2019, is players want quick, simple bets, hoping to be paid out within a couple of hours on a Saturday afternoon.

For the average sports bettor who only places a few pounds on the weekend action, the concept can appear fairly difficult to understand. The constant yellow flash of prices changing every few seconds is off-putting enough in itself, to be frank. Football Index has a new, exciting concept, but it is very much up against it if it's trying to attract the average bettor.

It is also worth noting millennials don't appear as keen to place ante-post bets and often sidestep any games on separate days when building their weekend accumulator.

With Football Index, players have to be in it long-term to potentially be rewarded, and with this product being predominantly targeted towards a younger audience, I'm yet to be convinced it will meet expectations.

Another concern of mine is missing players. For example, Todd Cantwell, who scored Norwich City's second goal against Chelsea last weekend, isn't currently available to select.

Looking into Football Index, the best way I can see to 'clear up' is by buying shares in a young prodigy, rather than picking superstars such as Cristiano Ronaldo or Lionel Messi.

If a 21-year-old Premier League footballer isn't available, this makes the player's job even harder, in terms of spotting potential value, and may well put them off altogether.

Don't get me wrong, I like the fact Football Index has thought outside the box, away from stereotypical football betting, which many find boring. Whether it succeeds remains to be seen, but work remains to convince myself and I'm sure many other millennials this is the future of sports betting.



# 27,000

The number of attendees the G2E team expects at this year's trade show in October

# €4.4m

Gambling.com's revenue for Q2, a 17% year-on-year increase (\$4.9m)



# 3

Year deal for Betfair to be official betting partner of Conmebol club competitions

# £22.8m

Sportech's gross profit for H1 2019, a 5% year-on-year drop (\$27.8m)



## EXCLUSIVE: PLAYTECH CEO DEFENDS NET PROFIT DROP AND UPDATES ON US PLANS

*Gambling Insider* caught up with Playtech CEO Mor Weizer following the announcement of the supplier's H1 results.

### What accounts for Playtech's 85% fall in reported net profit?

It is important to indicate this is purely due to an accounting one-off during the period and it is not reflective of overall performance, including increasing the appreciation and taxing relating to the acquisition of Snaitech. If you look at the operating side of the business, you will see we have had a good first half, with adjusted EBITDA up 31%.

All in all, while net profit is less, due to accounting purposes, I think adjusted EBITDA is what we should focus on and what our shareholders usually focus on, which is up 31%.

### You've reported an 11% year-on-year growth in regulated markets outside the UK. Why has this been able to improve?

We are very active and diversified. Most operators using many other B2B competitors of Playtech are very much focused on a limited number of countries. Playtech is a very different company.

We have signed up with a Dutch monopoly at the beginning of the year, we have signed up with a Swiss casino and we have extended our reach in Mexico and Colombia, to name just a few.

### The last time you spoke to *Gambling Insider*, Playtech remained a little uncertain about its progress into the US. What can you tell *Gambling Insider* about the developments you made in H1?

We have completed our testing in New Jersey, which is the second phase of three for us, and we have now started the application process in Mississippi.

Our office in New York is also now up and running. Taking a step back however, the US opportunity presents only one important part of our pipeline of future growth prospects, and there are many others further along the line, in terms of development. They will continue to provide significant opportunities for us, including Latin America.

The US is slowly growing and over the coming quarter, we will act decisively and look to further establish ourselves over there.

## KAMBI EXTENDS DRAFTKINGS DEAL

Kambi has signed a multi-year extension to the supplier's sportsbook contract with DraftKings, extending the partnership into eight additional states.

The original deal, signed last year following the repeal of PASPA, included terms for the partnership to expand when commercially agreeable regulatory frameworks were implemented in the US.

While also securing Kambi's current revenue source in New Jersey, the extension provides the opportunity for additional revenue in Colorado, Indiana, Iowa, Maine, New York, Pennsylvania, Tennessee and West Virginia.

Kristian Nylén, Kambi CEO, said: "I'm delighted the extension of our relationship through this new agreement will enable players in other states to enjoy the same sports betting experiences that have helped DraftKings become a market leader in New Jersey."

