

GI FRIDAY

WEEK 34

FRIDAY 27 AUG 2021

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THIS WEEK

- Another record quarter for Better Collective
- Simplebet – one to watch out for
- A little on the side for Scientific Games
- UK betting shops leading the way in age verification?

GUEST COLUMNIST:

- Shivan Patel, Commercial Director, Pariplay



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New hires for GambleAware;
GamCare reports rise in
problem gambling ▼



Lead partner
BET CONSTRUCT

RETURNING TO THE SANDS EXPO, LAS VEGAS, OCTOBER 4

Much ado about nothing as Yokohama backs out of its Integrated Resort bid in Japan. Will the casino ever open?

▶ Japan has surely been the talk of the town... or shall one say the talk of Asian gaming. The prospect of Japan opening an integrated resort (IR) is an exciting notion for casino-goers and companies alike. The cogs of this plan have been turning for decades, since the millennium. However, despite the Governor of Tokyo's proposition way back in 2000, the idea didn't quite swing into motion.

Building an IR would undoubtedly set the country by storm, especially considering most forms of gambling in Japan are banned under the Criminal Code, chapter 23. Only seven types of 'semi-gambling' activities are legally permitted. And rest assured, it isn't as glamorous as going to a Vegas property, or any property for that matter.

These forms of gaming go by the names of: Keiba (Horse racing), Takarakuji (Lottery), Keirin (Bicycle racing), Toto (J-League soccer pools), Kyotei (Boat racing), Mahjong (a domino's style tile game) and... Pachinko, an extremely growing game of popularity among Japanese men and women.

***“Yokohama IR is as good as dead at least for the next seven years”
– Daniel Cheng***

In short; it's a slot-like concept played with steel balls and no cash prize.

Yep, you heard. Players collect as many balls as possible and on completion (or exhaustion) they receive a ticket. This ticket can then be redeemed for prizes and, as gambling for cash is illegal in Japan, therefore receiving a cash prize in the same parlour you played is prohibited, these tickets can be redeemed for cash elsewhere in another parlour. No rules or laws are being broken... Sneaky, or pure genius?

So, with Pachinko being Japan's gaming vice, it's no wonder people started to consider an IR, not only for revenue but for entertainment. Earlier this year the bidding process for three IRs came into traction, commencing with policies stating that casinos must include convention space, entertainment, shopping, and hotel rooms. A resort.

The original plan was for the resorts to be completed and set to open after the Tokyo 2020 Summer Olympics, but inevitably it's set to take a few more years since both the games and the casinos were delayed, and, as especially since Yokohama has now pulled out of the deal.

Although many citizens were not in favour of a casino,

with boycotts and petitions to stop the process, the plan to cease the idea came as a surprise given earlier this year four cities in Japan that were interested; Wakayama, Osaka, and Nagasaki, along with Yokohama, were all preparing their schemes to pitch to the central Government.

However, Takeharu Yamanaka has now been elected the new Mayor of Yokohama. Yamanaka was an anti-IR candidate.

Yamanaka had campaigned on a promise to repeal plans to host an IR in Yokohama and won by nearly 34% of votes, clearing the 25% threshold of the number of ballots needed to avoid a second round.

There is still a long road ahead before any finalisations are put in place, especially for Yokohama, but it looks like there is no IR road ahead for the region.

Daniel Cheng, a gaming and hospitality expert with experience in Japan, summed it up best: "Yokohama IR is as good as dead at least for the next seven years."

The city had two remaining potential partners for its IR; Melco Resorts & Entertainment and Genting Singapore, but with this clear sign the city will withdraw from the race, the companies are left without a partner in Japan.

Currently, the remaining three cities have maintained their bids (Osaka, Wakayama and Nagasaki). Osaka has since partnered with MGM Resorts International and Orix Corp consortium, Wakayama will work with Clairvest, and Nagasaki chose Casinos Austria as its partner.

GI Verdict: Yamanaka commented on his exit strategy by firmly stating: "We will issue a formal statement soon making it clear that Yokohama will not make a hosting bid," meaning the roadmap to an IR doesn't look promising any time soon for Yokohama.

This, naturally, is a shame, as Japan's Government had several candidates vying for IR licences throughout the country; but with so many cities dropping out of the race, it's now unclear if the remaining candidates will all receive permits or if there could yet be a further change in plans.

The excitement of the new resorts seems to have plummeted into an amalgamation of difficulties, delays, setbacks and high costs, suggesting it is starting to turn into a disappointing series of events.

