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THIS WEEK

- Las Vegas' road to recovery
- Macau to thrive by H1 2021
- Bet365 ends telebetting service
- New Zealand casinos now restriction-free

POKER SPECIAL:

- Jamie Harvey, Winning Poker Network
- Dmitry Starostenkov, CEO, EvenBet Gaming

WEEK 24

FRIDAY 12 JUN 2020

SWEDEN ROUND-UP: OPERATORS AND EGBA OPPOSE GAMBLING RESTRICTION PLANS



A number of Swedish operators have published a joint statement in opposition to the Swedish Government's plans to impose gambling restrictions amid the COVID-19 pandemic.

The measures, which are now due to come into force in July, include mandatory deposit limits of SEK 5,000 (\$544.38) per week for gaming accounts, mandatory



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THIS WEEK IN NUMBERS



140%

Increase in Australian online gambling during the pandemic, according to a regulatory body in Queensland

15 June

The planned date to reopen a number of betting shops in England, including those owned by Betfred, Paddy Power and GVC



28%

Target increase in Denmark's gaming revenue tax from 20% by 2021, over which the EGBA has raised concerns

600+



Gambling halls closed in the "fight" against gambling addiction, according to a new Bulgarian bill being floated



£1m

Amount sports sponsorship firm Winlink is suing Liverpool Football Club for owed commission from its BetVictor deal (\$1.26m)

time limits for online casino games and vending machines, and a max bonus offer limit of SEK 100.

Pontus Lindwall, CEO of Betsson, and Ulrik Bengtsson, Group CEO of William Hill, were both among nine executives who supported the statement, which was published on the Branschföreningen för Onlinespel (BOS) website.

The web post described the proposals as "unrealistic", arguing that they "play into the hands of the unlicensed market".

BOS has even suggested a selection of alternative "fact-based measures", which it advised would "improve consumer protections without damaging the important channelisation".

These measures included the expansion of licensing requirements for suppliers, the utilisation of data from gambling operators, and an extension to the Swedish Gambling Authority's mandate.

Henrik Tjärnström, CEO of Kindred Group, also joined the list of executives in opposition after the operator published its own personal condemnation of the measures last month.

Gambling Insider spoke with Alexander Westrell, global head of communication at Kindred, to ask about the operator's own experiences of problem gambling during the pandemic and its reaction to the potential regulatory action.

Asked for his main thoughts on the introduction of stricter safer gambling measures, Westrell explained that the main issue was its impact on channelisation levels.

He said: "We are extremely concerned that the regulated Swedish gambling market continues to shrink, a trend confirmed by both the Swedish Agency for Public Management and in the report on channelisation from research firm Copenhagen Economics. This is a negative development for customers, for the licensed gambling companies and for society as a whole."

Westrell argued that instead of witnessing any increase in problem gambling as a result of the pandemic, the operator had actually seen the number of detections on its monitoring system PS-EDS fall 35% between March and April.

The European Gaming and Betting Association (EGBA) has also published a statement arguing that introducing temporary regulatory measures during the COVID-19 pandemic could increase the popularity of illegal sites.

In the statement featured on the EGBA website, Maarten Haijer, its secretary general, said that, although he understands the good intentions behind such measures, "the majority of restrictions introduced are not evidence-based."

In contrast to pre-COVID concerns, EGBA found that data during the pandemic has shown a significant decline in online gambling during lockdowns.

In Belgium there's been a 38% decline in traffic to licensed gambling sites; in Denmark there's been a 60% drop; and in Sweden there's been a 6% fall.

Haijer concluded: "One-size-fits-all restrictions, like advertising restrictions or blanket deposit limits, are not sufficiently targeted to address those customers who actually need help, but rather will jeopardise their consumer protection by making unlicensed websites more attractive to them, compared to licensed ones."

"We must remember that gambling is human behaviour; consumers will always make their own choices and effective regulation needs to be based on what works well, not what makes good headlines."

GI Verdict: Opposition to these proposed measures has come from all areas of the industry, as have suggestions that the negative impact of lockdowns on gambling behaviour may have been overstated – an opinion even shared by some regulators.

Speaking at a digital summit in April, Yanica Sant, head of EU affairs and policy at the Malta Gaming Authority, said the data the regulator had received did not show as "drastic" a change in player behaviour as was expected during the pandemic.

Sant also commended the behaviour of operators, the majority of which she insisted "had been very responsible".