Kambi helped DraftKings launch its first New Jersey sports betting

app last year, with DraftKings also operating sports betting in Mississippi and West Virginia.

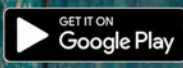
Kambi's revenue grew 25% year-on-year to €42.6m (\$47.5m) for H1 2019, with a rise in profit of 19% to €5.1m. The supplier attributed a significant portion of this growth to US activity, with New Jersey reporting an 11% growth in gaming revenue for the month of July, to \$334.4m.

Kambi's stock price fell close to 20% in June when rumours circulated of DraftKings' desire to acquire sports wagering provider SBTech. The contract extension has stabilised the company's value, already erasing more than half of these losses.

That said, it remains unclear exactly what will come of the original rumours, with both operator DraftKings and supplier SBTech remaining tight-lipped on any reports both at the time and since their publication.



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## THIS WEEK'S WINNERS AND LOSERS

### WINNERS

**FanDuel** – Launched its first sportbook app in West Virginia after the state went five months without mobile wagering

**Betfair Australia** – Will offer its online betting exchange to Hong Kong horseracing tracks, despite the Hong Kong Jockey Club's concerns about integrity

**So Wing-Yui** – Pled guilty to booking and money-laundering charges totalling \$12.9m in a Hong Kong court

**Football Index** – Had its Facebook advert banned for the use of underage footballers

### LOSERS

## THE WEEK IN QUOTES

*"I was shocked. They made the decision public through a press release on a Monday morning at 8am and I got it by email eight minutes before. Before that point, there was no sign at all SafeEnt would have its license revoked."*

**Global Gaming CEO Tobias Fagerlund** talks to *Gambling Insider* about the Swedish Gambling Authority's decision to revoke subsidiary SafeEnt's license

*"I believe the future retention marketing strategy will be very focused on what people are doing on site while players are actually with you, rather than engaging when the player is not on the site, which is how most CRMs work at the moment."*

**Fast Track CEO Simon Lidzén** tells *Gambling Insider* about the future of CRM

*"We work with properties, as they know their patrons better than we do and we've done a lot of market education at G2E Asia, NIGA etc. We're trying to educate the market about skill-based gaming. It's not really skill-based, it's skill-influenced. That's one of the first things all of us should be saying."*

**Synergy Blue CEO Georg Washington** discusses the concept of skill-influenced gaming with *Gambling Insider*

## LAS VEGAS SANDS ABANDONS PLANS FOR OSAKA CASINO

Las Vegas Sands has ended its interest in developing an integrated resort in Osaka, Japan.

Despite being seen as a strong candidate, Sands has announced it will focus on other opportunities in Japan, including Tokyo and Yokohama.

The US casino operator's announcement came only hours after Yokohama stated it would begin to accept proposals for an integrated resort to be built on its Yamashita Pier.

At present, a maximum of three locations will be allowed under a law passed last year for new casino resorts within Japan.

Las Vegas Chairman and CEO Sheldon Adelson said: "For the past several years, we have engaged in a conversation with the Osaka Government regarding the possibility of building a world-class integrated resort there."

MGM Resorts International CEO Jim Murren and COO Bill Hornbuckle have told *Gambling Insider* the company wants to build something special in Japan, with Osaka its first choice. They anticipate 30 million customers per license.

Hornbuckle said: "Japan is the largest untapped market in the world we think can be regulated properly and a place we might be able to get to. It represents the economics of something like Singapore."

"There will be three coveted licenses. Each one of them will have an audience of about 30 million if they are spread out correctly. So we're all in."

In Melco Resorts and Entertainment's Q2 report, CEO Lawrence Ho also detailed plans for an integrated resort in Japan.

Caesars Entertainment however, has confirmed it will not pursue a casino license in Japan, instead focusing on its \$17.3bn merger with Eldorado Resorts.

## VOTING OPEN FOR GLOBAL GAMING AWARDS LAS VEGAS 2019

The voting process for this year's Global Gaming Awards Las Vegas is underway, with the full list of nominees now in the hands of the Judging Panel.

Now in their sixth year, the Awards, which are the most prestigious in the industry, will be decided by the largest Judging Panel the event has ever seen, with the number of leading executives casting their vote now up to 100.

