



# WEEK 26

FRIDAY 2 JUL 2021

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INTENDING TO DIVEST  
LOTTERY AND SPORTS  
BETTING BUSINESSES**



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## THIS WEEK

- **“Havoc” for Loewen Play in Germany**
- **Casino closures in Australia**
- **DraftKings teams up with... Domino’s?**
- **New sponsorships for Betway**

### GUEST COLUMNIST:

- **John Griffiths, CCO, Spicy Mango**

# WEEK 26

## FRIDAY 2 JUL 2021

### SCIENTIFIC GAMES INTENDING TO DIVEST LOTTERY AND SPORTS BETTING BUSINESSES

See Also Page 3 ▼  
 Gambling Commission provides Football Index update



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It's all change at Scientific Games. The supplier will evaluate the best options for its lottery and sports betting businesses, either through an IPO, a combination with a SPAC, or through a sale or combination with another business

▶ Scientific Games will divest its lottery and sports betting businesses, with the decision backed by the company's Board of Directors, including Executive Chair Jamie Odell and Executive Vice Chair Toni Korsanos.

Scientific Games said it is "evaluating strategic alternatives to execute the divestitures for each business," which includes an initial public offering or a combination with a special purpose acquisition company, or indeed a sale or strategic combination with another business.

The decision comes as part of the group's strategic review, with Scientific Games aiming to accelerate its path to becoming a content-led growth company focused on both land-based and digital markets.

"When I joined the board in September 2020, I told stakeholders that we were focused on rapidly de-leveraging the balance sheet, unlocking the value of the company's products and technologies and creating a flexible, nimble company positioned to deliver above-market returns to investors," said Executive Chair Odell.

"Today, we have announced major initiatives aimed at achieving each of these key objectives, recognising significant value in each of the businesses and positioning the company for sustainable growth, all as a result of the dedicated work of our teams."

The supplier added that there can be no assurances the decision will result in any transactions, and that it does not intend to further comment on the matter until it is necessary to do so.

Macquarie Capital (USA) Inc. and Oakvale Capital LLP will serve as financial advisors, while Cravath, Swaine & Moore LLP will serve as legal counsel to Scientific Games.

Barry Cottle, President and CEO of Scientific Games, said: "Today's announcement reflects key steps to optimise our portfolio and strengthen our balance sheet by significantly de-levering while also targeting investments in our largest growth opportunities.

"These steps will accelerate our path to become a content-led growth company focused on leading in both land-based and digital markets. Our company will be positioned to build great games that define the future of gaming, supported by platforms that power the best operators in the world.

Cottle continued: "We believe these steps will enable us to capitalise on the high growth potential of each of our businesses, including their expanding digital content offerings and platforms, unlocking value for shareholders, customers, and employees. Each of our businesses will be better positioned to partner with their respective customers and to deliver long-term growth and profitability.

"At the conclusion of this process, the new company will consist of leading Gaming, iGaming and SciPlay businesses,

all of which have great momentum and will collectively deliver great value. We will deliver on the increasing convergence of these businesses, as players look to play their favourite games wherever and whenever they want to play. As the leading cross-platform global game company, we are uniquely positioned to take advantage of the incredible industry transition that is underway.

"Given this significant opportunity, we are targeting our digital businesses to be comparable in size to the land-based gaming business within three years. I'm confident that, with these steps, we are well positioned for future growth prospects."

The announcement comes one month after Scientific Games acquired sports betting company SportCast, a group that offers pre-match and in-play betting. The deal allows Scientific Games to gain SportCast's original BetBuilder product, a feature that gives players the chance to build wagers across multiple markets on a single game.

The decision also follows moves from Scientific Games across European lotteries. The group announced earlier this month that Bremer Toto-Lotto GmbH, the state lottery in Germany, was modernising its retail experience through a new partnership with Scientific Games.

***"Given this significant opportunity, we are targeting our digital businesses to be comparable in size to the land-based side within three years"***

Shortly after, Scientific Games was selected by Santa Casa da Misericórdia de Lisboa as the exclusive supplier of instant games to Portuguese players. The duo signed a new three-year contract.

**GI Verdict:** It's been a very busy month for Scientific Games, with the company's lottery and sports betting businesses making significant moves across the globe in recent weeks.

But the latest announcement is the biggest news that has come from the group in quite some time, and is undoubtedly one of the main priorities of its strategic review.

The three-year target of growing its digital businesses to the same stature as SG's land-based divisions is certainly a bold one, but it's a decision that has evidently been carefully considered by the company's leading figures.

