



WEEK 09

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PARLIAMENTARY DISCUSSION GROUP DISCUSSES UNDERAGE GAMBLING ISSUES

THIS WEEK

- **Caesars partners with DraftKings**
- **MGM Resorts to advertise on MLB patches in Japan**
- **Yggdrasil CEO speaks exclusively to GI**
- **Delaware sports betting numbers down for January**

GUEST COLUMNIST:

- **Chris Thomas, Managing Director EMEA, Emailage**



Gathering in parliament upon invitation from the All-Party Betting & Gaming Group, operators, charities and regulators quickly found common ground when answering: Are children really gambling?

On the panel was Ben Haden, Programme Director for Insight at the Gambling Commission, Richard Flint, Executive Chairman at Sky Betting & Gaming, David Williams, Director of Public Affairs at Rank Group, and Lee Willows, CEO of the Young Gamblers Education Trust (YGam).



THE NEXT GENERATION BOOKMAKER SOLUTION

THIS WEEK IN NUMBERS



GVC and Playtech have formed a long-term partnership that will run for six years

2018 revenue for Gambling.com (\$18.6m), a 63% increase from 2017



€16.2M



The minimum age Minister for Sport and Civil Society, Mims Davies, wants to introduce for purchasing scratchcards in Britain



Fine issued to Wynn Resorts by Nevada regulators following its failure to report sexual misconduct allegations against Steve Wynn

\$20M

Executives have been nominated to join the Catena Media board: Fortuna Entertainment Group CEO Per Widerström and ICA-handlarnas Förbund CFO Göran Blomberg

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All four kicked off by agreeing underage gambling does exist within the UK but also focused on the selective interpretation of facts by mainstream media.

Haden began by listing statistics from beyond the industry to get an understanding of what children are doing with their time. According to his figures, 83% of children own a smartphone, 77% of children play games 12 hours a week and only 40% of children do an average of more than one hour's weekly exercise.

He went on to recite more statistics from the Gambling Commission's findings, which were echoed by the other panellists throughout the seminar. Williams then examined the misrepresentation of facts, referencing an Advertising Standards Authority review from February which brought mixed headlines from different publications.

He said: "What are we left with? Confusion? Yes. Impatience? Yes – and ultimately quite a muddled picture where we run the risk of eclipsing an important opportunity for the industry to sharpen its act and practices; in doing so, we could accelerate the process of regaining trust and balancing this debate."

Flint looked back to 2018, when the Daily Mail was handed an advance copy of the Gambling Commission's report and was selective in its use of data. He said: "Waking up to negative headlines is something executives in the gaming sector have regrettably become used to in recent years and the headlines of 21 November were particularly troubling.

"The number of problem gamblers quadrupled in two years, said the BBC. Half a million children gamble every week, said the Telegraph. The Daily Mail reported there is a child gambling epidemic with worrying figures, reading that 55,000 under-17s have a problem with another 70,000 at risk, as experts blame exposure from TV adverts."

Keen to offer a solution, Flint pointed to education. He wants to see gambling handled similarly to alcohol and drugs; not just at school, but at home with parents.

On each desk in the room was a brochure from YGam, detailing its educational approach. Willows guided the audience through it and explained his belief that it is essential to embed lessons on gambling into school curriculums. He said: "The YGam programme is made up of 120 lessons, so it's quite a practical activity. They are framed around six areas of our curriculum: Why people gamble; probability and luck; the gambling industry; money and debt; addiction and mental health; and social gaming."

Part of the danger, Willows says, is the blurring of lines between games and gambling. More and more computer/video games contain gambling elements and Willows feels both teachers and parents need to be aware of this.

With these lessons, Willows believes young people can be empowered to make an educated decision on gambling. Rather than turning 18 and walking blindly into a new world, they would already possess an awareness of the potential outcomes, both positive and negative.

The Commission's decision to give the Daily Mail an early look into its report took up a sizeable chunk of the Q & A period, with Chair Philip Davies MP saying very few people would choose to hand a dossier of complex data to the publication. He said: "You must have known how the Daily Mail would use it."

The questions then moved away from children in gambling and looked at the industry's responsibilities across a broader spectrum. The panellists once again agreed here and said more needs to be done to modernise methods, protect players, communicate better with politicians and repair the damage already done to gambling's reputation.



Increase in full-year revenue for Boyd Gaming, which reported revenue of \$2.63bn for 2018



The winning margin when North Dakota's House of Representatives voted in favour of legalising sports betting

THE WEEK IN QUOTES

"In this industry, there are a lot of different types of scams. It's not just card fraud or application fraud. Based on my 20 years in the space, if there is one thing I can tell you, it's where there's the money, there are bad people."

