



WEEK 40

FRIDAY 04 OCT 2019

**FLUTTER ENTERTAINMENT
TO ACQUIRE STARS GROUP**

Sponsored by



Reimagine Play

CONTENT / TECHNOLOGY / SOLUTIONS



VISIT US AT G2E 2019!



Sponsored by



THIS WEEK

- **SportPesa out of Kenya**
- **Online firms encouraged to leave Philippines market**
 - **Macau GGR up 0.6%**
 - **Wynn Resorts facing another lawsuit**
- **G2E: Exhibitor Q & As**

GUEST COLUMNIST:

- **Simon Westbury, Director of International Development, Digitain**
- **Martin Wachter, CEO, Golden Race**

WEEK 40

FRIDAY 04 OCT 2019

FLUTTER ENTERTAINMENT TO ACQUIRE STARS GROUP



Flutter Entertainment has reached an agreement to acquire Stars Group, creating a merged entity which would have generated £3.8bn (\$4.66m) in revenue for 2018 on a pro forma basis.

Flutter, owner of gaming brands Paddy Power, Betfair and FanDuel among others, will hold 54.64% of the new company, with Stars Group, owner of Sky Betting & Gaming (SBG), PokerStars and more, taking a 45.36% stake.

The deal is likely to be closely scrutinised by regulators, as the merged firm, worth around £11bn in market capital, would hold a significant share in several markets, including the UK and US.



Reimagine Play

CONTENT / TECHNOLOGY / SOLUTIONS



THIS WEEK IN NUMBERS



¥550bn

Nagasaki's proposed development budget for building an integrated resort (\$3bn)



Flutter's current CEO Peter Jackson will remain the new organisation's CEO, with Stars Group CEO Rafi Ashkenazi becoming COO.

Nine other non-executive directors will join a 14-person board, with five from Flutter, three from Stars Group and Richard Flint, former SBG CEO.

The company will keep the name of Flutter Entertainment and expects pre-tax cost synergies of £140m per year by the end of the third year post-merger.

As part of the deal, Fox Bet (part of Stars Group) will have the right to acquire 18.5% of FanDuel, while Fastball and Boyd Gaming will also receive 12.5% of the increase in Fox Bet's market value under certain conditions.

Flutter's share price rose around 18% to £89.80 on the morning of its announcement.

Despite the size of the deal, RB Capital Co-founder Julian Buhagiar believes the merger will not come as a surprise to many investors.

He has also warned investors to expect a slow transition for a deal that will disrupt the industry for "a good few years to come."

He said: "The estimated savings of £140m per annum are aspirational at best; both companies are already trading at lower-than-expected profit margins, with significant overlap, unless of course, a large round of redundancies is on the cards, as has recently happened for some Stars employees on the Isle of Man and Malta.

"History for gaming mergers of this size has been quite eventful (read turbulent). Witness Bwin/Party, Ladbrokes/Coral and of course Flutter/FanDuel.

INTRODUCING

OPEN GAMING



BREAKTHROUGH ENTERTAINMENT.

WIN TOGETHER.

OPEN TO YOU. TO YOUR PLAYERS.
TO NEXT LEVEL EXPERIENCES FOR ALL.
MORE CHOICE, MORE FLEXIBILITY.

CUT-THROUGH FEATURES
AND CAPTIVATING GAMEPLAY
FOR EVERYONE.

FIND OUT HOW WE
Reimagine Play

VISIT US AT G2E: STAND 1116



GamingArts®

PLAY NOW!

VISIT US AT G2E • BOOTH #4449
OCTOBER 15 - 17

INNOVATIVE SLOTS | BINGO | KENO | PROMO SYSTEMS

www.GamingArts.com

\$952.4m



Nevada's gaming revenue for August, an increase of 4% year-on-year

£11.9m

Smarmets' revenue for 2018, dropping 42% year-on-year (\$14.6m)



£3.2m



Revenue generated at Gaming Realms for H1, a rise of 18% year-on-year (\$3.9m)

"Moreover, assuming local regulatory and legislative approvals take place without any delays, expect a slow transition, which will lead to uncertainties across the spectrum until the merger is finalised; it will take years to achieve the aforementioned synergies."

There will, of course, be numerous benefits to the deal however, particularly in the US.

Through its partnership with Fox Bet, FanDuel will now essentially have free access to an incredible advertising channel, as Fox gradually rolls out odds alongside its sports broadcasts.

Flutter's investor presentation suggests Fox Sports offers more than 100 million viewers for FanDuel to capitalise on.

Any market share Fox Bet seizes after its US launch will now also be subject to less pressure and viewed as an add-on to FanDuel's existing performance. Through FanDuel, Fox Bet will now have access to eight million customers across 41 states, 200,000 of which are sports betting customers (an admittedly low figure at this stage, but one likely to grow if fantasy players increasingly take to sports wagering).

The merger, providing it is efficient and successful, leaves arch FanDuel rival DraftKings in a tougher position within the market.