Considering the digitalisation of the modern gaming industry, Scientific Games' target acknowledges how powerful online gaming is becoming. Let's just put it this way: you wouldn't find anyone IPOing their land-based business with a three-year target of matching their online arm. The growth right now, by some way, is all in digital.

# THIS WEEK IN NUMBERS

## 10



Year agreement has been signed between the National Hockey League and Sportradar



## \$249m

In wagers accepted by Colorado sportsbooks, online and on property, for the month of May

## £10,200

Donation (\$14,190) from supplier Pragmatic Play to the Cancer Relief charity in Gibraltar



## 100

MGM Resorts International has launched a solar array that provides a 100-megawatt output; enough to deliver 90% of daytime power to 13 Las Vegas resorts

## 3



New members of the European Casino Association board, after an election that saw Per Jaldung re-elected as Chairman

## GAMBLING COMMISSION PROVIDES FOOTBALL INDEX UPDATE

► The Gambling Commission has provided an update on its investigation into BetIndex and its Football Index platform, “due to the understandable and ongoing interest from consumers.”



Football Index, a betting platform on which players could trade shares in professional footballers akin to the stock market, suspended business in March 2020 following a huge exodus of customers and investors, as a result of its decision to cut dividends on players from £0.14 (\$0.19) to £0.03.

Many customers lost thousands of pounds overnight as a result, with the operator then going into administration and having its licence suspended by the Gambling Commission.

In the update, the Gambling Commission said it remains in close contact with BetIndex, and that the company remains in administration.

“Ultimately, alongside the courts, it is for the Administrators to resolve the return of funds to affected consumers from the financial resources still held by the company,” a statement from the Gambling Commission read.

“This is not something that can be directed by the Gambling Commission, but we are in contact to make sure any legal obligations covered by our remit are met.

“In respect of ‘Trust Deed monies’ – the money put aside by the company to cover customer stakes in the event of financial difficulties – these funds are currently being held by the Viscount of Jersey. Following a decision in the courts earlier this month, repayment of the monies to customer wallets is continuing as planned, with a court hearing having taken place on the 22 June in Jersey to recognise the High Court Order.

“The next steps will see customers being notified by email when the monies are released. At that point, customers will be able to log into their Football Index account and make a withdrawal

request.” Furthermore, the Gambling Commission says it has welcomed and is fully engaging with the Government’s independent review, which is being led by

Malcolm Sheehan QC.

The regulator noted that it has “certain powers as a regulator and sometimes it is assumed we can do things which we cannot. This does not mean we do not recognise the distress and clear upset that many Football Index customers will be feeling.”

The Gambling Commission added that Football Index customers may also be concerned about the share portfolio aspect of the product. This is yet to be valued by the Administrators, but is not within the parameters of the Gambling Commission.

“While there will be limitations on what information we can publish when our regulatory investigations are ongoing, we will continue to provide updates whenever we have further information to share,” the body concluded.

**GI Verdict:** Football Index customers have had every right to be worried about their funds in recent months, such is the mess the football betting company finds itself in.

Will the latest update – and indeed the promised future updates – from the Gambling Commission ease those worries? It is now in the hands of the Administrators to resolve the tricky situation, which customers hope will come to an abrupt and successful conclusion. There is certainly hope there.

It is worth noting once again, however, that the Commission has taken a laissez-faire approach throughout proceedings. Not only had it investigated Football Index for months, supposedly not finding any problems, it only suspended the company’s licence after it went into administration – which truly beggars belief. Its latest update has continued shirking responsibility: at least it is consistent in that respect.

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104

Arrested in Thailand on suspicion of running several online football gambling websites

€147.6m

Loan facility agreement for Intralot (\$175.5m), prompting positive comments from CEO Sokratis Kokkalis during the company's AGM



180

Regions in which MuchBetter's app can be used; it this week agreed a partnership with operator Betsson Group

## ANALYST: INTERSTATE TREATY "WILL WREAK HAVOC" FOR LOEWEN PLAY

Third Bridge analyst and *Gambling Insider* contributor, Harry Barnick, has provided his thoughts on the Interstate Treaty that will come into force once German gaming regulation is updated.

In quotes sent to *Gambling Insider*, Barnick outlined how the treaty, which arrives on July 1, could severely impact Germany's largest amusement arcade operator: Loewen Play.

He said: "The Interstate Treaty comes into effect on July 1st and will wreak havoc in certain states where Loewen Play operates.

"Whilst Bavaria will allow the group to operate with its current footprint, Baden-Wuerttemberg has adopted a more stringent approach, and a number of sites and machines are at risk of closure."

According to company experts, 10% of machines could disappear across Germany; however, Barnick added that Loewen Play should be "resilient in the face of this crisis."

