



WEEK 28

FRIDAY 15 JUL 2022

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MACAU CASINOS CLOSE & CALI'S REGULATORY HEADACHE

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PRESTIGIOUS AWARDS
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WEEK 28

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THIS WEEK

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MACAU CASINOS CLOSE FOR ONE WEEK AMID COVID OUTBREAK

CALIFORNIA DEMOCRATS OPPOSE ONLINE SPORTS BETTING



THE MOST PRESTIGIOUS AWARDS IN THE INDUSTRY



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Macau has closed all of its casinos for the first time in over two years following a Covid-19 outbreak in the region

▶ Authorities have ordered that non-essential businesses be shut for a week. This includes over 30 casinos, and comes as the city has recorded 1,526 Covid cases since mid-June 2022.

Around 19,000 people have been put in quarantine amid the city's worst Covid outbreak since early 2020, with schools and entertainment venues such as bars and cinemas already closed under previous guidelines.

Short trips for essential services are, however, allowed. But police will monitor flows of people outside, with stringent punishments expected to be imposed on those who disobey. Hospitals, supermarkets, pharmacies and fresh food markets are among the essential services that are allowed to remain open.

The Macau Government is currently adhering to China's 'zero-Covid' policy, which aims to prevent all outbreaks of the virus, as opposed to the approach of trying to co-exist with the virus, which is seemingly happening throughout the rest of the world.

On Saturday, Macau's Government Information Bureau stated that all businesses would be required to cease operations unless they were essential.

The statement read: "All industries and commercial companies and venues in Macau will be required to suspend operation from after the stroke of midnight on 11 July until the stroke of midnight on 18 July 2022 inclusive, except those in three categories of activity deemed essential to the community and to the day-to-day lives of the members of the public."

Reuters reported that gaming shares have slipped since the announcement, with shares in Sands China falling by 9%. Shares in Melco International, Wynn Macau, SJM, Galaxy and MGM China dropped between 6% and 7%.

The last time casinos were closed in Macau was all the way back in February 2015, when the venues shut their doors for 15 days. The lack of closures comes amid the Government's hesitant approach to close such venues due to its mandate to protect jobs, as the industry employs a large percentage of the population, both directly and indirectly. It also accounts for over 80% of Government revenues.

The latest reports show that there is growing frustration at the Government's handling of the situation, with some residents having to queue for over 20 hours to access healthcare facilities.

Moreover, residents are now required to take part in mass Covid-19 testing four times throughout this week of closures, having already been tested six times since mid-June. Two hotels in popular casino resorts have since been opened for Covid medical facilities as authorities try to handle the rise in cases.

Over 90% of the city's 600,000 residents are fully vaccinated against Covid-19, but this is the first time that the region has been forced to fight against the Omicron variant.

Some analysts have predicted that a recovery in gaming revenue might not take place until the end of the third quarter of 2022, or even during the fourth quarter.

Terry Ng, an Analyst at Daiwa Capital Markets in Hong Kong, commented: "Even if the outbreak in Macau gets under control, it will likely be another few weeks before Macau-Zhuhai can remove quarantine requirements."

Casinos had already been struggling in June due to the strict Covid-prevention measures in place for guests, who had to produce evidence of a negative nucleic acid test and be subject to a body-temperature check on arrival. Staff were also asked to produce a negative test and wear protective masks when in the presence of customers.

But this struggle was intensified at the beginning of this month when Macau's Gaming Inspection and Coordination Bureau told casino operators to reduce their level of on-duty staff by 90%. It came as part of a wider directive for casino operators to temporarily cut overall operating levels by 10%.

"The Macau Government is currently adhering to China's 'zero-Covid' policy, which aims to prevent all outbreaks of the virus"

GI Verdict: Given the rise in infection numbers in recent weeks, the closures are understandable, but it comes as bad news for investors, with shares in the region's major operators dropping rapidly.

Furthermore, it is also a worrying time for the Government, which, as mentioned, relies on the gaming industry for much of its revenue. While Gross Gaming Revenue (GGR) is still at a major loss from 2021, May 2022 had shown positive signs of recovery. GGR increased 25% sequentially from April to May for this year to MOP\$3.34bn (\$414m).