Should the merger pass all regulatory approvals, it will resonate on a truly global scale. But the US is where the new Flutter Entertainment could really take off.



2

Unibet entered a second US state after launching its Pennsylvania sportsbook

7-13 November

The dates of Responsible Gambling Week 2019, when the Industry Group for Responsible Gambling plans to bring the UK and Irish gambling sector together

SPORTPESA: UNFAIR TAXES WILL DRIVE BUSINESSES IN KENYA UNDERGROUND

SportPesa has halted its operations in Kenya, stating the Kenyan government's new 20% excise tax "creates an over-taxed and unfair operating environment."

A spokesperson for SportPesa told *Gambling Insider* the tax will drive businesses in Kenya underground, as licensed betting companies are left unable to maintain operations in the country.

According to the operator, the Kenyan gambling industry saw Sh200bn (\$1.93bn) in stakes placed last year, while gross gaming revenue (GGR) was 10% of this, at Sh20bn.

The excise tax demands 20% of the total staked figure, which according to SportPesa's calculations would create a tax bill of Sh40bn, double that of actual revenue.

The tax is in addition to the 20% tax on winnings re-introduced last year, a 15% tax on GGR and 35% corporation tax.

The operator believes the recent tax increase to be the result of a "fundamental misunderstanding by the Kenyan treasury of how revenue generation works."

SportPesa said: "For customers, the economic incentive to place bets will be completely removed as the taxes will deprive consumers of their total winnings."

"This will have severe consequences for licensed betting companies, which dutifully pay their taxes and ultimately will lead to a decline in government tax revenue to near zero and will halt all investment in Kenyan sport."

Despite leaving the Kenyan market, SportPesa said its business operations in other markets and global sponsorships will not be impacted.

The operator has a shirt sponsorship deal in place with Everton in the English Premier League, while also sponsoring Formula One's Racing Point team.