Experts expect that only 5% of sales will be lost when the regulation comes

into force on July 1, with Barnick adding that "effectively managing utilisation per machine will be crucial."

The analyst explained: "Alongside the Interstate Treaty, Loewen Play is dealing with Gaming Ordinance regulation, which will restrict how players interact with machines. In particular, the new card mechanism could lead to a drop in gross gaming revenue per machine of up to 10%."

He also mentioned that the online market presents a huge opportunity for Loewen Play, which is targeting 5% market share, although the current levels of taxation mean profits could be harder to come by.

**GI Verdict:** A change in regulation and the enforcement of a new Interstate Treaty is simply something Loewen Play will have to accept and comply with.

It is best for the arcade operator to explore new opportunities and work alongside the regulation, to avoid being fearful of its financial impact.

## THE WEEK IN QUOTES

*“For Stakelogic it is a logical step forward to move into the live casino market segment. Many of our tier-one clients repeatedly asked us to complement our service offering with live casino products.”*

**Stakelogic CEO Stephan van den Oetelaar announces the supplier's move into the live casino vertical**

*“I'm thrilled to be joining the XLMedia Group. The publishing landscape continues to change at a rapid pace, presenting plenty of opportunities for agile, digital publishers to deliver smart solutions for audiences; and the brands which want to reach and engage these audiences.”*

**Nigel Leigh comments after being appointed XLMedia's Chief Information Officer**

## COVID-19 LOCKDOWNS SEE AUSTRALIAN CASINOS SHUT DOORS

Australia is reporting new cases of Covid-19, resulting in several areas around the country being placed into lockdown.

On 27 June, Crown Perth was forced to suspend operations for a minimum of three days and just two days later, three casinos in Queensland were told to halt operations for the same amount of time.

Crown Perth's restricted operations only affected one venue, as the operator said that “all other restaurants and bars, and our hotels, remain open with reduced capacity and hotel facilities.”

However, other Crown Resorts venues face similar restrictions as Crown Melbourne can only operate with a limit of 300 guests per indoor space, while electronic gaming machines must be spaced 1.5 metres apart.

Meanwhile, Queensland casinos like The Star Gold Coast, Treasury Brisbane and The Ville Resort-Casino were all affected after the Queensland Government placed 11 government areas under a three-day lockdown.

The Star Sydney had already been closed for two weeks on June 25.

The Queensland casino operator said: “Further to The Star's ASX Announcement made on 25 June 2021, The Star advises that, pursuant to Public Health Order, 2021, operations at The Star Sydney will remain closed until at least 11:59pm on 9 July 2021.”

The operator added that it will continue to pay staff during this stay-at-home period. The lockdown in Western Australia will last for 14 days, although Crown Perth has been told to remain shut for only three days.

Experts suggest that the two-week lockdown could be extended; it remains to be seen whether this would result in casinos being told to remain closed for significantly longer.

**GI Verdict:** With the closures spanning three days to two weeks, these casinos probably won't be affected as significantly as they would've if the lockdown was announced during the peak of the outbreak last year.

New cases are inevitable but, as things pick up globally, these businesses should return to normality sooner rather than later.

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*"If I do become mayor, the first thing I will do is stop the Integrated Resort plan. I will cancel it because we have not gained the trust of the citizens."*

**Potential Yokohama mayoral candidate Hachiro Okonogi provides disappointing news for casino enthusiasts in Japan – if he gets elected**

*"From a strict BOS perspective – we don't have an opinion on other societal issues other than gambling regulation – the development is positive. The reason for this is that the incumbent Minister, Mr Ardalan Shekarabi, repeatedly has shown he doesn't have a functioning gambling market as his first priority."*

**Gustaf Hoffstedt, Secretary General of the Swedish Trade Association for Online Gambling, thinks the Swedish Government's collapse could actually benefit the gambling industry**

## DRAFTKINGS AND DOMINO'S LAUNCH CARSIDE DELIVERY CHALLENGE

DraftKings has partnered with pizza company, Domino's, to give Americans the chance to win a share of \$200,000.

Domino's says it believes in offering customers "the best and most convenient carryout experience possible"

But the Carside Delivery – and this subsequent partnership with DraftKings – takes that to a new level.

Domino's has launched a Carside Delivery two-minute guarantee, which means if an order placed does not reach the customer's car within two minutes, their next pizza is free.

In addition, DraftKings has devised the Carside Delivery Over/Under Challenge, asking customers to predict if their delivery will be quicker or longer than two minutes.

The challenge is free to play and has launched in the US only; it will last until 12 July.