That figure dropped again to MOP\$2.47bn in June, but looks set to now drop drastically for July given the current closures.

Customers not being able to go out and enjoy some time in casinos shouldn't be a worry for the Government, but the lack of revenue that this absence creates will be damaging, given just how much funding is needed to maintain the fight against the virus.



THIS WEEK IN NUMBERS

18

Self-service kiosks at the FanDuel Sportsbook at Audi Field, the first MLS in-stadium sportsbook



25+



Years of sales experience for new Gambling Group VP of Investor Relations Peter McGough

100%

Technology and ecommerce company Star8 has signed a letter of intent to acquire 100% of Pace Developments St. Vincent



5,700

Square-foot Caesars Sportsbook to open at Harrah's New Orleans this autumn, along with a World Series of Poker Room

AU\$5bn (US\$3.3bn)

Estimated hospitality empire of Sam Arnaout, who has outbid veteran hoteliers the Gravanis brothers in a bid to acquire Casino Canberra from Aquis Entertainment

CALIFORNIA DEMOCRATS OPPOSE ONLINE SPORTS BETTING

► Entain and Flutter have been dealt an early blow in their fight to legalise online sports betting in California.

Ahead of November's mid-term elections, the Golden State's Democratic Party has revealed its ballot measure endorsements.

Unfortunately for both operators, the proposition to legalise online betting was not among them.

In a vote held on 10 July, the California Democratic Party opposed the Corporate Online Gambling Proposition, or Prop 27 for short.

However, members assumed a neutral stance on Proposition 26, the in-person Tribal Sports Wagering Act. If passed, this would legalise sports betting at tribal locations and licensed horseracing tracks.

It's backed by a tribal coalition aptly named "Stop the Corporate Online Gambling Prop: No on 27," which claims tribal locations are the only places safe enough to prevent underage and illegal gambling.

According to the group, Prop 26 will help create jobs and economic opportunities that support native self-reliance, all while generating millions of dollars annually for public schools, wildlife prevention and other state priorities.

In contrast, the tribal coalition argued that Prop 27 would lead to "a massive increase in problem and underage gambling."

Reid Milanovich, Chairman of the Agua Caliente Band of Cahuilla Indians, said: "By opposing Prop 27, California Democrats rejected out-of-state corporations and reaffirmed their commitment to California's Indian tribes.

"Prop 27 would expose children to a massive expansion of gambling and is a direct attack on tribal gaming and Indian self-reliance."

While the decision by California Democrats will boost the group's morale, it will not come as welcome news to Flutter and Entain.

Earlier this month, it was revealed that both operators were preparing a \$100m war chest to lobby for legalisation, but this now looks increasingly unlikely.

The Democratic Party is California's dominant political faction, currently controlling both chambers of the state's legislature, as well as the governor's mansion in the form of Gavin Newsom.

While this could all change come November, California is typically regarded by pundits as a safe "blue" state, and the legislature has remained in Democratic hands for several decades.

Ultimately, a Democratic victory this autumn doesn't necessarily mean online betting is dead in the water, but it's not an encouraging sign for those in the pro-legalisation camp.

GI Verdict: This news may spell an early end for the legalisation campaign. Almost 50% of registered voters in California are Democrats, so the party's decision to oppose Prop 27 is a bad sign for hopeful operators. November is nearly four months away, so there's still time to turn things around, but general sentiment seems against the proposition. The only real hope for operators is instigating a change of heart in Democrats, while driving a different social sentiment to California's gambling landscape.

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27



Venues around Turkey in which Sportradar will install its Synergy Automated Camera System

€1.47m (\$1.49m)

Per week to be paid by operator Gammix if it continues to offer unlicensed iGaming to Dutch consumers



3



Tennis umpires banned by the International Tennis Integrity Agency until at least 2027 after being found guilty of match-fixing

JUNE: FANDUEL CONTINUES NEW YORK LEAD WITH 55% MARKET SHARE

FanDuel has continued its domination of New York's iGaming and online sportsbook space, taking 55% of the market share and 45% of the handle.

DraftKings remains in second place with a 23% share of New York's revenue and 26% of its handle.