Emailage Managing Director EMEA, Chris Thomas, talks to Gambling Insider about fraud challenges

"We are now in the process of talking to a number of cities about hosting races later in 2019 and 2020. We hope to have some of these agreements in place by the end of March."

Peter Phillips, eldest grandson of Queen Elizabeth II, explains his City Racing project

CAESARS PARTNERS WITH DRAFTKINGS; ICAHN WANTS RODIO AS CEO

Caesars Entertainment has proved it is still a shrewd negotiator, by signing a multi-year, multi-state agreement with DraftKings.

The partnership will see Caesars provide DraftKings with market access and, in return, receive an equity stake in the DFS and sports betting operator.

While Caesars is currently undergoing a tumultuous time with its ownership structure and balance sheet, the operator was last week able to report a 3% increase in full-year net revenue to \$8.39bn for 2018.

It has followed up its relatively positive financial year presentation, which defied the expectations of many, by announcing this new partnership.

As part of the deal, DraftKings will gain access to Caesars' portfolio of casinos across 13 states, which includes four that have already launched legal sports wagering. Jason Robins' firm would still need permission from each state's regulator before commencing operations, however.

Mark Frissora, outgoing President and CEO of Caesars, said: "This alliance is the

latest initiative by Caesars to capitalise on our database, generate a new revenue stream in a growth market and raise our profile in sports."

The agreement certainly is testament to Caesars' determination to forge a market-leading reputation within sports betting, especially when the future of its boardroom remains so uncertain.

Last week, billionaire Carl Icahn confirmed the purchase of a 9.8% stake in Caesars, requesting a seat on the board and a hand in selecting the operator's new CEO. The Caesars board has so far responded amicably, being willing to consider the activist investor's primary choice to replace Frissora – due to leave the role in April.

That choice is Affinity Gaming CEO Anthony Rodio, previously CEO of Tropicana Entertainment and previously owned by Icahn.

Rodio has only been in charge of Affinity Gaming since October. In the world of casino-investing billionaires, it remains to be seen whether this is genuinely a barrier.

MLB TEAMS TO WEAR MGM RESORTS PATCHES IN JAPAN

MLB teams will wear patches on their uniforms promoting MGM Resorts International during the league's opening series in Japan in March.

US baseball teams are only allowed to advertise during international games, with a similar practice occurring the last time MLB opened in Japan in 2012.

Advertisement of MGM Resorts is rather more significant however, as it demonstrates the stark contrast in approach between the MLB now and in the not-too-distant past.

Why is this deal significant?

Far from just a simple gesture, MGM Resorts' placement on baseball jerseys solidifies its position as the title sponsor of the league.

Now that casino gambling (but not sports betting) is legal within Japan, the advertisement is also historic from a Japanese perspective.

In January, reports in Asia suggested the Japanese government will limit gambling adverts to international air and seaport terminals. MLB though, has clearly been seen as a marketing opportunity not to be missed.

MGM Resorts' Japanese push

The MLB deal is consistent with MGM's plans for Japanese expansion. In early January, former Nevada Governor Brian Sandoval joined the operator as President of Global Gaming Development.

No secret was made of his new role focusing mainly on Japan, especially in light of the country's passing of the Integrated Resort Implementation Act in July 2018. At the time of his appointment, Sandoval said: "[Chairman and CEO] Jim [Murren] has formed critical relationships in Japan and in sports and I look forward to building upon this strong foundation."

As well as wearing MGM Resorts patches, the operator's marks will be on the official logo for the series and it will be heavily involved in fan festivals. Whether this is the work of Sandoval or others, someone will be receiving a huge pat on the back for an advertising deal well negotiated.

In other MGM Resorts news, CFO Dan D'Arrigo has resigned from his position as the company looks to cut costs. COO Corey Sanders will succeed D'Arrigo and Bill Hornbuckle's role as President will extend to include that of COO.

“There has always been high interest in Ganapati games since they stand out from the crowd thanks to their unique style. Most of our games feature an element of Japanese culture, which tends to get them noticed. We are known for producing content that is surprising.”