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€435m

Gaming revenue generated in France for Q1 2020, an increase of 22% year-on-year (\$491.9m)



-73%

Korea Leisure's year-on-year drop in sales for the month of May, as a result of the COVID-19 pandemic

€76.9m



Intralot's gross gaming revenue for Q1 2020, a drop of 30% year-on-year (\$87.3m)

LAS VEGAS STRIP REOPENS BUT MOODY'S SENIOR ANALYST WARNS OF LONG ROAD AHEAD

Adam McLaren, VP, senior analyst at Moody's Investor Service, expects Las Vegas operators to see a "pretty significant" decline in the next couple of quarters.

The Las Vegas Strip celebrated its reopening last week, having been closed for 78 days due to the coronavirus pandemic, and "hundreds" were reported to have queued to enter The D Las Vegas.

Wynn Resorts, MGM Resorts International and Caesars Entertainment all opened casinos on the Strip as a sense of normality began to return to Nevada.

But with Moody's, the bond credit rating agency, already projecting a tough recovery for the gaming sector, *Gambling Insider* caught up with the company's senior analyst to delve into the short-term impact on firms coming out of the COVID-19 pandemic.

McLaren told *Gambling Insider*: "What we've tried to lay out is, clearly in the next 12 months, we think it's still going to have results significantly

below 2019 – which is the baseline of a normalised year.

"There will be a pretty significant decline in the next couple of quarters. The recovery is taking effect; half of US casinos are reopened as of today.

"But our view is, at least right now, there's a lot of uncertainty over the health of consumers, consideration to social distancing and unemployment."

McLaren, however, does have more hope for 2021. With Moody's projecting EBITDA levels falling 70% for 2020, the analyst sees this number only falling 30% below 2019 levels in 2021.

"In 2021, we're looking at potentially 30% below 2019 levels. That's a pretty good indication providing there is no second wave of the virus," he explained.

"It's a significant improvement from an unprecedented operating environment.

"If companies are 30% down from 2019, you have to consider 2019 was a pretty strong year. So there will be recovery – it will just take a bit longer."



THE WEEK IN QUOTES

"I am comfortable saying that the vast majority of operators acted in a responsible manner, and were apprehensive of the naturally increased risk brought about by the pandemic. The imposed social isolation obligations resulted in a situation that was likely to have a toll on the mental well-being of some players. A number of operators engaged in responsible gaming campaigns and introduced new playing restrictions, and increased responsible gaming supervision."

Yanica Sant, head of EU affairs and policy at the Malta Gaming Authority, speaks with Gambling Insider about licensee behaviour throughout the coronavirus pandemic

ANALYSTS EXPECT MACAU TO POTENTIALLY RECOVER FROM REVENUE LOSSES BY Q1 2021

Analysts have projected a return to strength for gaming in Macau, despite the significant impact of the coronavirus pandemic.

May gross gaming revenue (GGR) for Macau dropped 93% year-on-year to MOP \$1.76bn (\$221.7m), after April's GGR fell by 97%. Year-to-date GGR has fallen 74% from 2019, down to MOP \$33bn.

However, consultant Kevin Clayton, a former Galaxy Entertainment Group CMO, believes casinos in Macau can return to 2019 levels of GGR in Q2 2021, although that's dependent on external factors.

Clayton said during an ICE Asia Digital panel: "Gaming levels should return to 2019 levels by Q2 next year. But we don't know when borders will open."

"If Greater China opened up its borders to Macau, this would have a huge impact."

Fellow panellist Vitaly Umansky, senior research analyst, global gaming, at Sandford C. Bernstein, added: "There's a lot of uncertainty over liquidity but the second half of next year should be fairly robust, on the back of a strong recovering economy."

"So the first quarter of next year, we could be returning to 2019 levels."

Walt Power, CEO of the Ho Tram Project, was equally optimistic about Macau, especially if history is anything to go by.

Power said: "I think someone can look at what's happened here at our casino in Ho Tram Vietnam but also what has happened historically in Macau when it has faced challenges."

"I was in Macau when SARS hit in 2003. Months later the casinos were filled back up again. Then again when smoking was taken out of casinos, there was doom and gloom. People thought it would harm gambling drastically but it didn't – Macau kept marching."

GI Verdict: It has been a tumultuous period for gaming in Macau, with the COVID-19 pandemic wrecking 2020 revenue. Macau's recovery is, of course, heavily dependent on travel restrictions.