Meanwhile, Caesars nabbed a bronze medal for handle with 15% but in terms of revenue share, didn't even make the podium, placing fourth with 9%.

But overall, New York's market generated \$72.4m for June, down 34% year-on-year and the first month since February that the Empire State reported less than \$100m in monthly revenue.

This has been widely ascribed to a dearth of major sports betting events on which people can wager, a trend likely to continue throughout the summer and until the NFL season kicks off in September.

However, despite an overall drop in revenue, FanDuel will surely be pleased to increase its market share. In March, one of New York's most lucrative months,

FanDuel's share of the market was 48%.

All-in-all, the Empire State took \$1.05bn for June, the lowest figure since the state's market launched in January, though remaining above the \$1bn threshold.

Elsewhere, Flutter's domination has persisted in Iowa, where the operator led sports betting revenue with a 45% share of the market. Flutter's closest competitor in the Hawkeye State was DraftKings, which took 28% of the market share.

But the overall picture for Iowa was not so rosy; sports betting revenue fell 22% to \$6.6m in June. However, one state has so far seen revenue rise. Read on to find out more.

GI Verdict: If June's performance is anything to go by, the next few months will be tough for US sports betting. From now until September, there are very few major sporting events, at least not when it comes to basketball and American football. Big operators can likely weather this rough patch, but smaller brands may have a harder time.



THE WEEK IN QUOTES

"I'm honoured to have been appointed to serve as Online Safety Minister at the DCMS. After my work on these issues over the years, I'm looking forward to taking the UK's world-leading Online Safety Bill through its remaining stages in the House of Commons before the summer recess."

MP for Folkestone & Hythe, Damian Collins, on his appointment as Online Safety Minister at the Department for Digital, Media, Culture and Sports (DCMS)

"We're delighted to welcome e-gaming on board. Its range of games aligns well with the rest of the betFirst library and is another string to our bow as we continue to evolve our service and game offer."

BetFirst Head of Marketing Services Daphne Bal after the Belgian online casino added e-gaming to its roster of content providers

ILLINOIS BUCKS TREND TO RECORD GAMING REVENUE INCREASE FOR JUNE

Illinois is so far the only US state to report year-on-year growth in June; its casino revenue increased 5% to \$110.7m.

This is despite Caesars' operating revenue falling 5% to \$64.8m in June and Penn National dropping 8% to \$30.9m in Illinois. Both are multiple property operators.

What's more, Hard Rock International's Redford location saw revenue fall 16% month-on-month.

But the success of DraftKings at Casino Queen has helped offset the performance dip of other operators. DraftKings took \$6.5m for the month, a 23% increase on May.

Bally's Quad Cities had a successful June too, posting a 17% monthly increase. Illinois has made great strides year-on-year, land-based revenue has risen 18%, iGaming by 59% and sports betting a significant 85%.

Compared to New York's 34% drop month-on-month, and Iowa's 22% drop in sports betting revenue, Illinois has performed incredibly well.

Other states reporting June figures include Maryland, which took \$16m less than in May. In fact, May saw Maryland's second-best revenue on record: \$178.8m for the month.

Delaware's numbers, meanwhile, were its worst since August 2020. The state's total sports betting handle amounted to \$6m, down 15.6% from May.

Furthermore, net proceeds plummeted by over 100% from \$495,676 to \$212,768 across Delaware's three major racetracks.

Illinois is the only state to go against the post-sports season slump felt by other US states. Both the NFL and NBA are in the off-season from June, with MLB being the only US sports league in action throughout the summer months.

GI Verdict: Surprise, surprise – the Prairie State has outperformed all others. It remains to be seen if other states will join Illinois as outliers or whether they will suffer the same fate. A relatively quiet sports calendar would indicate the latter, but nothing is set in stone.

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"SCCG will be a strategic business partner to Ronin Venture and help the company grow the business in the North American market. SCCG will provide insights, business development and advisory services to grow the company within different North American sports market segments."

SCCG Management discusses its venture fund's recent investment in RoninSport.io

"We are looking forward to working even more closely with Sky Racing, to be more innovative in the way we showcase our sport to punters."