Creative Director of Ganapati, Rasmus Gross, discusses game design with Gambling Insider

THIS WEEK'S WINNERS AND LOSERS

WINNERS

LeoVegas-owned Pixel Digital Ltd has been issued with a five-year gambling license by the Swedish Gambling Authority

Golden Nugget's Atlantic City online sportsbook is now live and available on mobile devices

Churchill Downs' proposed deal to become the majority owner in Rivers Casino in Des Plaines has taken a step closer to completion

GambleAware has launched its latest campaign to help those who suffer from gambling addiction in Great Britain

1xBet was fined €400,000 (\$454,000) by Dutch gaming regulator, the Kansspelautoriteit (KSA), for operating in the Netherlands without a license

LOSERS

YGGDRASIL ON HEADCOUNT, EXPANSION AND AIMS FOR 2019

Gambling Insider caught up with Yggdrasil CEO Fredrik Elmqvist and Head of Studio Partnerships Stuart McCarthy at ICE London, discussing YGS Masters, European expansion and industry challenges.

How successful has ICE London been for you this year and what industry talking points have stood out?

SM: It's been extraordinarily busy. A lot of great opportunities have presented themselves and we've seen a lot of great studios.

We're always going to talk. We're very keen to talk partnerships; we're very keen to talk about the YGS Masters programme and opportunities that can evolve our business into a global publishing house. We're very deep into some of these conversations.

What are your major aims for 2019?

SM: 2019 is all about growing Masters and taking it into a much stronger pipeline. That's our core mission and where we see huge growth. The operator feedback we've received so far has been great, with operators happy to take a ton of these games.

FE: We're looking to expand in the European space. We're currently looking at expanding further within the UK. By the end of this year, I would say we will have a lot more distribution within that market.

What are the biggest industry-wide challenges you'll face in 2019?

SM: For me, it's about finding the right partners to bring on board; that takes a lot of effort. Naturally, regulation always provides challenges and has the potential to derail a business if it doesn't prepare in the right way. Finding the right people and growing the business are crucial.

FE: We grew a lot in headcount in 2018. The reason we grew a lot is because we want to launch games in regulated markets, having longer roadmaps and more extensive games. We have to be ready for regulated markets continually and that costs headcount. We have that; the ones who don't have that headcount will struggle to get content out. This is one of the challenges we'll see in 2019 and 2020.

DELAWARE SPORTS BETTING NUMBERS DOWN FOR JANUARY

Delaware sports betting revenue fell 36% from its total in December 2018 to \$1.6m in January 2019, with the amount wagered falling \$4.1m (25%).

As always, wagering was spread across three venues: Delaware Park, Dover Downs and Harrington. In December, Delaware Park took \$10.7m in sports wagers, while Dover Downs accepted \$3.1m and Harrington Raceway took \$2.1m in bets.

By comparison, Delaware Park took \$8.1m in sports wagers in January, with Dover Downs taking \$2.1m in bets and Harrington Raceway accepting \$1.6m. In December, there were 352,037 wagers placed, while 227,328 wagers were placed in January.

Looking closer at January, \$10.2m was won back by customers; the resulting \$1.6m in generated revenue was a \$900,000 fall in comparison to the previous month. Since sports wagering was legalised within the state, Delaware Park has accepted \$98.9m in wagers and the three tracks combined have generated revenue of \$11.8m.

Next month's figures are likely to show a significant increase, with the Super Bowl taking place on 3 February. The fact it was the lowest-scoring final in history may well play into sportsbooks' hands.

In contrast to sports wagering however, Delaware saw \$7.4m in online gaming handle during January, generating \$279,000 in revenue.

The figures show a considerable year-on-year increase from January 2018, when a total of \$4.5m was wagered, leading to revenue of \$177,000. This represented a 64% rise in bets placed and a 57% rise in revenue.

Of total digital betting, \$3.8m was wagered on table games, while \$3.6m was bet on Delaware's video lottery. Net revenue for poker was \$22,000. Location wise, the largest share of handle (\$3.2m) came from Dover Downs, while Delaware Park saw \$2.8m played.

At Harrington, \$1.4m was wagered, while there was a total of 578 new registrations in January across the three locations.

LA RISES

Louisiana gaming revenue rose 2.49% in January, after last year's results were hurt by record-low freezing temperatures in Baton Rouge and New Orleans.

Despite last year's freezing temperatures, Baton Rouge casinos still fell due to the city's smoking ban. Casinos outside Baton Rouge rose 4.21%.

Caesars Entertainment led all operators, in terms of combined revenue growth, led by Harrah's New Orleans' 11.46% growth.