But the pent-up demand means as soon as tourists are able to, they'll be flocking to Macau's casinos in droves.



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"Despite the Indian gaming industry being a very prohibitive regime, there is a very keen interest from international operators offering remote gaming services. I definitely see increasing interest from foreign operators in the market, but the one thing that is a deterrent is stability in the policy decisions of India. But during COVID, the Indian gaming industry has seen a terrific surge in business."

Speaking at ICE Asia Digital, Ranjana Adhikari, co-head of media entertainment & gaming at Nishith Desai Associates, discusses the effect of the pandemic on Indian gaming

"We have been a reliable partner of sport for 30 years now. We need sport as a business basis and sport has been counting on us as a partner and sponsor for years. With both clubs, TSG and VfL, we want to celebrate success, learn from each other and develop together. We are very happy about the extensions."

Interwetten CEO Dominik Beier on the new company's extension to its sponsorship of German Bundesliga clubs TSG Hoffenheim and VfL Wolfsburg

BET365 ENDS TELEPHONE BETTING SERVICE

Bet365 has ended its telephone betting service due to a lack of demand.

The operator was one of the last to offer telephone betting in the UK, after launching the service back in 2000.

The company said in a statement that the service "had become such a minimal part of our business that it didn't justify the staffing levels".

The affected staff will be transferred to new positions and the remaining bettors who still utilised the teleservice were urged to contact the company, and transfer their accounts and data to Bet365's digital offering.

Telephone betting makes up a very small percentage of revenue even for companies that still maintain the service. GVC Holdings still offers the service but the last time earnings were reported, they amounted to £2.7m out of £662m in total.

The digital service Bet365 offers more than makes up for the loss of telebetting. Marketing researching platform SEMrush reported the operator attracts the highest number of UK punters.

Bet365 reported 20.9 million visits in April from UK customers, with SkyBet coming in second with 16 million. And the company's influence is equally strong worldwide – Bet365 is the most visited site in Brazil, outpacing closest competitor Sportingbet.

GI Verdict: Perhaps the biggest surprise with this news is that Bet365 has taken until 2020 to end the telephone betting service. In a digital age where a lion's share of revenue comes from online betting, you can understand why the teleservice was viewed as outdated and saw a lack of demand.

Although telebetting would be more convenient for the less-digital savvy during the period where betting shops have been closed, with earning potential of the service as low as £2.7m for the likes of GVC, it's not justifiable to keep it running. Especially when you consider Bet365's revenue for the 12 months ending 31 March 2019 was £2.98bn. It's just further proof of the accelerated move from the traditional forms of betting to online.



TAKING STOCK

SHARE PRICES COVER THURSDAY
4 JUNE TO THURSDAY 11 JUNE
(10:30AM BST)

SJM Holdings

9.11 HKD



-2%

Betsson AB

62.90 SEK



-8%

SkyCity Entertainment

2.91 NZD



-1%

Flutter Entertainment

10,740 GBp



-5%

GVC Holdings

752.00 GBp



-9%

SKYCITY CASINOS TO RETURN TO NORMAL AS NEW ZEALAND LIFTS COVID-19 RESTRICTIONS

SkyCity Entertainment Group has announced operations in most of its New Zealand casinos will return to normal after the country lifted the majority of its coronavirus restrictions.

On 8 June, New Zealand Prime Minister Jacinda Ardern revealed the country had moved its alert down to level one, after reporting no active COVID-19 cases.

That means social distancing is no longer required, and no limits on public gatherings. However, borders still remain closed to foreign travellers.

Casino operator SkyCity is now able to return to normal hours in all its casinos within the next few days, except the Wharf in Queenstown, as will most of its restaurants and the Sky Tower.

Social distancing and capacity restrictions will no longer apply, despite being among the measures introduced as SkyCity reopened its casinos in Auckland, Hamilton and Queenstown on 14 May.

SkyCity Entertainment Group CEO Graeme Stephens said: "We are extremely excited to be welcoming all SkyCity

customers back to our precincts.

"It will be fantastic to be busy again and able to have the public enjoy the many different facets of our properties.

"SkyCity remains committed to maintain robust health and safety standards to manage the risks associated with COVID-19, and we will be encouraging customers to maintain contact tracing via the Government's NZ COVID Tracer app."

GI Verdict: The SkyCity casinos in New Zealand are the first major casinos worldwide to return to normal operations. Like the majority of casino operators, SkyCity has been impacted by the COVID-19 pandemic and had to reduce its New Zealand workforce by around 700, along with other cost control measures.