Greyhound Racing Victoria (GRV) Acting CEO Stuart Laing after the body granted Sky Racing broadcasting rights for the next four years

CONSTRUCTION GETS UNDERWAY ON NEW \$550M LAS VEGAS RESORT

A groundbreaking ceremony has kicked off the construction of Sin City's newest casino resort, Dream Las Vegas.

The \$550m project is being developed by Shopoff Realty Investments and Contour, in partnership with Dream Hotel Group.

Set to open in late 2024, Dream will feature 531 rooms, plus a 20,000-square-foot casino and gaming floor managed by Peninsula Pacific Entertainment (P2E).

Overseeing the property's construction is architecture firm DLR Group, with interior design by AvroKo, Rockwell Group and DLR Interiors.

A groundbreaking ceremony was held to celebrate the start of construction, attended by various stakeholders, including city and state officials such as Nevada Governor, Steve Sisolak.

"The Dream Las Vegas development is a great investment in our local economy – to boost tourism and create thousands of new jobs," he said.

Situated at 5051 South Las Vegas

Boulevard, across the street from Mandalay Bay Resort and Bali Hai Golf Club, this development forms part of the "ongoing revitalisation and rejuvenation of the south end of the Las Vegas Strip."

Dream Hotel Group CEO Jay Stein commented: "All of us at Dream are proud to play a role in creating what will be one of the most spectacular new additions to Las Vegas."

GI Verdict: It's safe to say P2E is not the most well-known of operators, managing four permanent US locations. These include Hard Rock Hotel in Iowa, Colonial Downs Racetrack & Rosie's Gaming Emporium in Virginia and a del Lago Resort in New York. Not only has the operator spread its assets state-wide, but its assets are also spread across different gaming verticals. A move to Vegas would constitute its greatest expansion, and likely become its flagship operation as the company expands its presence in the Hotel and Casino vertical.

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ABOUT US

SCCG Management is a consultancy that specializes in sports betting, iGaming, sports marketing, affiliate marketing, technology, intellectual property protection, product commercialization, esports, capital formation, M&A, joint ventures, casino management, and governmental and legal affairs for the casino and iGaming industry.



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Caesars
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DELASPORT ENTERS UK MARKET

Delasport has been granted the UK B2B Remote Gambling Software Licence and Remote Betting Host Real Events Licence.

With the licences, the group can now offer its sportsbook and services to operators in the UK, which is the biggest iGaming market in Europe.

It marks the seventh market for Delasport in six months, following moves into Malta, Denmark, Sweden, the Netherlands, Germany, and Mexico.

“Our entry to the UK market is the latest in a string of big wins for our global expansion,” said Delasport CEO Oren Cohen Schwartz. “For us, being able to take part in Europe’s most desired iGaming market is a huge opportunity that we have worked hard for, and look forward to growing in.

“We look forward to working with new and existing partners to bring our comprehensive offering to UK players who want the very best.”

Schwartz continued by explaining why the company is suited to the UK market, saying: “Our goal is to support operators with the best products and services that

allow them to compete successfully in their market, increase acquisition conversion and maximise player retention. Also, we own the IP of all of our products, and that allows us control over the roadmap and adjustment to market changes and partner needs.

“We push boundaries through innovation to leverage player experience through personalisation, content localisation, and unique betting. And, with a rich suite of cross-product player engagement tools like tournaments, missions, levels, badges, spin-to-win and more, we spice up the player experience even further.”

GI Verdict: Delasport’s entry into the UK market is its biggest in a recent string of market entries. The UK market is one of the most mature in Europe, and Delasport will be furthering its relationships with some of the most culturally entrenched operators. However, it remains to be seen how many successful partnerships Delasport can create in a market that is well established and awaiting the outcome of a game-changing White Paper which will permanently alter gaming regulations in the UK market.



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PACE-O-MATIC ANNOUNCES “MAJOR FRAUD CLAIM” AGAINST LAW FIRM

Pace-O-Matic (POM) has accused a law firm of “double-dealing” and waging a campaign designed to “destroy POM’s business.”