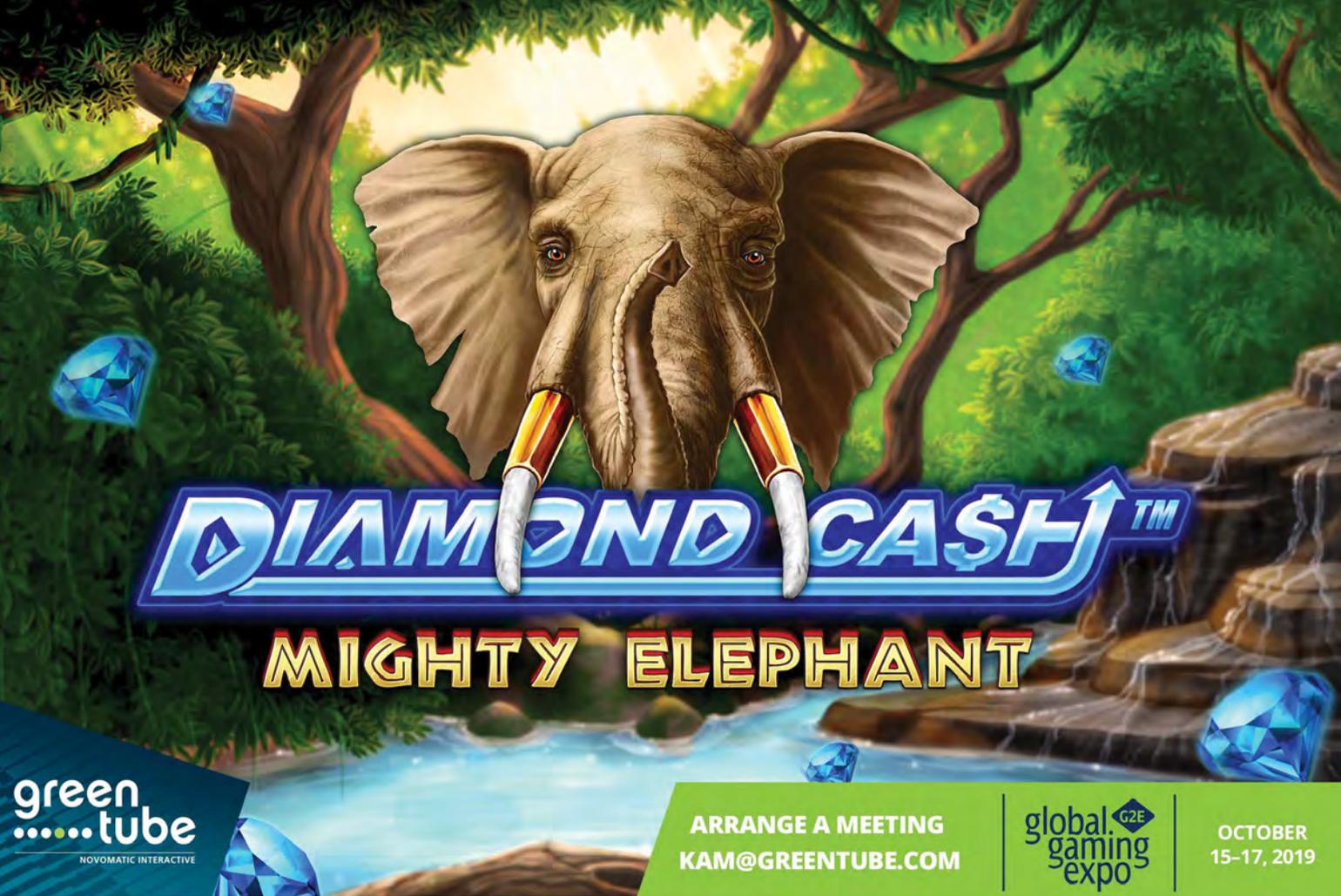
GOLDEN RACE

BEYOND VIRTUALS



GET READY FOR OUR GAMES

Golden Race brings you the most effective all-in-one solution to deliver highly engaging virtual sports 24/7.



DIAMOND CASH™

MIGHTY ELEPHANT

green
...tube
NOVOMATIC INTERACTIVE

ARRANGE A MEETING
KAM@GREENTUBE.COM

global G2E
gaming expo

OCTOBER
15-17, 2019

12



Bet365 will license Colossus Bets' 12 US cash-out patents

THE WEEK IN QUOTES

"It sounds very tempting to come together; who doesn't want to do that? It's not that easy to come together when, for example, 60 to 70 license holders come to one conclusion on extremely important policy issues and one operator, the state operator, comes to a completely opposite conclusion. That wouldn't have been a problem if that operator wasn't of such large proportions."

Gustaf Hoffstedt, Secretary General at Bos.nu, on operators coming together in the Swedish market

PHILIPPINES CENTRAL BANK GOVERNOR: "I'D RATHER ONLINE GAMBLING FIRMS LEAVE"

Philippines Central Bank Governor Benjamin Diokno has said he would rather operators leave his country on a permanent basis.

Diokno acknowledged banning online gambling would have an impact on the economy, but also recognised the risks online gambling can lead to.

He said: "There are some benefits, in terms of if operators pay their taxes, but there are also some risks. I tend to be risk-averse. I'd rather they leave, if I have my way."

Philippine offshore gambling operators draw visitors from China, who both play and work for them.

The Philippine gaming regulator has stopped issuing new licenses to online gambling firms, due to a high number of illegal citizens from China working for the operators.

Diokno said: "The industry contributed only a few billion pesos in tax and had little impact on the real estate, but presented a risk of money laundering."

Cambodia, a regional neighbour to the Philippines, announced it would ban online gambling altogether earlier this year.

Last month, the Chinese Government asked the Philippines to ban all online gambling activity, amid growing concerns of illegal employment.

The Philippine Amusement and Gaming Corporation began reviewing the Philippine Offshore Gaming Operations (POGO).

Allegedly, around 12,000 Chinese citizens have been illegally recruited by POGO to work in casinos.

China has called upon the Philippine Government to punish any firms found to have recruited its nationals illegally.

The Chinese embassy said any form of gambling by Chinese citizens is illegal, whether it is online, overseas or operating casinos overseas to attract citizens of China as primary customers.

Chinese Foreign Ministry spokesperson Geng Shuang said: "We have taken note of the Philippine Government's announcement and appreciate it. We hope the Philippines will go further and ban all online gambling. Offshore gaming is the most dangerous tumour in modern society."

“For me, the GVC [Holdings] thing is actually quite clever. The problem is we live in a world where any kind of clever marketing will be criticised because it promotes gambling. We live in a strange world where you’re trying to grow your business but you’re not allowed to promote it to anyone.”

Conleth Byrne, OnePoint Managing Director, on GVC donating its football sponsorships to charity

“The only people winning here are advertising agencies. Advertising agencies in the UK should be dead; they’ve not pivoted fast enough to consumer needs. The only people that can afford to make expensive television adverts are the betting industry, so the hipsters in Soho still all have jobs.”

Fitzdares CEO William Woodhams on the lack of creativity in UK gambling advertising

MACAU CASINOS END TWO-MONTH DECLINE WITH MARGINAL SEPTEMBER GROWTH

A tumultuous year for Macau casinos continued in September as the gambling hub’s gross gaming revenue (GGR) grew 0.6% year-on-year for the month, to MOP22.08bn (\$2.73bn).

The growth highlights the up-and-down nature of Macau’s year, as it follows a month in which GGR fell 9%, the region’s biggest percentage drop in 27 months.

In accumulated GGR, Macau is still 2% down, although the exact deficit decreased in September.

Despite accumulated GGR being down every month so far this year, there is a distinct possibility Macau’s casino sector finishes the year with positive 12-month growth.

That would require strong Q4 results, which is exactly what was achieved in 2018, particularly with a 17% rise for December.

For 2019 however, September was only the fourth month in the black for the region’s casinos, with July and August both resulting in declines.