So the fact the operator can resume operations with no restrictions will come as a major relief to the gambling industry in New Zealand. With no new reported COVID-19 cases for more than two weeks and no active cases, it's now virtually business as usual for New Zealand and its gaming space.

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IA SPORTS BETTING GROWS

Iowa sports betting brought in a little over half a million dollars in revenue in May due to a lack of sports to bet on.

However, sports betting still rose 233.31% compared to April as bettors took advantage of additional events to bet on like UFC and NASCAR.

Retail improved slightly but was still negative, while online sports betting revenue soared 222.98%. Online sports betting handle grew 344.8% to \$6.977m as well.

Catfish Bend, where Australia-listed PointsBet operates sports betting, led the biggest jump, while Prairie Meadows, where William Hill operates betting, generated the most revenue.

MARKET/PROPERTY	REVENUE	% CHANGE
Catfish Bend	\$ 19,160	+ 382.92
Prairie Meadows	\$250,708	+ 303.23
Wild Rose - Clinton	\$ 12,178	+ 282.52
Wild Rose - Jefferson	\$ 39,077	+ 246.45
Wild Rose - Emmetsburg	\$ 22,162	+ 242.86
Isle Bettendorf (ERI)	\$ 26,446	+ 206.12
Rhythm City (Elite)	\$ 9,738	+ 200.87
Isle Waterloo (ERI)	\$ 79,518	+ 196.85
Hard Rock	\$ 13,745	+ 136.61
Riverside	\$ 23,726	+ 77.65
Ameristar (Penn)	-\$ 1	N/A
Grand Falls (Elite)	\$ 178	- 84.18
Q Casino	-\$ 4,819	- 183.03
Terrible's Lakeside (Affinity Gaming)	\$ 13,999	-1,444.00
HARRAH'S (CZR)	-\$ 1,649	-3.89.28
Horseshoe (CZR)	-\$ 3,106	-2,487.00
Total	\$501,062	+ 233.31

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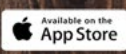
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POKER SPECIAL

- With online poker enjoying a renaissance in recent months, *Gambling Insider* explores the state of play within the sector during the COVID-19 pandemic
- Representing the Winning Poker Network, Jamie Harvey analyses the impact of the pandemic on the poker firm's 2020 journey so far
- Looking to the future, EvenBet Gaming CEO Dmitry Starostenkov evaluates whether online poker can continue thriving post-pandemic



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JAMIE HARVEY

News writer for The Big Blind Blog and representative for the Winning Poker Network

The WPN representative discusses the pandemic's effect on the business and the future potential of the online poker industry



BEFORE THE PANDEMIC

While nobody was prepared for the pandemic, we at the Winning Poker Network were fortunate to not be caught completely flatfooted when it hit. Our CEO, Phil Nagy, foresaw the probability of an office closure weeks before the pandemic spread to our base of operations in Costa Rica and took action.

Mr Nagy tasked the entire IT team to reprioritise and spend all resources on giving our 150+ staff the ability to work from home. While we did have a head start, it was no easy task. Computers needed to be ordered and networks secured, all while providing a wide variety of tools every team would need to complete their daily tasks.

We finished moving everyone less than a week before the Costa Rican Ministry of Health ordered the country to be locked down.

It was around this time the rest of the world was following suit and player traffic exploded.

THE INITIAL WAVE

Our sign-ups and player traffic showed an unprecedented increase. The reason, of course, was that people around the world were stuck at home and looking for recreational ways to spend their time.

As we are one of the few online poker networks remaining that service players from the US, the new sign-ups increased exponentially.

In early March, we'd just come off one of our biggest scheduled events of the year, the \$13m GTD Online Super Series. This is a month-long event and we usually don't run anything else major for at least a couple of months as our players are somewhat burnt out.

It was clear, though, with our player traffic almost doubling seemingly overnight that we had to give them something special. We especially wanted our new customers to see the huge prize pools that online poker could deliver. Our tournament and marketing team worked tirelessly to put up a new series just a week later, this time guaranteeing \$12m over 3 weeks.

Every tournament we ran throughout that series broke records in size, often doubling or even tripling the posted guarantee. We had to take preventative measures such as making our Main Events two-day events because the server load was becoming dangerously high. This was despite adding dozens of further servers.

Though the series was a success, and traffic was at an all-time high, we decided at that point that we needed to pull back and regroup.