Eckert Seamans Cherin & Mellott is facing allegations that it “took up arms” against POM on behalf of Pennsylvania’s Parx Casino.

The lawsuit contends that Eckert “actively participated in and covertly manipulated litigation” adverse to POM’s interests. The company claims Eckert, “working at the behest of Parx Casino and its consultants,” sought to block it from doing business in Pennsylvania.

In particular, Eckert allegedly used its influence to “improperly target the Pennsylvania Gaming Control Board (PGCB).”

Eckert represented POM and Parx simultaneously, despite Parx opposing POM’s operations in Pennsylvania, it said. When confronted, Eckert denied the conflict of interest.

However, in November 2021, US Magistrate Judge Joseph Saporito



Jr found that Eckert had acted in “bad faith” by seeking to withhold emails that demonstrated it was representing both Parx and POM. Eckert appealed but Federal Judge Jennifer P. Wilson ruled for POM earlier this month.

The law firm then swore to not engage in a conflict again but according to POM, “continued to work surreptitiously

against POM and POM’s interests.”

Michael Barley, POM’s Chief Public Affairs Officer, said: “Make no mistake about it, Eckert engaged in an egregious conflict of interest where they unethically pitted one client against another.

“This case and record are clear, and we are hopeful the courts will right the damage that Eckert and its agents have inflicted upon POM, its customers and countless Pennsylvanians.”

GI Verdict: This is but the latest in a running dispute between Pace-O-Matic and legal bodies and representatives in Pennsylvania. Just last month (June 2022), the gaming company accused the Pennsylvania Gaming Control Board of “coordinated harassment” against skill-based gaming operators. Now, the supplier is at war with Pennsylvania’s Parx Casino, which has employed a team of lawyers to bring POM down. Not to say it claim isn’t true, but given the state of play in Pennsylvania, would it be wise of POM to start building bridges rather than continuing to burn them?



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FREDERIC LUVISUTTO APPOINTED WYNN MACAU AND WYNN RESORTS COO

Wynn Macau has appointed current Wynn Palace Chief Operating Officer Frederic Jean-Luc Luvisutto as the new Chief Operating Officer (COO) of the company and Wynn Resorts.

The appointment took effect on 7 July 2022, with Linda Chen ceasing to be the COO of the company and Wynn Resorts on the same date. She will continue to serve as the Vice Chairman and as an Executive Director of the company, and will become President with effect from 1 March 2023.

Luvisutto had held the role of Wynn Palace COO since January 2014, and was responsible for overseeing all operations at the company, including gaming. In his new role, he will be responsible for overseeing operations at Wynn Macau and Wynn Palace.

Luvisutto previously served as Managing Director of the Star Resort and Casino in Sydney, as well as Managing Director of Jupiters Resort and Casino on the Gold Coast. His time in the industry also includes positions as



Vice President of The Signature at MGM Grand in Las Vegas and Vice President - Hotel Operations at Monte Carlo Resort and Casino in Las Vegas.

"Frederic Luvisutto has been a standard-bearer for the Wynn brand for many years," said Craig Billings, CEO of Wynn Resorts, Limited and Wynn Macau, Limited. "After opening Wynn Palace in 2016, he worked diligently to lead the operations team to its current Five Star service standard.

GI Verdict: Keeping on top of operations in Macau shows Wynn still

means business in a region that has been severely hamstrung by Covid-19 ever since the pandemic began.

Appointing Luvisutto as Wynn Macau and Wynn Resorts COO highlights the intertwined make-up of the Wynn parent company (Wynn Resorts) and its Asia-facing brand. Wynn is sticking by its operations in Macau, even if this may lead to more financial hits in the short to mid-term. After all, Macau has been in turmoil for two years, what's one or two more?

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DELAWARE & INDIANA REVENUE

Fantini Research partners with *Gambling Insider* to provide weekly gaming industry data. This week, we look at Delaware and Indiana's gaming revenue for June.