Macau’s biggest single-month growth came in June (6%), while its highest individual total came in May (MOP25.95bn).

Despite September’s positive outcome, some observers have continued to predict negative results for October.

Sanford Bernstein analysts have forecast a fall of between 3% and 6% for the month, once again based on lower VIP revenue.

The Sanford Bernstein team said: “With the Golden Week leading off the month, the trend so far is not looking too optimistic based on our recent conversations with industry participants in Macau.

“While hotel bookings are solid, we expect the quality of the customers will be lower (i.e. lower spend per head) this year. Room comps will be high during the period, but likely go to an average lower-spend customer than in 2018.

“Consequently, higher-end play will likely remain tepid during Golden Week and during the whole of October.”



A fully integrated international betting technology company providing an innovative, world-class betting platform (ELYS Game Board by Odissea) for both B2B and B2C leisure gaming operators.

WWW.NEWGIOCOGROUP.COM

The Newgioco brand was founded in Rome in the year 2000 as a sports betting agency.

Over the years, the company has built a successful and flourishing business in the online gaming industry and has become a prominent retail dealer network provider as a result of its strong reputation, expertise, precision and reliability.

Today, Newgioco is one of the fastest growing and technologically advanced Sports Betting, Online Casino and Poker providers in the regulated B2B and B2C gaming space.

Our outstanding know-how in the world of leisure entertainment gives us an extensive advantage in market dynamics and end-user demand, allowing us achieve more and establish ambitious goals. Innovation, customer care, harmonious management and strategic investments are the key to our success.



To learn more about ELYS for your sports book operations write us at: admin@newgiocogroup.com



CREATE AMAZING

THE FUTURE IS "HERE"

ELYS

THE MOST ADVANCED BOOKMAKER SOLUTION.



AWARD-WINNING ONLINE & ON-PROPERTY SPORTSBOOK



THIS WEEK'S WINNERS AND LOSERS

WINNERS

Interwetten - Was named official betting partner of the Greek Super League

Genius Sports - Partnered with the Brazilian Basketball League to launch a new integrity and live data strategy

A Northern Irish Government department - Has launched a public consultation on a new gambling policy

Greentube - Partnered with *Snaitech* to increase its Italian presence

Asian-facing gambling apps - Have been removed by Apple and Google from their stores, after gambling apps disguised as non-gambling products were deemed illegal

LOSERS

LAWSUIT AGAINST WYNN RESORTS DESCRIBES HOSTILE WORK ENVIRONMENT

A lawsuit filed against Wynn Resorts and Steve Wynn claims the workplace at the casino remains hostile for the women who made accusations of sexual harassment against the former CEO.

The lawsuit, filed on behalf of a massage therapist at Wynn Resorts, said executives at the company "mentally abuse" victims by calling them prostitutes.

It alleges the "company continues to outwardly support defendant Wynn through memorandum and its employees."

The lawsuit also claims defendants blame victims for the "discriminatory environment that permeates the workplace," following the original case brought forward against CEO Wynn.

Wynn stepped down as the operator's CEO and Chairman in February 2018 after several claims of misconduct and sexual harassment

were made against him, despite denying the allegations.

In the original lawsuit, the Massachusetts Gaming Commission ordered Wynn Resorts to pay a \$35m fine and said the defendants had shown little interest in preventing similar cases in the future.

A statement from Wynn Resorts said it is committed to a fair, supportive and open work environment, the Las Vegas Review-Journal reports.

It added the company takes prompt action and addresses each and every harassment complaint it receives.

In August, Wynn Resorts posted its H1 trading update, which revealed operating revenue of \$1.66bn for Q2, an increase of 3% year-on-year.

However, net income attributable to the operator for the period was \$94.6m, a drop of 39%.

At Wynn Palace in Macau, the operator generated revenue of \$628.9m, up 1% year-on-year.

LV STRIP RISES

The Las Vegas Strip rose 8.95% year-on-year for August, driving state revenue growth of 4.3%.

The Strip benefited from baccarat, which grew revenue despite a decline in volume. Blackjack soared 29.16% on slightly higher volume, while both blackjack and baccarat benefited from higher hold this year.

Downtown Las Vegas and the Las Vegas locals both declined. Downtown's decline halted a six-month streak of growth.

The Strip is up 5.09% in the third quarter so far, while Downtown is up 2.94% and the locals are down 0.36%.

That Strip growth should bode well for major Strip casino operators like Caesars Entertainment, MGM Resorts, Las Vegas Sands and Wynn Resorts.

August had 10 Fridays and Saturdays this year versus nine last year and had an equal number of Sundays.