However, given the world's position, sitting on a post-pandemic way of life, a boost in economy is exactly what geographic areas need; and Yokohama would be wise to promote a 'business as usual' approach with innovation by means of staying on board with the new IR.

The show must go on, just perhaps a little later than planned in certain Japanese regions; and maybe not at all in others...

THIS WEEK IN NUMBERS

50%

Rank Group's underlying net gaming revenue (NGR) has fallen 50% to the value of £288.2m (\$394.3m)



2028



Sportradar and FanDuel have extended their partnership for an additional seven years, through to 2028

25,000+

The Macau Government and Tourism Office expects more than 25,000 visitors per day during the October Golden Week



€55.8m

In Q2 revenue (\$65.1m) for supplier Aspire Global, a 28% year-on-year rise



2

Pennsylvania has become the second state to launch Digital Gaming Corporation content via BetMGM and Borgata



NEW HIRES FOR GAMBLEAWARE; GAMCARE REPORTS RISE IN PROBLEM GAMBLING

► GambleAware has announced the appointment of a new Chief Commissioning Officer, Chief Communications Officer and Chief Operations Officer to its senior team.

The new individuals met the required criteria and objectives for GambleAware's five-year organisational strategy. A heavy commitment applies to working in the public health sector, including NHS England and Public Health England.

Anna Hargrave, previously an NHS worker for over 13 years, has been appointed GambleAware's new Chief Commissioning Officer.

Commenting on her new role, she said: "I am deeply passionate about reducing health inequalities in the UK, and minimising the impacts of gambling harm on people and their families is a key component of this.

"I am pleased to have been given the opportunity to share my skills of working within the health and care system with GambleAware, and look forward to working with the charity and other public health agencies, local authorities and organisations to help reduce gambling harms."

Alexia Clifford, Marketing Director at Public Health England (PHE), will take on the role of Chief Communications Officer: "I am thrilled to be joining GambleAware, and to play my part in delivering its vision of a society where people are safe from gambling harms. I look forward to bringing my skills and expertise to this crucial public health priority."

Zoë Osmond, GambleAware's Chief Executive, said on the expansion of the team: "We are very pleased to welcome our new senior leaders, each of whom brings with them invaluable skills and knowledge in areas integral to the successful delivery of our new five-year organisational strategy.

"We are working hard to drive forward GambleAware's new program of work, which demonstrates leadership in

establishing, developing, and maintaining a coordinated network of services, including the expansion of the National Gambling Treatment Service."

GamCare, meanwhile, has warned about the impact of the return of live sport on problem gambling.

Calls to the National Gambling Helpline increased by 28% during Euro 2020 compared to the same time period last year.

GamCare, the charity that runs the service, says the statistic shows live sports can lead to a rise in dangerous gambling behaviour.

Over half of the helpline's advisors said they have spoken to a recovered gambler who relapsed during the tournament, which took place from June to July earlier this year. And some advisors reported the extreme lengths some customers took to place bets throughout the competition, including using their children's phone to avoid gambling blocks they had placed on their own devices.

"Certainly people who've had gambling issues in the past tell us that it really impacts on their ability to watch sport. Partly because it's triggering and partly because of (gambling companies') sponsorship and advertising," said GamCare Chief Executive Anna Hemmings.

"If you've got a consistent run of matches and different sporting activities going on, that's a risky time in terms of gambling escalation. It's easy for gambling to get more frequent and for longer sessions."

GI Verdict: The appointment of respected and qualified professionals to GambleAware should no doubt help the body in tackling problem gambling, with their combined experience a real asset in this challenging time for many who struggle with addiction.

But GamCare's update on the rise of problem gambling with the return of live sport is a timely reminder that operators cannot for a second ignore vulnerable customers.

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2023



The Vanarama National League has announced Kindred Group-owned 32Red and Unibet as partners for the 2021/22 and 2022/23 seasons

Class 2

Delasport, the sports betting and online casino supplier, has announced the acquisition of its Romanian Class 2 licence



28%

Drop in Pennsylvania sports betting handle for the month of July, to \$304m

BETTER COLLECTIVE REPORTS 162% INCREASE IN Q2 REVENUE

Better Collective has reported revenue of €40m (\$47m) for the second quarter of 2021, a 162% increase from the prior-year period.

EBITDA grew 90% year-on-year to €12.7m, with cash flow from operations increasing by 7% to €11.1m. New Depositing Customers (NDCs) were 197,000 for the period, representing record quarterly growth of 179%.

