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WEEK 30
FRIDAY 29 JUL 2022

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AGGRESSIVE ADS & CALIFORNIAN COMPACTS



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THIS WEEK

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GUEST INTERVIEW
Lawrence Perret-Hall,
Commercial Director,
Cyfor

WEEK 30
FRIDAY 29 JUL 2022



CALIFORNIA
GOVERNOR
CONDEMNS
REJECTION
OF COMPACTS

SMARKETS
LAUNCHES
NEW AD:
REVOLUTIONARY
OR RECKLESS?



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Finger-pointing, Cheltenham and the CEO dismissing Gary Pallister – SBK's new ad doesn't hold back. *Gambling Insider* assesses the effectiveness of its brute force

When sportsbook operator SBK launched its latest advertising campaign, it knew the commercial – featuring the Founder and CEO of parent company Smarkets, Jason Trost, as its star – would never clear Clearcast's (the UK's television clearance body) inspections; with the body saying the ad would 'bring advertising into disrepute.'

However, as the start of the next Premier League season draws closer, SBK – fresh from a catastrophic system failure at Cheltenham in March, for which it drew significant criticism from customers online – decided to go on the offensive, dubbing its ad: 'The ad we weren't allowed to make. But we made it anyway.'

"With Trost's finger directly pointed at the competition – bullishly calling out perceived greed – he has fired a shot across the bow of Smarkets' rivals"

Smarkets' latest push took no prisoners, savaging odds offered by rivals, as Trost used an expletive to dismiss the treatment given to customers by its competition – before calling out the opposition's 'terrible casino games.' This was set to the backdrop of a wall of tweets that stated public dissatisfaction regarding the betting market and the odds of competitors.

At the launch, Trost doubled down on the claims made in the latest commercial – the biggest Smarkets has ever produced – saying in a statement: "The industry's old guard has been giving unnecessarily bad odds to customers for so long. We launched SBK to provide our world-best pricing to the mainstream market in the familiar feel of a sportsbook. That's what this campaign is all about: how our odds are better than the rest who make easy money on casino products and huge sportsbook margins, and we're not afraid to call them out."

Throughout the frenetic and borderline manic ad, which finds Trost confidently swaggering through SBK's offices in London wearing a rage of different sporting outfits, the CEO pushes himself as the face of modern betting – brashly perching atop the pile of betting operators within the market. Almost literally, as he sits upon a racehorse in the middle of his staff, looking down from on-high – with vague references to the 1999 film Office Space thrown in for good measure.

After another costume change, the ad ends with Trost 'performing' a perplexing gymnastic move and saying: 'We're SBK and we're here to rewrite the sportsbook'. A phrase used to underline what Smarkets has spent the prior 75 seconds pushing – it is the only operator that

cares about the consumer – and, in effect, declaring itself the only place to get fair odds in a market filled with bloated, greedy betting companies.

The whole campaign has come on the back of the aforementioned problems Smarkets suffered at the Cheltenham Festival. That saw the operator come under fire from furious customers who couldn't place any bets for an entire day due to a technical failure – leading to an apology from the firm.

GI Verdict: In an attempt to push focus from recent failings – and onto those of competitors – Smarkets could be said to have designed a campaign to purposely fail on the traditional marketing haven of TV. Therefore, the operator is banking on it to become successful through alternative modern multimedia channels – as the full 80-second ad is still being marketed to punters at London stations through the use of a QR code; which links the commercial with its target audience.

The ad is undoubtedly funny and obviously built to give customers a refreshingly honest take on the state of the UK's sportsbook industry; many of whom will be looking harder for more amiable odds in recent months, with inflation and the rising cost of living squeezing purse strings even tighter.

By using an anti-establishment stance, it's clear Smarkets is attempting to win over those who feel traditional betting operators are no longer giving customers the best odds they can – while Trost's own starring role in the ad is aimed at delivering a personal touch, as he quickly dismisses ex-Manchester United & England footballer Gary Pallister during his brief appearance. He tells the audience: "No more gimmicks and no more retired soccer players trying to sell you a bet boost," referencing the trend by current betting operators to use former footballers in advertising campaigns.