MARKET/PROPERTY	REVENUE (M)	% CHANGE
Nevada	\$952.404	+4.30
Las Vegas Strip	\$520.659	+8.95
Clark County	\$791.560	+4.69
Downtown LV	\$45.316	-1.94
North LV	\$19.398	-16.50
Laughlin	\$38.783	+1.50
Boulder Strip	\$54.707	-12.03
Mesquite	\$9.723	+4.80
Balance of County	\$102.975	+3.93
Las Vegas locals market	\$177.079	-4.02
Washoe County	\$86.708	+4.36
Reno	\$64.594	+4.66
Sparks	\$13.396	+10.70
North Lake Tahoe	\$2.682	-17.44
Balance of County	\$6.036	+0.33
South Lake Tahoe	\$23.683	-11.60

MARKET/PROPERTY	REVENUE (M)	% CHANGE
Elko County	\$26.811	+11.46
Wendover	\$18.695	+16.28
Balance of County	\$8.116	+1.74
Carson Valley Area	\$9.874	+2.32
Other areas	\$13.768	+2.62

WHERE SKILL MEETS THRILL

PHONE: 702-366-7304
TOLL FREE: 855-639-8426

**VISIT US AT G2E
BOOTH 1230**

FOLLOW US

WWW.NEXTGAMING.CO

COMPONENTS OF STRIP PERFORMANCE

MAJOR STRIP SEGMENTS	REVENUE (M)	(%) CHANGE	(%) WIN	
			2019	2018
Blackjack	\$72.982	+29.16	15.25	12.22
Baccarat	\$97.570	+5.98	15.18	13.3
Total games	\$261.441	+17.36	15.54	13.36
Slots	\$259.218	+1.60	7.77	8.02

TABLE DROP

MAJOR STRIP SEGMENTS	2019 (M)	2018 (M)	(%) CHANGE
Blackjack	\$478.570	\$462.398	+3.50
Baccarat	\$642.754	\$692.211	-7.14
Total games	\$1.682 bn	\$1.667 bn	+0.89

RACEBOOK AND SPORTS POOL

MAJOR STRIP SEGMENTS	REVENUE (M)	(%) CHANGE	(%) WIN	
			2019	2018
NEVADA				
Racebook	\$3.249	-6.50	15.36	15.67
Football	\$12.656	+110.09	17.50	15.45
Basketball	-\$0.868	N/A	15.48	-15.22
Baseball	\$6.692	-19.20	3.74	4.72
Sportsbook Total	\$18.733	+48.63	6.51	5.09
CLARK COUNTY				
Racebook	\$2.846	-5.26	15.52	15.80
Sportsbook Total	\$16.711	+50.64	6.33	4.81



OUT NOW



Old school knowledge & new world thinking.

www.lightningboxgames.com



the keys when it comes to competing with big companies. Optimising the core product and the ability to provide a scalable and fast solution does make a difference, as well as unbeatable integration timings. Conversely, legacy platforms that use outdated technology and cannot scale their product will lose ground. Modern-day gambling is changing in the blink of an eye, and the technology used by platform providers needs to be adapted.

What are the key attributes platform providers must have to be successful in the modern market?

Succeeding in the modern market is directly related to platform features and a rapid, flexible integration. Operators want to progress as fast as possible while going through the least amount of downtime, as this can cost considerable revenue. This is why integration speed and flexibility are key attributes that are accomplished to our updated code.

For a flourishing partnership, platforms must own a wide array of

certifications and licenses to operate in different markets and the ability to adapt easily to their compliance procedures. Furthermore, platforms must be flexible and adapt to the changes that appear along the way. The online gaming industry is demanding, it changes very often according to the latest advancements in technology.

What new markets are you looking to enter in the coming year?

We're turning our face towards North American and African territories. We are aware of the opportunities in the US, and the first step in penetrating the market is the G2E Las Vegas participation. We are planning to obtain new deals there, and that might happen sooner than we think. Africa is also a quickly-evolving market that we're trying to pierce, given the numerous opportunities we would have there.

What do you see as the next step forward in online gambling?

At the moment, artificial intelligence is perhaps the most promising technology that will implicitly affect online gambling. AI is most likely to provide tangible benefits to the online gaming industry, and that will give us the chance to expand rapidly. AI allows for more control and flexibility, encouraging a speedy integration.

It is definitely a trend to follow closely. Crypto-currency is also worth a shot. We already have a crypto payment service included at the moment, but the trend is still growing and raises many questions, in terms of compliance.

What can you tell us of plans for the rest of the year?

In the fourth quarter of this year, we are planning to expand to Denmark, Italy and Spain. We want to continually increase and expand our reach in regulated markets, and these are key territories for Pragmatic Solutions.

betinvest

71.68

75.82

**FAST
DATA FEED**

**POWERFUL
LOTTERY
SOLUTION**

**FLEXIBLE
ONLINE
PLATFORM**

**BETTING
GENESIS**
YOUR BETTING BUSINESS
STARTS HERE

**RELIABLE
SPORTSBOOK**

**ENTERTAINING
ROULETTE
AND KENO**

**HI-TECH
TERMINALS**

**BETTING
GENESIS**

YOUR BETTING BUSINESS
STARTS HERE

25.95

53
55.77
DISCOVER MORE AT
WWW.BETINVEST.COM
PARTNER@BETINVEST.COM

0.42

**GLOBAL
GAMING
AWARDS
LAS VEGAS
2019**
SHORTLISTED

WE ARE GAME.



playngo.com

BUILDING A LASTING US LEGACY

KAMBI'S US DIRECTOR, **MAX BICHSEL**, DISCUSSES NOT ONLY THE OPPORTUNITIES THE US PRESENTS, BUT THE KEY TO MAKING THE FUTURE A SUCCESS



No one leafing through the pages of a gaming industry magazine will be in need of another reminder about the richness of opportunity the opening up of the US sports betting market presents.