The affiliate signed three new media partnerships, while Therese Hillman, CEO of NOD and former Group CEO of NetEnt, was elected to the board of directors at the AGM.

For the first six months of 2021, Better Collective reported revenue of €78.8m, a 118% increase from the prior-year period. EBITDA increased by 64% to €25.9m, while cash flow from operations increased by 37% to €27.2m.

NDCs for the period exceeded 371,000, a growth of 99%.

The group added that July revenue reached €12.4m, more than double the prior-year period, while its full-year

financial targets remain unchanged.

“Q2 marks yet another record quarter in terms of revenue and NDCs delivered to our partners,” said Better Collective Co-founder and CEO Jesper Søgaard. “At the same time, we continue to record strong profitability and cash flows.

“The strong performance is especially driven by the US business, and by our media partnerships that saw breakthrough performance during Q2. The peak of the quarter was the closing of our largest acquisition to date, Action Network, which is a game changer and consolidates our leading sports betting media position in the US.”

GI Verdict: When you think of leading iGaming affiliates, Better Collective, Catena Media, XLMedia and perhaps the likes of Raketech and Acroud come to mind. Better Collective, a serial acquirer of affiliate brands, has continued to provide significant return to its shareholders – and there really isn't that much more you can add to a clean set of financial results like this.

THE WEEK IN QUOTES

“Jim has been one of the most prominent and influential figures across the gaming industry over the past two decades and we couldn’t be more excited to welcome him to our Board.”

Chris Bevilacqua, Co-Founder and CEO of Simplebet, on Former MGM Resorts CEO Jim Murren joining the supplier’s Board of Directors

“We’re very proud to be partnering with RSI, a highly acclaimed US operator, to debut our very successful Red Tiger games in Michigan.”

Jeff Millar, Commercial Director, North America for Evolution, discusses the supplier’s partnership with Rush Street Interactive (RSI)

DRAFTKINGS SIGNS MULTI-YEAR AGREEMENT WITH SIMPLEBET TO LAUNCH REAL MICRO-BETTING PRODUCTS

Simplebet has announced a multi-year agreement with DraftKings as it aims to launch real-money micro-betting across the DraftKings Sportsbook.

This partnership will allow DraftKings’ customers to engage with wagering, play-by-play, throw-by-throw and pitch-by-pitch. DraftKings will offer Simplebet’s micro-betting products for the NFL, MLB and NBA alongside a new suite of college football products.

Simplebet’s funding round of \$50m earlier this year will be used to enhance its existing products, with the addition of derivative micro-markets. To achieve this, there will be an addition of new sports and subcategories such as scripts, expansion of engineering resources and other strategic opportunities.

Chris Bevilacqua, Simplebet Co-Founder and CEO, said: “We’re thrilled to be launching our real-money micro-betting products with DraftKings, these types of offerings represent the next evolution of sports betting and deliver enhanced opportunities for operators and fans alike.

We look forward to the successful roll-out and to showcasing the excitement that comes with micro-betting.”

Paul Liberman, President, Global Product and Technology at DraftKings, said: “We’re excited to be working with Simplebet to change the in-game betting experience for our customers and, together, changing the way sports fans engage with their favorite sports.” Simplebet is already in partnership with several big-name US brands, including DraftKings rival FanDuel.

GI Verdict: Simplebet is one of the rising North American firms to watch out for. It is little surprise it has partnered with several big-name US brands already. Its technology is a genuine game-changer – from an objective point of view – as it creates so many new revenue streams for operators. Long term, the only obstacle may be how Simplebet can prove it encourages responsible gambling. Allowing players to bet on every pitch opens the door for massive player losses...

**BRAND
NEW**



SCIENTIFIC GAMES ACQUIRES SIDEPLAY ENTERTAINMENT TO EXPAND DIGITAL LOTTERY

Scientific Games has announced an agreement to acquire Sideplay Entertainment. Through this acquisition, the supplier aims to grow its digital portfolio of lottery content and expand its share in lottery markets.

Pat McHugh, Lottery Group Chief Executive for Scientific Games, said: "We're excited to welcome Steve Hickson and the entire Sideplay team to Scientific Games Lottery Group, to help us advance our strategy as a growth company, delivering the best retail and digital content platforms and game category services that maximise proceeds for our lottery customers.