THE CHALLENGES

The problem with doubling in size in the

blink of an eye is that scaling is difficult. We had so many contacts from customer service that we were forced to shut down both phones and live chats so all of our agents could focus solely on email responses.

We pride ourselves on fast payouts but, given the increase in volume, we were just unable to deliver as fast as usual. While the majority of tournaments ran smoothly throughout the peaks, we did have to cancel some events. Bottom line, we knew we had to regroup and optimise everything, from hiring new staff, to adding more servers to getting completely caught up with customer service.

We wanted to ensure that new players introduced to the game were given a good experience and wanted to come back.

We've been in the industry for close to 20 years and plan to be servicing these new players for many more to come.

WHERE WE ARE NOW AND WHAT THE FUTURE HOLDS FOR ONLINE POKER

We've already seen some fall-off in the player numbers since the pandemic outset and with the economic uncertainty and recreational spending budget of many on hold, we're sure the decline will continue to some degree.

That being said, we feel people around the world still have a love and passion for online poker.

Other sites have also grown exponentially recently, so hundreds of thousands of total new players have been introduced to the convenience, speed and variety online poker offers.

We've now caught up and are ready to market to our larger database. We look forward to providing a gaming environment to players who have yet to join us as we market our summer events.

The next few years will be an interesting phase in online poker and we'll have to navigate any new highs or lows.

DMITRY STAROSTENKOV
CEO, EvenBet Gaming

Online poker: Is there a chance to grow after the pandemic?



already launched poker, or were on their way to it, and the cautious optimism about the pandemic started to form.

Meanwhile, operators we are working with have been reporting 50% to 300% growth in player activity in online poker. The respective numbers in revenue are lower – people want to play but are not ready to spend a lot on gaming, though the rise is still significant and even pivotal for some businesses.

I would say that the online poker vertical is now getting the best chance for revival and growth since the recession caused by the ban in the USA in 2006, followed by the oversaturating of European online gaming markets and stagnation. Now that we see an influx of online players even in mature markets, vendors and the operators need to create a strategy to retain these new audiences and maintain the development.

These “new” online players are those who used to play offline; mature gamblers who were too conservative to switch to technology, but now are downloading mobile apps and getting acquainted with the new interfaces. They are also sports betting and daily fantasy sports fans unable to make bets but still look for excitement and interaction in a game.

If we can retain even a part of those who are adding up to the online gaming revenue growth and still keep an eye on new market opportunities, online poker certainly will have a brighter future than we could imagine six months ago.

What should we do to make a revival sustainable? As a software developer and vendor, now more than ever we concentrate on non-stop platform development and innovation. The better the user experience

in the game, the greater the chances one would still be an online player even when casinos are reopened. The more engaging gaming mechanics and the better flow we can provide, the brighter online poker's future will be. With the global attention span getting shorter, mobile gaming prevailing in many markets, and poker becoming more casual year to year, we simply cannot stop evolving. Once you stop, you die.

Operators also should realise that the current situation does require putting more effort into retaining current users than acquiring new ones. Especially in the established online jurisdictions, new players are mostly the old ones just going in circles from one operator to another, looking for more bonuses, using and sometimes abusing promotional offers, leaving the online casino as easy as they are joining. Find a way to keep them engaged and you're in the elite team that would enter the post-COVID reality with a huge advantage.

Of course, we should expect a drop in activity in online poker once the offline sector is back. If you take a look at the current ratings of German Bundesliga all over Europe, you'll see how much we are craving for sports to be back, for fan communities to be alive. Sports betting will get its users back. Those who are deeply missing the feeling of cloth at the poker tables and the sensation of a real deck of cards in the hand will also be back to brick and mortar.

But still, it's in our power to show the new players how innovative online poker can be; how easy it is to play anytime anywhere; how numerous the entertainment opportunities within a game are now. And that's what we are working on.

For the last few years, the online poker market has been waiting for disruption. Many bets were on the America and Latin America, which progressively introduced online gaming regulation and where the interest in online poker is high. However, we have a new game-changer now in COVID-19.

Not only the online poker vertical but a huge part of the online gaming sector has seen uplift during the coronavirus pandemic. The online industry share of gambling revenue started to grow in the very first week after land-based business closures. With us staying at home with very limited options to entertain ourselves, no wonder many turned to online casinos.

We received a 200% increase in requests and inquiries in March alone. The number of new projects was growing exponentially. In May, it slowed down for obvious reasons: many major players in the market had

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