With state-by-state regulation continuing its inexorable spread across the country, suppliers and B2C brands are competing in an intensifying battle for market share.

How to secure and make the most of these opportunities however, remains a topic on everyone's lips.

Column inches and conference tracks have been devoted to the subject by stakeholders from across the industry, and one aspect consistently recognised among the most significant is the successful deployment of a genuinely omni-channel sportsbook.

Delivering an experience to US customers that is unified across all touchpoints is crucial to carving out market share, as sports betting finds its feet across the country, and it goes without saying optimal omni-channel activation is going to be a key differentiator as a multitude of global

and local brands jostle for position in the market.

Eliminating friction

As regulation continues to spread apace and new market entrants make their presence felt in the nascent US marketplace, impeding the customer journey with unnecessary complexity before they can begin betting places an operator at an unmistakable disadvantage.

Ultimately, this feeds back into one of the greatest defining factors for success in modern multimedia entertainment – immediacy and swift user gratification.

The presence of unnecessary friction, be that at the point of registration, bet placement or depositing and withdrawal, runs the risk of turning players off an operator before they have truly begun their customer journey.



Single-customer view

For operators, investing in trusted and proven B2B providers capable of incorporating one account across all channels, providing a 360 degree and actionable view of player activity is going to play a major role in making the most of US sports betting's long-term growth opportunities.

Being able to see how bettors are behaving across all touchpoints will enable greater levels of personalisation to enhance customer loyalty.

With a number of states regulating on a brick-and-mortar-first basis, offering the same depth of markets, quality and breadth of in-play functionality on-property as online, alongside an intuitive presentation across terminals and over-the-counter (OTC) is an important factor in building a meaningful relationship between customer and brand.

There can be no discounting how vital a unified user interface is in driving margins and enhancing lifetime customer value.

One of the most influential tools at an operator's disposal to remove this layer of friction is to offer single-account functionality.

A slick experience with zero bottlenecks is crucial in driving higher customer value.

Removing the pain points that come from needing to manage the likes of multiple accounts, preferences and wallets with

one operator is an important step in achieving that.

Put simply, a sports fan who can, for example, deposit funds into their account via their desktop in the morning, then place a few bets on a kiosk in a casino next door to the stadium before going to a game, and then track their bets on their mobile while enjoying the game, is far more likely to be retained.

ZITRO® CRUSHES IT AT G2E LAS VEGAS



FIND OUT HOW & JOIN US!
BOOTH: 4447
15-17 OCTOBER 2019



3000+
Games

1
Platform

100+
Partners

Unparalleled Marketing Tools · Supplier Agnostic · World-Class Technology

www.bedegaming.com

THE ECONOMICS OF ACCURATE GEOLOCATION TECHNOLOGY FOR ONLINE GAMING

ANNA SAINSBURY, GEOCOMPLY CHAIRMAN AND FOUNDER, EXPLAINS WHY GEOLOCATION TECHNOLOGY IS NECESSARY TO ACHIEVE A STATE'S FULL ONLINE GAMING TRAFFIC POTENTIAL



Geolocation compliance and the technology that enables it is one of the cornerstones of the regulated online gaming industry. With current federal laws, such as the Wire Act and Unlawful Internet Gambling Enforcement Act (UIGEA), the legal and financial consequences of allowing a player to place an online wager outside the boundary of a regulated state is extremely serious, let alone the irreversible damage caused to stakeholder integrity.

State regulators and operators would rather err on the side of caution by blocking a legitimate player who may be on the right side of the border, than to allow an illegitimate player to place a bet who's on the wrong side. Sounds reasonable, right? The amount of "buffer zone" that's required is often part of the state regulations, which the geolocation compliance vendor and operator must adhere to in the implementation of the technology. This buffer zone also takes into account the



FANTINI'S GAMING REPORT

continues to be an **INVALUABLE**
RELIABLE resource for timely
ACCURATE news about
the gaming industry

Mark P. Frissora,
President & CEO Caesars
Entertainment

**Find out why C-Level Gaming Industry Executives
and Investors depend on Fantini's Reports**

Try it **FREE** for a month, email us at
subscriptions@fantiniresearch.com
302-730-3793 www.fantiniresearch.com



accuracy of the geolocation technology being used.