"Sideplay's highly experienced digital game developers have a proven track record of delivering iLottery content to market quickly. We have already integrated Sideplay's digital games into our iLottery platforms, and combining their unique approach to game development for Scientific Games' more than 20 iLottery customers worldwide will accelerate

our iLottery offerings for our customers and their players."

Scientific Games also recently acquired Lightning Box Games, with Lightning Box CEO Peter Causley speaking exclusively to *Gambling Insider* about the deal.

Meanwhile, Hickson, Founder and Director of Sideplay, commented: "All of us at Sideplay are thrilled to be joining forces with Scientific Games Lottery Group.

"Our goal has always been to be the best at what we do, and this transaction shows we have in fact achieved that level of success. We are excited to leverage Scientific Games' global lottery footprint and create the future of iLottery together."

GI Verdict: Another week and another acquisition for Scientific Games. This deal will no doubt fall more under the radar than the Lightning Box purchase but it's an interesting takeover nonetheless, given the lottery angle. Scientific Games is looking to sell off its lottery arm as a public business – so where does Sideplay fit into the overall picture?

"We are excited to start our journey into the US. It's a huge challenge and a wonderful opportunity for us. With this expansion we want to cement our position as a leading iGaming hosting provider on a global scale."

Rickard Vikström, Founder and CCO of Internet Vikings, on the firm's US expansion

"We look forward to continuing to grow our US footprint with announcements in the pipeline that will change the game for avid sports fans and bettors. This is an exciting moment for Tipico as we continue to add new features."

Adrian Vella, CEO, Tipico US, comments on Tipico's continued growth within the US market



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SHARE PRICES COVER THURSDAY 19 AUGUST TO THURSDAY 26 AUGUST (12:00PM GMT)

Better Collective

182.20 SEK



8%

DraftKings

60.11 USD



16%

Scientific Games

74.75 USD



14%

Elys Game Technology

4.13 USD



2%

Evolution

1,465 SEK



6%

DATA SUGGESTS UK BETTING SHOPS ARE LEADING THE WAY FOR AGE VERIFICATION

UK betting shops have better age verification checks than convenience stores, supermarkets and petrol forecourts, according to data released by independent analysts Serve Legal.

Serve Legal carried out spot checks to test whether or not secret shoppers are asked to show if they are 18 or over, at any point during their visit, with the shop scoring a pass if a customer is asked to prove their age.

A total of 90% of betting shops have passed in 2021 so far, compared to 83% of convenience stores, 77% of supermarkets, and 76% of petrol forecourts.

Moreover, when the tests were first introduced, a total of 67% of betting shops passed, "a sign of the huge progress they have made in recent years," a statement from the Betting and Gaming Council (BGC) read.

"Regulated BGC members have a zero tolerance approach to under-18s betting and I am delighted to see that the age verification systems in place in betting shops are robust," said BGC Chief

Executive Michael Dugher.

"By any measure, age verification standards have improved since they were first introduced and once again betting shops are leading the retail sector in terms of compliance.

"I want to pay tribute to betting shop staff who, like other retailers, have endured a very challenging year of closures, restrictions and fast-changing Covid-19 guidance. Despite those pressures, they have remained absolutely focused on ensuring the safety of customers and the protection of young people."

GI Verdict: It is always difficult to assess research put forward by the BGC. Critics will slam the BGC as the industry's mouthpiece, and there is certainly a very PR-ey, self-congratulatory feel to this latest research. On the other hand, though, given the criticism the industry faces and the huge effort put into areas like age verification (in comparison to other, lesser-regulated industries), maybe the BGC is right to shout about our sector's achievements?



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JULY REVENUE REPORT: LOUISIANA

Louisiana gaming revenue rose 16.93% to \$294.935m for July vs. the same month in 2019 with growth in all segments.

Excluding shuttered Legend's Diamondjacks and temporarily closed Caesars' Isle of Lake Charles, revenue from riverboats grew 15.55%.