Those that can predict the outcome correctly can split the cash prize of \$200,000 between them at the end of the challenge. The more winners there are, naturally the smaller each share of

the winnings.

Art D'Elia, Domino's EVP and CMO, said: "While Domino's is no stranger to guarantees, this is the first time DraftKings has created a betting pool based on a company's performance.

"We want to make every delivery to customers' cars an easy and fast experience; and if we don't, we're going to make it right.

"As a company that prides itself on transparency, and to show how much we believe in our franchisees and stores across the country, we're giving customers the opportunity to predict how we'll do and have a little fun, for free."

**GI Verdict:** In terms of newsworthiness, this certainly isn't the biggest DraftKings story of the year. But the size of Domino's as a brand does reflect how mainstream DraftKings' marketing is becoming.

This concept is so new – just imagine betting on how quickly your food will reach you? The deal demonstrates the advertising opportunity available in the US, but also how weird and whacky some of the marketing can get.



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## TAKING STOCK

SHARE PRICES COVER WEDNESDAY  
23 JUNE TO WEDNESDAY 30 JUNE  
(17.00PM GMT)

**Scientific Games** ↓ 2%  
76.51 USD

**DraftKings** ↑ 4%  
52.51 USD

**Elys Game Technology** ↓ 5%  
4.09 USD

**XLMedia** ↑ 3%  
GBP 51.00

**MGM Resorts** ↓ 1%  
42.50 USD

## BETWAY SIGNS TWO SPORTING DEALS IN QUICK SUCCESSION

Betway has announced sponsorship deals with football club FC Schalke 04 on 28 June and tennis tournament, the Hamburg Open, on 25 June.

Betway's brand will be visible courtside and digitally across the Rothenbaum Tennis Center, when the Hamburg Open launches on July 7.

Just last month the company was confirmed as the sponsor of Swedish tennis tournament, the Nordea Open.

The operator has increased its familiarity with tennis considerably, as it has sponsored the Miami Open, Noventi Open and the Mercedes Cup in recent months.

Betway CEO, Anthony Workman, said: "We're thrilled to be partnering with the Hamburg Open as we become their Official Betting Partner.

"The tournament is a highlight of the summer clay circuit and we're looking forward to seeing the Betway brand at the Rothenbaum Tennis Center."

Meanwhile, the FC Schalke 04 deal builds on collaborations with other clubs like West Ham United, Deportivo Alaves

and RCD Espanyol.

The football partnership will last three years and will see the operator become the club's premium partner.

As with the Hamburg Open, Betway's logo will be present at Schalke's stadium.

Maik Brodowski, Betway's Head of Marketing for Germany, said: "It's a great honour to be partnering with FC Schalke 04, one of the most recognised names in German football.

"We look forward to supporting the club and their ambitions to work their way back to the Bundesliga. In the following years, the premium partnership provides Betway with extensive advertising and marketing rights."

**GI Verdict:** Betway has always been strongly linked with the sporting industry, having worked with a variety of tournaments and teams in the past.

These deals reinforce the company's image and sporting links, while the Schalke sponsorship is particularly shrewd given the club's relegation and, therefore, lower sponsorship cost.

# GI HUDDLE

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## INDUSTRY LEADING PODCAST & INTERVIEWS



## MAY REVENUE REPORTS: COLORADO AND NEW HAMPSHIRE

Fantini Research looks into sports betting handle (total wagered) and revenue, in the Centennial and Granite States.

COLORADO SPORTS BETTING	MAY REVENUE (M)	% CHANGE VS. APRIL
Retail	\$0.210	+12.99
Online	\$14.944	-14.00
<b>Total</b>	<b>\$15.155</b>	<b>-13.72</b>

NEW HAMPSHIRE SPORTS BETTING	MAY REVENUE (M)	% CHANGE VS. APRIL
Mobile	\$2.241	-1.39
Retail	\$0.874	-15.10
<b>Total Revenue</b>	<b>\$3.115</b>	<b>-5.67</b>

COLORADO SPORTS BETTING	MAY HANDLE (M)	% CHANGE VS. APRIL
Online	\$246.489	+1.89
Retail	\$2.480	-1.87
<b>Total</b>	<b>\$248.968</b>	<b>+1.85</b>

NEW HAMPSHIRE SPORTS BETTING	MAY HANDLE (M)	% CHANGE VS. APRIL
Retail	\$9.09	-2.07
Mobile	\$33.27	-11.07
<b>Total Handle</b>	<b>\$42.37</b>	<b>-9.28</b>

\*DraftKings is the official partner of the New Hampshire Lottery.