This plays a major role in terms of the amount of buffer zone or the "margin of safety" the regulator builds into its requirements and system specifications. A system with lower accuracy or a lower degree of confidence in the accuracy of the geolocation data will require the regulator to specify a larger "safe zone," and in turn reduce the size of the addressable market.

When a state is considering online gaming, one of the first steps it takes is to complete an economic impact assessment (EIA). This is a common research tool used by state governments and regulatory bodies to understand the market potential of introducing online gaming in their jurisdiction, along with the related risks and policy considerations. Among other factors, an EIA includes potential taxation models, licensing schemes and responsible gaming considerations.

One of the most important aspects of an EIA is market forecasting, which includes the state's population, player demographics, location and behaviours, and contributes to creating a revenue model for the state.

When a state is building its revenue model, it normally assumes it will be able to service 100% of the population of eligible players, regardless of where they are physically located within the state, to maximise the revenue contribution to state coffers from online gaming.

However, in many US states, a large percentage of the population is located very close to the border with another state. A good example is New Jersey. By analysing the actual geolocation validation data from online gaming and sports betting in the state, we see 82% of New Jersey's traffic comes from within 10 miles of the border and more importantly, 44% of traffic is within two miles of the border.

This could effectively shrink the addressable market from a nine million total population to a less than five million total population.

Without employing a "best of breed" geolocation compliance solution, the state would not achieve the revenue targets set out in the EIA.

Implementing a highly-accurate geolocation solution is not only important for compliance with all applicable state and federal laws, it's critically important to helping states reach their full population of eligible players and achieve the planned revenue online gaming can provide.

"The accuracy of the geolocation compliance technology implemented plays a major role in terms of the amount of buffer zone or the 'margin of safety' the regulator builds into its requirements and system specifications"

GUEST COLUMNIST



SIMON WESTBURY
DIRECTOR OF INTERNATIONAL
DEVELOPMENT, DIGITAIN

Westbury explains why CRM is about to have a red-letter day

There's an old lesson in business entrepreneurship which states there are two approaches to a problem: someone else will take care of it, or you can take care of it yourself.

Unfortunately, the first one simply doesn't work – especially if you're looking to take the lead from your rivals.

In the mature sportsbook domain, where homogenised offerings and standardised pricing increasingly dominate the landscape, it's hard to stand out from the crowd.

Trading more sports at a better margin is one avenue to pursue, but the same challenges can keep cropping up in yet another copycat race to the bottom.

CRM is the next key area in which our partners need to succeed. As competition escalates, and customer bases and markets grow larger, it is becoming progressively

important for operators to harvest more information about their customers to maintain and improve their market share and build customer lifetime value.

Needless to say, the online gaming industry has long championed the practice of customer relationship management – starting from the casinos who were first to adopt and effectively implement such practices.

However, with CRM now harnessed to the latest technology and machine-learning techniques, operators can take the customer relationship to a whole new level.

The dials of the operational infrastructure must be correctly set, of course, before you can really get up and running. But granted a successful framework, CRM will become the key point of differentiation for driving sportsbook revenue.

As I mentioned, casinos were at the vanguard of realising the enormous value of truly detailed customer information and using this information in managing their customer relationships for a better understanding of behaviour.

In fact, almost every casino's information system has already been corralling data on player statistics for several years: such as average bet, duration of play and win/loss record.



LEAD PARTNER

BETCONSTRUCT

WE ARE PROUD TO WELCOME KPMG ISLE OF MAN AS OFFICIAL
ADJUDICATOR FOR THE SIXTH YEAR IN SUCCESSION



CATEGORY SPONSORS



PRESENTATION CEREMONY:
OCTOBER 14 / SANDS EXPO LAS VEGAS 

IN ASSOCIATION WITH



POWERED BY



Employing sophisticated CRM software now serves to centralise data gathering and analytics efforts for an even deeper dive.

Typically, CRM systems are designed to collect customer information across multiple channels and contact points, while also holding the potential to be equipped with customer-facing staff, armed with exhaustive information on customers' personal preferences.

The gains are as palpable as they are abundant: customisation of CS to foster deeper relationships; optimising cross-sell possibilities; refining audience segmentation for better profiling and more focused targeting; tracking the true utility of marketing campaigns; fine-tuning marketing and engagement efforts to augment acquisition, retention and hang time.

Ultimately, successfully automating repetitive tasks with the latest tech will improve cost management and inevitably drive profitability, enhancing the overall offering.

In this industry, you need to be able to assimilate new material with speed and flexibility. Therefore, if you possess the tools with which to recognise and serve your customer from the log-in, you're always going to be one step ahead.

Truth is, the best online gaming platforms are doing nothing new compared to other businesses. They're just more sophisticated about it – utilising sources

such as socio-economic databases, loyalty cards, or the cross-matching of credit cards with other files.

The true power of CRM systems lies in their potential to mitigate risk of failure by leveraging the full potential of their data wealth; this is stored and consolidated in a structured manner and yields comprehensive insights into player preferences and needs in a succinct and useable manner.