DELAWARE

ALL-SOURCES REVENUE	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Harrington	\$12.464	+5.12
Dover Downs (BALY)	\$16.916	+4.48
Delaware Park	\$19.521	+3.16
Total	\$48.902	+4.11

SLOTS	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Harrington	\$10.911	+5.81
Delaware Park	\$16.313	+0.87
Dover Downs (BALY)	\$13.972	-1.11
Total Slots	\$41.195	+1.44

TABLE GAMES	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Dover Downs (BALY)	\$2.357	+39.64
Delaware Park	\$2.506	+32.02
Harrington	\$1.249	+5.47
Total Table Games	\$6.112	+28.12

SPORTS BETTING	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Dover Downs (BALY)	\$143,778	+0.37
Harrington	\$110,460	-17.72
Delaware Park	\$241,438	-39.81
Total Table Games	\$495,676	-26.96
Total Handle	\$5.127	-27.39

IGAMING	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Dover Downs (BALY)	\$443,912	+92.09
Delaware Park	\$461,047	+2.07
Harrington	\$193,983	-14.72
Total Table Games	\$1.099	+20.73



**AUGUST 9-11
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INDIANA

ALL-SOURCES REVENUE	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Hard Rock Northern Indiana	\$31.400	+20.70
Hollywood (PENN)	\$15.148	+0.39
Caesars Southern Indiana	\$19.575	-0.56
Hoosier Park (CZR)	\$17.208	-5.26
Horseshoe Indianapolis (CZR)	\$23.300	-6.08
Rising Star (FLL)	\$3.597	-7.01
French Lick	\$6.533	-7.99
Belterra (BYD)	\$10.190	-8.27
Bally's Evansville (BALY)	\$13.556	-12.21
Horseshoe Hammond (CZR)	\$28.853	-18.04
Blue Chip (BYD)	\$15.299	-24.22
Ameristar (PENN)	\$19.763	-28.21
Total Gaming	\$204.421	-8.82
Total Casino	\$188.655	-5.07

MULTIPLE PROPERTIES	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR
Caesars (CZR)	\$88.934	-9.12
Penn National (PENN)	\$34.911	-18.08
Boyd (BYD)	\$25.489	-18.56

SPORTS BETTING	JUNE REVENUE (M)	CHANGE (%) YEAR-ON-YEAR	OPERATORS
Hard Rock Northern Indiana	\$0.007	N/A	BETINDIANA
Hoosier Park (CZR)	\$0.660	+163.03	CZR
Belterra (BYD)	\$3.165	-2.82	ENT/MGM/Betway
Horseshoe Hammond (CZR)	\$0.560	-6.77	CZR/Kindred
French Lick	\$0.523	-18.59	RSI
Hollywood (PENN)	\$1.355	-22.65	PENN/PBH
Horseshoe Indianapolis (CZR)	\$0.304	-30.75	CZR
Blue Chip (BYD)	\$5.549	-39.71	FLTR
Ameristar (PENN)	\$3.515	-40.62	DKNG/PENN
Rising Star (FLL)	\$0.054	-70.11	CHDN/WYNN
Caesars Southern Indiana	\$0.006	-95.21	CZR
Bally's Evansville (BALY)	\$0.069	-97.77	BALY
Total Revenue	\$15.766	-38.09	
Total Handle	\$256.307	+4.05	

GI
FRIDAY

GUEST

INTERVIEW



CRAIG LIBSON,
CEO, FLEXIA PAYMENTS
& **SCOTT WALKER,**
PRESIDENT, FLEXIA PAYMENTS

Libson and Walker detail the value of creating a seamless cashless experience for players, which helps keep funds inside the casino

How important will the evolution of payment solutions, particularly going cashless, be for casino operators in improving the gaming experience for players?

Craig Libson: We've always been very engaged with land-based casinos and with payments. We realised early on that "cashless" is a misnomer for what's going on in the

technological transformation of payment solutions. A lot of people simply believe that: "if I can get money into an account without using paper and then I can get it back out without using paper, I've created cashless." The truth is, what's really behind all of this is a transformation of how you engage with a customer from the minute you onboard them into your casino, how you treat them inside the casino along with providing them the ability to use digital payments both inside and outside the casino. It's about the ability of the casino to engage with the customer even in transactions that are non-gaming. For example, our programme ties into the loyalty programme of the casino, allowing a customer to earn loyalty points for spend outside of the casino – similar to the way an airline credit card works. This data can be used to customise promotions and the data can migrate between platforms, so a lot of times the casino operators or the developers of these other platforms come to us to talk about going cashless in its simplistic form, and we are excited to explain the extent of what we can do. Once we teach engagement, it enables clients to rethink the way they understand cashless payments.