## CASINOBEATS ♦ SUMMIT ♦

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### ABOUT CASINOBEATS SUMMIT

The highly anticipated third edition of CasinoBeats Summit is back and returning to Malta this July 2021.

This year's CasinoBeats Summit will welcome a selection of senior executives igaming delegates at the InterContinental in St Julian's Malta, along with 2,000 delegates online in an innovative integrated physical-online format on 14 - 15 July.

The content has been carefully curated to provide valuable insight into the world of online slots, live casino and poker from top experts and industry pioneers with a heavy focus on product and game development.

CasinoBeats Summit 2021 will be complete with two full days of conference content, exhibition, networking and will also feature the Game Developer Awards to put the spotlight on the studios creating the hottest and most innovative titles right now.

The event includes three consecutive nights of outstanding networking, culminating in the CBS2021 closing poker party. The entire programme will take place in a safe format, where SBC will ensure the necessary safety precautions and protocols.

### SPEAKER PREVIEW



**ALEX TOMIC**  
CEO  
Alea



**MARK GRECH**  
Head of Gaming & Business Development  
Game Lounge



**JOHAN STYREN**  
CEO  
Dilanti Media



**MONICA RANGEL**  
Head of PT Markets  
888holdings



**ARIEL REEM**  
CEO  
Genesis Global



**SILVER PORTUGOV**  
CBO  
Cashmagnet Ltd



**KASPER BACH**  
Head of Casino  
Twin



**LEE BEIRNE**  
Head of SEO  
Ladbrokes Coral



**TOBIAS SVENSEN**  
CEO  
Casino Grounds



**MARIE THEOBALD**  
CPO  
Hero Gaming



**VEIKO KRUNBERG**  
Managing Director  
OlyBet



**YOAV DOTAN**  
Founder  
Genesis Global

## GUEST COLUMNIST



**JOHN GRIFFITHS,**  
*CCO, SPICY MANGO*

*Griffiths assesses the impact of climate change on sports*

### THE REALITY OF GLOBAL WARMING

From more days where temperature and humidity is so high that matches would have to be postponed, to rising s

ea levels and increased flooding preventing play – there is a considerable challenge to be addressed.

Just recently, the BBC produced an interesting and alarming study into what the sporting world may look like in 2050 if predictions of the impact of climate change, as modelled by the Met Office, were to be true. From 20 minute 'thirds' and rolling heat subs, the World Cup could look very different, with less fans and games being played at nights.

With the situation becoming increasingly threatening to the industry, some in the sporting world are seeking to highlight these challenges. The new motorsport series EXTREME.E, for example, is using electric racing to draw attention to remote environments under threat of climate change issues. Whilst they are bringing the issues to a wider audience, they are unable to provide answers to climate change, or indeed help all sports prepare to make their own adjustments.

### COMBATING CLIMATE CHANGE

Some of this can be avoided either by direct action to reduce the effects of climate change or technology to negate the impact. For example, if high temperatures and humidity are expected at a certain time of the year then events could be moved to a more suitable time of the year or an alternative location.

That's an option that would negate some impact but might not be feasible if the facilities don't currently exist or other practicalities prevent such an option. For example, many winter sports can only take place in mountains with lots of snow – but no snow due to climate change means no event.

Artificial snow is an option but will add significant expense to events and doesn't address the broader aspect of where athletes would be able to train for the rest of the year.

Another suggestion is esports and simulators using augmented and virtual reality (AR & VR).

These can of course provide us with a sporting competition regardless of climate conditions but the experience for the fan and athlete is totally different. Significant growth is expected in this area. The technology is available today and once the user experience is refined, it could either create 'new' sports or provide a reliable alternative to 'traditional' sports.

### BETTING ON THE FUTURE

What would climate change mean for predicting the outcome of sports results and betting on those events? For short duration events, like a single match, the impact may not be significant. But, across a whole season or longer tournament, the consequences could be problematic and massively impact betting outcomes.

If a match is postponed for example, affecting the progress of a favourite team in the competition, or allowing a non-favourite to progress unexpectedly, this could turn out to be costly and largely uncontrollable.

Over time betting algorithms will be adapted to account for the unpredictability of climate change. Weather forecasting models will improve as we understand more about how climate change is affecting the rhythms of global weather patterns. Sports will adapt their rules and competitions to limit the impact of events beyond their control.

### CONCLUSION

Climate change is the largest threat facing the planet today and will have a profound impact, affecting food production, water shortages, disease control and energy production. These challenges are being tackled, finally, at international inter-governmental levels and in increasingly innovative ways by industry and consumers. All industries have a part to play to ensure that the impact on the sporting world is minimised; meaning everyone can continue to enjoy the events they know and love.

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