Implementing a CRM solution requires thorough planning and careful execution, so it pays to have the support of an experienced team that can assist in the process of setting up, tailoring and maximising CRM capabilities.

At the end of the day, it's so crucial for online gaming businesses to fully understand the value of customers over time.

Even though technology will play a pivotal role, the overall focus must be on the business practice and performance.

In short then, although you need top-level support for CRM implementation, the future success of CRM will on some significant level still rely on the combined ability of the employees that use it on a daily basis, ensuring customers are properly catered for.

CRM systems are helping gaming companies change the way they work, as they naturally evolve their focus from serving the general public to catering to single customers. Let's worry less about margin and more about management.



FREE
READ ONLINE
GAMINGAMERICA.COM



GUEST COLUMNIST



MARTIN WACHTER
CEO & FOUNDER,
GOLDEN RACE

Wachter discusses how to recreate the European success of virtual sports in North America

When we started offering virtual sports in Europe in 2006, the situation was in some ways very similar to the one we are seeing right now in the US. At the time, operators and players did not know much about virtual products. It was very difficult to explain to clients what it meant to have pre-recorded sports in their betting shops.

Eventually, clients decided to give it a try. They started to offer virtual sports events at their betting shops to fill downtime in between real racing and other live events, seeing it as an opportunity to cover some of their fixed costs. Because basing their business only on real sportsbooks was a risk, virtual sports started to offer a safer way to keep their shops open and make better use of their resources.

In a few years, virtual sports became more and more popular. Players learned to trust the games, understanding they are highly reliable. They also found the possibility of betting every few minutes in short events was extremely exciting and engaging.

Today, when we look at established markets, there is no doubt the presence of virtuals at betting shops increases traffic. In the European market, we are facing situations where, depending on the quality of the product, 15% to 20% of the monthly profits generated at a betting shop are driven by virtual sports. In other regions, like Latin America and Africa, these percentages are even higher.

Facing the new opportunities presented by the US market, we can clearly see that, if virtual sports are introduced and offered correctly, their prospects of growth are enormous.

THE PATH FOR VIRTUAL SPORTS IN THE US MARKET

I find the experience gained establishing virtual sports in Europe when they were completely unknown, and the work done by the industry in studying player behaviour and needs, can help us define the most successful path to enter the US market.

First of all, clients have to go on a process to understand how the product works and learn the best ways to present them to players.

I recommend operators think of the example of petrol stations: at the beginning, petrol stations were only selling one product, but after a while, they understood; they already had the people in the shop, so they had to find other ways to make people happy while they were at the station.

For that reason, they started to sell food and drink and many other products; they enhanced their portfolio for the clients, so they would return more often. In this sense, betting shops already have a sportsbook-driven base of customers. What could be better for them than to offer products very similar to real sports betting to increase traffic?

On the other hand, providers have to focus on delivering a complete service for their partners, working together with them to understand the specifics of each market and giving them the full support they need to introduce these engaging new products.

At Golden Race, we always knew that to enter a new market successfully, we had to spend time there first and learn how to adapt the games to a simple mode new players could understand.

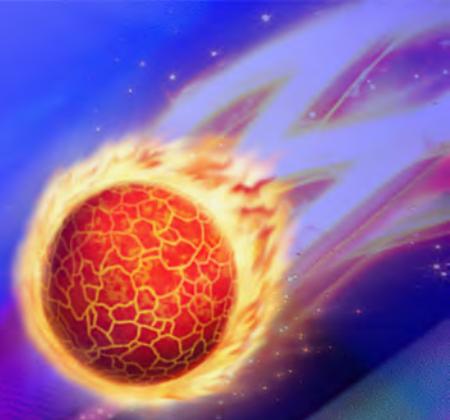
In the case of the US, it is unthinkable to go with a game that has been established for years in Europe and think players will understand it from the beginning. The offer has to be tailor-made for the US market. Suppliers have to find the right games US players like, while also considering the different tastes according to the state they are providing for.

In my view, it will take another year or two to establish virtual sports as a solid business in the US; but after this initial process, as it has happened around the world, virtual sports will become a huge success in the US.

“I recommend operators think of the example of petrol stations: at the beginning, petrol stations were only selling one product, but after a while, they understood; they already had the people in the shop, so they had to find other ways to make people happy while they were at the station”

SEP/OCT ISSUE OUT NOW
Click **HERE** to view





Reimagine Play

CONTENT / TECHNOLOGY / SOLUTIONS

At Scientific Games, we are
REIMAGINING PLAY.

Through artistry and science, we are committed to innovating and creating unique gaming experiences for our players and partners, who are at the heart of everything we do.



VISIT US AT G2E 2019!

ScientificGames.com

The look and feel of the games and their individual components and displays are trade dress of Scientific Games Corp. and its Subsidiaries. TM and © 2019 Scientific Games Corp. and its Subsidiaries. All rights reserved.