What are some of the ways improved engagement with players drives players back into casinos?

You can look at a couple of areas to substantiate this. The casino management system and its loyalty programme generate certain data, but the data we can share on players from outside the casino – what they spend money on and what their interests are – is very meaningful to casino marketers and operators. More and more land-based casinos are engaging with their customers through mobile gaming, sportsbooks, and online casinos. The ability to know what your customer is doing at various times of the day allows you to tailor an experience for them when they're at your casino, so they'll come back, they'll be retained. If you see that your customer enjoys going to restaurants outside the casino, you can look at ways to push them to go to your restaurant inside the casino and keep that money on your balance sheet, rather than let it leave your ecosystem. So, the data provided by our cashless solution is opening a whole new world of opportunities to drive player retention.

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How can operators cultivate an optimal mix of tender types for players? What does an optimal tender type mix look like?

We created our product with the idea of frictionless liquidity and the ability to move funds back and forth between accounts – as frequently as the customer wants and where the customer wants. We subscribe to and provide the basic idea that you can walk away from a slot machine, use online commerce, go to a store, and when you go back into the casino your rewards card is immediately available with all the new data of what you've spent and where you spent it.

Beyond that, operators are supplementing this by asking how you get cash into the ecosystem and keep it there. When we look at this, there's a variety of factors and you have to apply a mix of all of those. For players there are economic factors – what will it cost to get money in or out of the casino; logistical factors – am I getting money immediately or am I having to wait a day; what's familiar to the customer – bank accounts, Venmo, PayPal, etc. Players don't want to create a new set of tender options; they just want to be able to engage. Of course, there's also a lot to consider around compliance and risk, while finding the right mix to be appealing to all customers, depending on if they want things immediately or for free.

Picking up on creating an ecosystem, can you expand on ways in which money is kept inside the casino?

We built our platform to enable a variety of separate use cases, so that includes both open and closed-loop ecosystems. We've received a lot of positive responses from casino operators about Flexia's ability to encourage a customer, who won \$50 or who has 500 loyalty points, for example, to not take the cash out and go to a mall somewhere, but instead spend it within the casino space. The ability for our system to take data from different terminal types and systems, and say I want to spend that \$50 I won at the casino restaurant, we can not only enable that but also communicate marketing messages through the promotional tool in our app. If a casino sends a coupon via the app to a customer which would save them 20%, the chances are they would go and spend the winnings at the casino's restaurant. Instead of wiping \$100 off your balance sheet as an operator, you essentially gave \$20 at your restaurant to reclaim the \$80. This, at the end of the day, is keeping money in the ecosystem. It not only keeps the customer on-site but there's a real economic benefit to it too.

Regarding open and closed-loop systems, some payment providers believe closed-loop systems should be promoted exclusively? Do you believe one or the other is better or is it best to have both?

I think you have to provide both, but you have to make the transition between using each system as frictionless as possible. You not only have to best use the technical capabilities but also the logistical capabilities of the platform. You also must ride the fence in terms of compliance and network rules. If, for instance, Mastercard® doesn't want a particular transaction happening in its account, then you must

be nimble and provide solutions to work around that, without violating the rules. There's a lot that can be done technically, but it's all about thinking it through and making sure you're providing a seamless user experience.

What plans does Flexia Payments have over the next 18 to 24 months?

We've engaged with several major platforms to expand our footprint here. We're also engaged with some of the major online platforms and some of the more innovative gaming technology products being brought to market. Our focus is on the local casino and repeat customers, so part of what we're doing is providing flexibility to use funds inside and outside the gaming location. Also, we're continuing to add new funding sources, whether that's real-time payments, crypto wallets, and the like. We're also engaging with Tribal casinos that have closed environments and working with them to expand the use of funds, not only in the gaming environment but also in retail locations on the reservation or in the local community. There are a whole lot of fintech opportunities dealing with merchants in a closed-loop situation. We're trying to find those that are relevant to this customer base and add them in. Again, it's all about engagement, how many tender points we can have and the mix of tenders. If a player earns loyalty points through the casino, that player has to come back to the casino to reap the benefits of that. Payments are all about creating a symbiotic relationship.