Voting is officially open, after a period of self-nominations and analysis from the *Gambling Insider* editorial team and Nomination Panel.

This year's three-figure line-up of Judges boasts senior figures from the industry's most successful and influential companies. The Panel includes: Barry Cottle, CEO & President, Scientific Games, John Connelly, CEO, Interblock, Joe Asher, CEO, William Hill US, Renato Ascoli, CEO, IGT North America, and many more.

Among the new entrants this year are Itai Pazner, CEO, 888 Holdings, Scott Butera, President of Interactive Gaming, MGM Resorts International, Jason Robins, CEO, DraftKings, and Bill Miller, President & CEO, American Gaming Association.

This year's winners will be announced at a luncheon ceremony at the Sands Expo Convention Center on Monday 14 October, kicking off the G2E show.

The Judging Panel will choose between nominees in 12 separate categories, deciding on first and second place in each one. Should there be a tie for the winning position in any category, the nominee with the most second-place votes will emerge victorious.

The Global Gaming Awards are powered by *Gambling Insider* in association with G2E Las Vegas and are officially adjudicated by KPMG Isle of Man.

*Gambling Insider* COO Julian Perry said: "I wish the very best of luck to all nominees. The eventual winners should be immensely proud, as these Awards are definitive proof the industry, your peers and your customers regard your company as the best in the world in your particular category."

"To have 100 industry leaders devoting their valuable time to evaluate, research and express their views on the Awards makes me very grateful."

Online and land-based gaming solutions supplier BetConstruct is the Lead Partner of the Awards.

## NV, STRIP RISE

July's figures showed Nevada gaming revenue eclipsed the \$1bn mark for the second straight month and for the fourth month this year.

July was the second consecutive month of growth for both the state and the Las Vegas Strip.

Clark County benefited from growth in all markets except North Las Vegas and was led by Downtown, which grew for the sixth consecutive month.

Slot growth on the Strip offset declines in baccarat and blackjack, both of which suffered from slightly lower hold than last year.

Strip baccarat play fell 14.99%, while state sportsbooks brought in \$10.534m.

Baseball accounted for more than 80% of sports betting revenue.

July had an equal number of Fridays and Saturdays versus last year, but had one more Sunday last year.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Nevada	\$1.024bn	+2.91
Las Vegas Strip	\$541.805	+1.63
Clark County	\$860.392	+2.55
Downtown LV	\$52.517	+7.56
North LV	\$26.989	-0.89
Laughlin	\$43.773	+5.82
Boulder Strip	\$81.755	+3.83
Mesquite	\$10.063	+5.72
Balance of County	\$103.492	+3.22
Las Vegas locals market	\$212.235	+2.91
Washoe County	\$78.081	+0.09
Reno	\$57.339	+1.52
Sparks	\$11.624	-2.45
North Lake Tahoe	\$3.645	+3.75
Balance of County	\$5.474	-10.30
South Lake Tahoe	\$34.994	+16.88
Elko County	\$25.992	+4.21
Wendover	\$17.225	+6.07
Balance of County	\$8.767	+0.73
Carson Valley Area	\$9.922	+3.79
Other areas	\$14.569	+7.83

## COMPONENTS OF STRIP PERFORMANCE:

MAJOR STRIP SEGMENTS	REVENUE (M)	(%) CHANGE	(%) WIN 2019	(%) WIN 2018
Blackjack	\$57.764	-12.38	11.42	13.04
Baccarat	\$73.656	-25.94	11.7	13.43
Total games	\$246.544	-3.51	14.02	13.67
Slots	\$295.260	+6.37	8.36	8.28

## TABLE DROP

MAJOR STRIP SEGMENTS	2019 (M)	2018 (M)	(%) CHANGE
Blackjack	\$505.814	\$505.567	+0.05
Baccarat	\$629.538	\$740.506	-14.99
Total Games	\$1.759 bn	\$1.869bn	-5.92