By creating a commercial it knew wouldn't pass clearance for the UK, Smarkets has made a bold decision – as choosing to lose the traditional audience reached by the TV market could backfire if the latest advertising campaign fails in other areas to reach target consumers. However, the reverse is also true; should the ad find itself in the public consciousness for its off-the-wall approach, and brutal assessment of Smarkets' competitors, then it could prove to strike exactly where the operator hopes it will.

With Trost's finger directly pointed at the competition – bullishly calling out perceived greed – he has fired a shot across the bow of Smarkets' rivals, creating an 'us against the world' mentality within the ranks (José Mourinho, anyone?). This could draw customers to the operator in time for the world's most valuable football league to return for the 2022/23 season on 5 August. But just how effective will the campaign prove in doing so?

THE WEEK IN NUMBERS

2

New non-executive directors for UK Tote Group; Lord Michael Spencer and Mark Holt



\$35m



Series B round of fundraising for fantasy sports company Underdog Fantasy

73

Games to be included in Red Rock Casino Resort & Spa's existing high-limit slots area as part of the company's transformation plans



2

Executive team roles expanded at Commerce Casino and Hotel; Nedy Warren as Vice President and COO, and Lonnie Coleman as Secretary and Chief Administrative Officer



69.5%

Of respondents in a poll from the Brentford Independent Association of Supporters say the club should not continue commercial relationships with gambling firms



CALIFORNIA GOVERNOR CONDEMNS REJECTION OF GAMING COMPACTS

► California's Governor Gavin Newsom has criticised the Federal Government's disapproval of two tribal-state Class III gaming compacts, a decision he labelled arbitrary.

The US Department of the Interior (DOI) has rejected agreements between the State of California and two tribal authorities: the Santa Rosa Indian Community of the Santa Rosa Rancheria and the Middletown Rancheria of Pomo Indians.

The Indian Gaming Regulatory Act (IGRA) sub-divides gambling into three levels depending on what products or services are offered. Class III constitutes the highest tier and covers most casino games, but to offer them, tribes must negotiate a compact with the appropriate state's government.

However, the DOI reserves the right to disapprove such compacts in certain circumstances, a right it has – in this case – exercised. In response, Newsom issued a scathing statement in which he accused the DOI of endangering the welfare of tribal communities.

"Despite the tribes' efforts to meet with the Interior and changes negotiated with the State of California to address concerns expressed by the Interior, the Department chose to disregard the interests of the tribes and arbitrarily disapprove the compacts," said Newsom.

"The disapprovals threaten the ability of these and other tribes to invest and maintain jobs in many of California's economically disadvantaged communities."

This is the second time the DOI has disapproved gaming compacts between

the tribes and state, compacts which Newsom said were "carefully negotiated" and "in compliance with the Indian Gaming Regulatory Act."

Jose "Moke" Simon, Chairman of the Middletown Rancheria, was likewise disappointed by the DOI's disapproval, and feels "betrayed" by Secretary of the Interior Deb Haaland.

"While California has taken great steps forward, sadly, the betrayal we feel from Secretary Haaland is something we have come to expect from the Federal Government," he remarked. "The path forward is now paved with stones that will make it difficult to navigate our tribe's future."

Leo Sisco, Chairman of the Santa Rosa Rancheria Tachi Yokut Tribe, echoed Simon's comments, adding: "The chilling effect this decision will have in Indian Country is immeasurable and the financial cost to our tribe will be irreparable."

Looking ahead, Newsom said the State of California would work with both tribes to "rectify" the DOI's decision.

GI Verdict: While there seems to be significant support for tribal gambling in the Golden State, the Federal Government ultimately has the final say. Reports indicate that the DOI raised concerns over the compacts' wording, though neither party seems willing to give much ground on this issue. For Newsom, at least, this makes sense. The Governor has made multiple promises to California's Native American communities – and mid-term elections are looming...