The point we always stress when we engage with the operator is that the funding aspect is just the tip of the iceberg of the many benefits of cashless. Many of the early entrants in US markets have been so focused on just electronic cash-in that they've missed the boat on creating customer relationships through the cashless experience. Others we've spoken to about cashless say it isn't so exciting, and I say, well, that's because you haven't seen cashless yet. You've seen electronic funding, not the true integrated cashless experience. The cashless revolution, the idea of putting the mobile phone at the centre of what the customer is using to engage in gaming activity, not only opens-up everything we talked about, but when you take that and transpose it with the idea of slot machines going wireless on the net – if you look empirically at where the world is going, the move to put the device in the player's hand, this changes the ability for everything to modernise inside the casino.

Scott Walker: I've been in online gaming since 2001 and I have also run casinos, so I believe that the most desirable thing is to have a financial instrument where you can easily withdraw money, easily deposit money and easily shift money between the different systems. That to me is the key to cashless wagering and engaging the customer outside the casino. We feel we've accomplished this. Some of our competitors may think they have as well. For me, coming from land-based operations, the ability to connect the two systems – online and land-based, is a big achievement that we believe is going to be very key for us.



GI THE DEBRIEF FRIDAY

Last week's European tour to Nice and Amsterdam saw *Gambling Insider* continue to re-engage with a gaming industry reawakened after two years of Covid-19-induced dormancy. Operators, suppliers and affiliates alike are re-engaging heavily with the land-based sector while seeking expansion in America's new online markets. Besides Macau, nearly all markets are active once again.

This week alone has seen the announcement of a new \$550m casino set to be developed in Las Vegas, as America's gaming capital continues its post-pandemic resurgence. At CNBC's Evolve Summit, MGM Resorts CEO Bill Hornbuckle hailed Vegas' robust vitality under the threat of rising inflationary pressures and warnings of an impending recession. "You wouldn't know [there are inflationary pressures] looking at this place last night or what we've experienced over the last couple of quarters," said Hornbuckle.

The same can be seen across the US, notably in the online sector. FanDuel has extended its share of New York's market to 55% in what is the state's fourth consecutive month where handle has surpassed \$1bn. Although most markets have seen slight dips in their financial statements, this is merely indicative of a natural plateau in customer acquisitions as market-opening land grabs come to a close and sports leagues

conclude. Thus far, Illinois is the only outlier in the US, reporting revenue gains for June.

US activity is rife, but plans for it to become rife still have hit a snag after a bill to legalise online sports betting in California was rejected by Californian Democrats. In what would surely be one of, if not the, largest iGaming market in the US, FanDuel and Entain's attempts to push through sports betting legislation have fallen on deaf ears. The bill remains on the state's November ballot, though, and land-based sports betting remains a possibility for tribal locations.

Furthermore, Europe has seen activity this week with Delasport entering the UK market.

It is just Macau, by far the largest land-based gaming market pre-pandemic, which is yet to shake off the shackles of Covid. The recent re-closure of its casinos after a local outbreak – the first widespread closure in two years – keeps it in a revenue-starved funk it has never truly bounced back from. It's worth reinforcing that Macau was by far the largest gaming region in the world pre-pandemic. Las Vegas Sands made \$3.5bn EBITDA annually at Macau's peak and now, as admitted by Hornbuckle: "You can look at Encore Boston Harbor and see that it is out-earning any single property you have in Macau."

The functionality of Macau's gaming industry is not just important for Macau, it's crucial for the health of the casino industry worldwide and big-hitting operators who came to dominate the market in Macau. There is cause for optimism, though, according to Las Vegas Sands Chairman and CEO, Robert Goldstein.

He said: "We've got to hunker down and wait for it to turn. But the idea it doesn't turn is hard to imagine; it's going to turn probably this year or next. When it does, I think Macau will make much more money than it ever did."





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