Slot routes and slots at truck stops also had a strong month, with 11.01% growth.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
SHREVEPORT/BOSSIER CITY		
Margaritaville (Penn)	\$12.226	+10.50
Boomtown (Penn)	\$4.121	+10.31
Horseshoe (CZR)	\$12.816	+6.53
Louisiana Downs (CZR)	\$3.397	+3.85
Sam's Town (BYD)	\$5.265	+2.73
Eldorado (ERI)	\$8.169	-2.43
DiamondJacks (Legends)	\$2.558	-11.95
SP/BC Total	\$48.553	+4.40

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
LAKE CHARLES/VINTON		
L'Auberge (Penn)	\$24.084	+5.96
Delta Downs (BYD)	\$14.455	+3.52
Isle of Capri (ERI)	\$7.553	-10.61
Golden Nugget	\$21.747	-12.02
LC/Vinton Total	\$67.840	-2.89
NEW ORLEANS		
Harrah's (CZR)	\$22.788	+11.46
Boomtown (Penn)	\$9.365	+6.54
Fair Grounds (CHDN)	\$3.617	+4.86
Treasure Chest (BYD)	\$8.290	+1.82
NOLA Total	\$44.060	+7.92
BATON ROUGE/CENTRAL LA		
Evangeline Downs (BYD)	\$6.418	+9.82
Hollywood (GLPI)	\$4.419	-0.55
L'Auberge (Penn)	\$10.565	-12.66
Belle (ERI)	\$2.435	-38.84
BR/C.LA Total	\$23.836	-9.59
Amelia Belle (BYD)	\$3.393	+4.81
Routes, Truck Stops, OTBs	\$49.157	+11.01
State total	\$236.839	+2.49



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GUEST COLUMNIST



CHRIS THOMAS

MANAGING DIRECTOR
EMEA, EMAILAGE

The online gaming industry has grown rapidly in recent years – with Newzoo projecting global revenue of \$137.9bn for 2018, a 13% increase from the year before. Sadly, this success has its

ramifications, particularly when it comes to

the fraud rates experienced by operators. According to a CasExe 2017 study of 50 gaming operators in the CIS and Europe regions, 94% of businesses have regular fraud issues that need tackling.

It seems these fraud challenges are also entering the public consciousness. In a survey conducted by the Gambling Commission, 41% of the general public associate gambling with criminal activity. In fact, theft and fraud are the crimes most associated with gambling.

Regulation causing business headaches

With this in mind, it's no surprise stringent regulations have been put in place in the UK and around the world to mitigate the issue.

In the UK for example, the Proceeds of Crime Act 2002 (POCA) requires gaming operators to take steps to identify and prevent financial crime on their online platforms, including both money laundering and payment fraud.

This means putting in place processes to verify and authenticate the identity of the customer trying to log in or make transactions.

However, such steps can create friction in the customer experience. Setting up an account – entering your name, email address and phone number – might only take a few seconds, but the identity verification required to allow a customer to withdraw or deposit funds can take 48 hours or longer.

Having to wait so long to be able to play, or even receive winnings can understandably be frustrating for customers. It can lead to dissatisfaction with the gaming platform, abandoned transactions and accounts, and customers taking their funds elsewhere. This potential risk of lost revenue for operators carries great implications for the future of their business.

Tackling the problem

Taking this into account, it is clear gaming operators need to find solutions to help them achieve the ideal balance between optimum customer identity verification and a smooth, seamless customer experience.

But how can they reach this goal? One solution gaining traction among operators is the use of customer email address data to confirm identity.

The email address isn't just for marketing and sales initiatives anymore. It is a data rich and unique global identifier. It's also a reliable data point – especially given all gaming sites require valid email addresses to set up or log in to a digital account.

A total of 91% of email users keep the same email address for at least three years and 51% keep the same address for over 10 years.

This represents a vast amount of metadata that can be analysed and put to use in the fight against online fraud.

Email risk assessment solutions can harness multiple data points to separate fraudsters from genuine customers. They do this by checking those data points across a network of digital merchants and email history to assign a risk score. Creating this effective zero-friction first layer of fraud prevention allows digital gaming operators to boost conversion rates and reduce fraud quickly. This all comes without the need for other complex and costly verification steps.

Time to take action

Customer authentication is a complex part of the online gaming ecosystem. Identity verification can take a large amount of man hours to process and verify using third parties or in-house solutions. Nevertheless, it is necessary not just to ensure regulatory compliance, but to protect your business and customers too.

By working with experts to implement innovative new solutions, like email risk assessment, operators can stop fraudsters at the gate, without creating additional friction in the log-in process for genuine customers.

This way, operators can achieve a truly frictionless customer authentication experience, benefiting their players and their businesses in the long term.

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