RIVERBOATS	JULY REVENUE(M)	V 2019 CHANGE (%)
L'Auberge Baton Rouge (PENN)	\$ 16.323	+ 41.06
Hollywood B.R. (GLPI)	\$ 5.947	+ 36.92
L'Auberge LC (PENN)	\$ 32.043	+ 29.52
Boomtown N.O. (PENN)	\$ 10.977	+ 24.76
Margaritaville (PENN)	\$ 17.735	+ 24.35
Eldorado Resort (BALY)	\$ 11.311	+ 14.50
Golden Nugget - LC	\$ 31.484	+ 12.61
Boomtown Bossier (PENN)	\$ 4.598	+ 8.09
Amelia Belle (BYD)	\$ 3.500	- 0.84
Horseshoe (CZR)	\$ 14.835	- 3.19
Treasure Chest (BYD)	\$ 8.049	- 4.36
Sam's Town (BYD)	\$ 5.563	- 15.52
Belle of B.R. (CZR)	\$ 1.507	- 30.25
Diamondjacks (Legends)	\$ 0.001	- 99.99
Isle - LC (CZR)	nil	-100.00
Riverboats Total	\$163.872	+ 7.30

LAND-BASED	JULY REVENUE(M)	V 2019 CHANGE (%)
Harrah's N.O. (CZR)	\$24.738	+ 21.20

SLOTS AT TRACKS	JULY REVENUE(M)	V 2019 CHANGE (%)
Louisiana Downs (CZR)	\$ 4.538	+ 20.82
Evangeline Downs (BYD)	\$ 7.402	+ 11.07
Fair Grounds (CHDN)	\$ 3.862	+ 9.37
Delta Downs (BYD)	\$16.576	+ 8.92
Slots at Tracks Total	\$32.378	+ 11.00

ROUTES, TRUCK STOPS	\$73.947	+ 48.10
State Total	\$294.935	+ 16.93

MULTIPLE PROPERTIES	JULY REVENUE(M)	V 2019 CHANGE (%)
Penn National	\$81.676	+ 28.37
Boyd	\$41.090	+ 1.68
Caesars	\$45.618	- 7.59

GUEST COLUMNIST



SHIVAN PATEL,
*COMMERCIAL
DIRECTOR,
PARIPLAY*

**Patel explains
the importance of
effective, measurable
promotional tools**

It has never been more crucial for operators and game suppliers alike to implement effective methods for engaging players.

Across the world, various factors have come into play to make markets increasingly saturated. The widespread shift to digital – a process which would have occurred organically, but at a slower rate – has accelerated hugely as a result of the pandemic and the closure of land-based operations.

We continue to see a scramble for supremacy in the nascent and potentially huge US online market, too, while tighter regulations across the world have served to increase the need to maximise player value.

In this ultra-competitive environment of the modern day, I believe it is crucial that engagement methodology is driven by data. Implementing the right promotional tools now can make the difference between success and failure for many years to come.

As I see it, the future shape of bonusing will be defined by a seamless user experience. Most operators today do not work with a single platform or game vendor and while many of the individual tools may be effective on their own, a cohesive and frictionless playing environment is absent. In this sense, a unified, configurable bonus engine that creates entertaining experiences regardless of game vendor will serve as a distinct competitive advantage.

The fact that very few operators work within a single market, platform or currency, means that attempting to configure all of their content providers to a set of specific requirements and managing this process is extremely challenging. That is especially so given a set of disparate,

non-unified tools from other vendors. If operators are handed a solution that supports multiple vendors, while handing granular control, this means they are able to configure any game of their choosing, regardless of the supplier, while selecting the relevant currency and language options. As regulated markets continue to open up worldwide, offering the widest breadth of content (tailored to a specific locality) is vital, as is getting to market quickly. Such a solution can cover both of these goals.

Ultimately, the success or failure of any promotional campaign rests on effective, meaningful analytics and reporting. Across many organisations, the extraction of relevant data through multiple platforms can be problematic, involving a complex set of integrations of third-party systems. Once again, I see a unified approach to data, with a reporting engine collating information into a single console, as being the way forward for modern-day operators needing to focus resources on marketing and player acquisition.

In terms of the types of promotional tools that are proving to be successful at the moment, tournaments certainly continue to rank near the top of the list. Competitive gaming adds excitement and a social element to the player's journey; and on the operator's behalf, a provider can typically offer this at no extra cost. This naturally leads on to increased gross gaming revenue and customer lifetime value for the operator, due to players being engaged, motivated and rewarded. Tournaments are best implemented as a single tool, built to deal with the various regulatory requirements for each jurisdiction. Whether considering tournaments, free spins or other bonus types, the unifying crucial factor that can differentiate a provider is the offering of out-of-the-box functionality for any third party, with a seamless cross-platform UI, effective segmentation and flexible rewards for players.

Predicting the future is always a difficult task but as I see it, the direction of travel for promotional tools is one that will be data-driven. Improved analytics will result in players being offered increasingly personalised and relevant incentives that can be launched quickly; for increased engagement and retention, and to the benefit of all stakeholders.

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