## RACEBOOK AND SPORTS POOL

MAJOR STRIP SEGMENTS	REVENUE (M)	(%) CHANGE	(%) WIN 2019	(%) WIN 2018
NEVADA				
Racebook	\$3.029	-4.72	15.68	15.70
Football	-\$0.182	-143.54	-8.06	21.08
Basketball	-\$2.092	N/A	-12.99	-26.29
Baseball	\$8.601	+127.60	4.92	2.18
<b>Sportsbook Total</b>	<b>\$10.534</b>	<b>+159.39</b>	<b>4.47</b>	<b>1.66</b>
CLARK COUNTY				
Racebook	\$2.593	-5.74	15.69	15.71
<b>Sportsbook Total</b>	<b>\$10.150</b>	<b>+208.51</b>	<b>4.66</b>	<b>1.44</b>



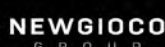
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## GUEST COLUMNIST



**STUART GODFREE**  
MANAGING DIRECTOR,  
MKODO

*Godfree discusses the differences between gambling apps and fixed-odds betting terminals*

Over the last few months, both William Hill and GVC Holdings have announced plans to cut about a third of their betting shops in the UK. This is the result of the long-awaited legislation reducing the maximum stake permitted on fixed-odds betting terminals (FOBTs) from £100 (\$122.12) to £2.

The last few years have been a testing time for the UK gambling industry, which has been under severe scrutiny and pressure to act more responsibly to protect the consumer. The new legislation around FOBTs is a result of this.

However, the industry still does not seem to have learned from its earlier failings or listened to calls from the government to clean up its act. Only days after the new rules entered into force, a few operators launched new virtual roulette-style products in an attempt to circumvent the loss of revenue from FOBT restrictions.

To say this action would antagonise the regulator is an understatement, and ultimately, this type of action will further alienate the industry. The Gambling Commission's response to issue a warning and threaten fines was entirely expected.

The gambling industry is coming under fire not only for its online business and the FOBTs, but also its mobile services. A recent study suggested smartphone gambling apps are more dangerous for problem gamblers than high-street terminals as they are "just a tap away."

The study, published in the academic journal *European Addiction Research*, suggested smartphone gambling could be more problematic for people psychologically predisposed to addiction, given betting games can be accessed anywhere in the UK with an internet connection. In my view, having several years of experience developing apps and mobile products for the betting, gaming and lottery sectors, I would have to disagree.

I will explain why. Among other things, the study concluded "there are almost no legal restrictions on smartphone gambling because the companies themselves are often based in other jurisdictions." This is untrue. All remote gaming is regulated by the Gambling Commission. Whether an operator is offshore or not is

entirely irrelevant. If the service is accessible to UK residents, within the UK, the operator must hold a Gambling Commission license.

All sites must also conform to the Licence Conditions and Codes of Practice (LCCP), which set thresholds on play time and deposits, as well as strict rules on money laundering. Although anti-money laundering (AML) rules apply to betting shops as well, due diligence is harder, as players are not registered and funds are more difficult to track due to retail transactions being more cash-based.

All sites must offer access to GamCare – the charity funded by operators to support problem gamblers. All sites use a wallet that must be deposited to and from a registered payment service and the money returned to the same source. Unlike FOBTs that are cash or token only and completely anonymous, online gaming is not and the amount of money a user is spending is trackable.

Operators have a license obligation to support and treat customers fairly and identify problem gamers. With anonymous FOBTs, this is very difficult, if not impossible, which is why in my opinion reasonable stake thresholds should be in place.

Though it can be argued UK gambling rules and regulations have a considerable way to go compared to other jurisdictions, such as Canada, they are going in the right direction. Only recently, the Gambling Commission amended the LCCP to revoke the 72-hour window within which operators have to age-verify customers when they register to open an account.

Previously, customers could deposit funds and gamble with their own money, free bets and bonuses within this window. This requirement has now been tightened to guard against the risk of children playing. This is further proof the Gambling Commission has, and does, undertake a review of all online gambling services and call into question operators regularly.

I suspect more changes to gambling rules and responsible gambling processes will come into play in due course, but already today, we have deposit limits, daily, weekly, monthly play limits, all in an attempt to help people manage their experience and exposure to these services.

Ultimately, even when a FOBT has a 1p stake limit, someone can still spend £1,000 pounds in a day, since there is no ability to restrict an individual's total daily spend. There is online and, by implementing the safeguards available in the digital arena, the industry is on the right track to better protecting its customers.

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