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from life to live



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3

Year extension to the existing partnership between Betfred and the Professional Darts Corporation (PDC)

2

Jackpot Blitz Electronic Table games to be installed at Buffalo Bill's Casino Resort through an agreement between the casino and Jackpot Digital



100+

People affected by gambling harm have published an open

letter to the Premier League as part of The Big Step's campaign calling for an end to gambling adverts and sponsorship in football



MACAU CASINOS REOPEN – BUT NOT FULLY OPERATIONAL YET

The majority of Macau's casinos are once again open after a widespread lockdown was downgraded on 23 July 2022.

Macau's casinos are now open with limited operations, as the region continues to remain vigilant against Covid-19.

Per reopening conditions, 50% of casino staff may return to the workplace. All returning workers are subject to strict disinfection guidelines, with no more than one person per two square metres of space permitted. Social distancing rules apply to both staff and casino customers.

Despite this tentative reopening, business operations remain depressed because stringent travel restrictions continue to constrain tourism volumes.

Citizens travelling to Macau from Zhuhai must present a negative Covid certificate no older than 48 hours before entering the region.

To return to Zhuhai, not only is another test certificate taken 24 hours before departure needed, but seven days of quarantine are required in a designated Zhuhai Government facility.

A total of 35 casinos in Macau have reopened since 23 July, with only two remaining closed.

These are Regency Art Hotel and Broadway Macau – both will continue to be used for quarantine purposes. Regency Art Hotel is operated by SJM Holdings, while Broadway Macau is part of Galaxy Entertainment Group.

Reopened casinos must continue to operate at 50% until Macau's "consolidation" phase expires. According to the Macau Gaming Inspection and Coordination Bureau, this period is due to run until 29 July 2022.

GI Verdict: The fact that all but two casinos in Macau have reopened indicates how important it is for these venues to get back to welcoming customers, and subsequently earning money.

But the restrictions in place are hugely limiting, and it is highly unlikely many patrons will be willing to risk contracting the virus by visiting casinos. It will be a long time before pre-lockdown levels of operation are achieved.

THE WEEK IN QUOTES

"Everyone experiences gambling harm differently, and tailored treatment options are so important for long-term recovery – which is exactly what this tool provides."

Minister for Consumer Affairs, Gaming and Liquor Regulation, Melissa Horne, on a new trial program from the Andrews Labor Government in Australia

"Delighted to say that next month I will be joining Flutter, the global sports betting and gaming business, as Director of Reputational and Public Affairs in the UK and Ireland. I remain eternally grateful to BCW for giving me my first 'break' after my 20 years in journalism. I've learned a lot and worked on some great accounts. It's also, of course, been great to meet people I used to deal with as a journalist on this side of the fence."

Steve Hawkes upon his appointment as Flutter Entertainment's new Director of Reputational and Public Affairs for the UK and Ireland

FULHAM AGREES RECORD SPONSORSHIP WITH W88

Premier League club Fulham has signed a record sponsorship with betting firm W88 as a Front of Shirt and Main Team Partner for the upcoming season.

An agreement had reportedly been made between the two parties last week, but the club has now confirmed that its shirt featuring the W88 logo will be worn by both the men's and women's first teams.

"We are both proud and excited to be partnering with London's oldest professional football club, Fulham FC, as they return to the top-flight of English football," said W88 Business Development Manager Hilly Ehrlich. "We are also looking forward to engaging with their passionate global fanbase during the season ahead and delivering innovative content with the club."

The new kit for the 2022/23 season will be unveiled on 29 July, and will be worn by the men's team in their final pre-season friendly fixture against Villarreal on 31 July.

The partnership comes amid much debate on the issue of gambling

sponsorship in football, a topic that is currently being discussed in the Government's review of the Gambling Act 2005.

Fulham fans in particular have voiced their concerns, with the latest Fulham Supporters' Trust annual survey finding that 46% of respondents said they would be uncomfortable having a gambling firm as the club's main sponsor.

GI Verdict: Despite much scrutiny of gambling sponsorship in football, Fulham has gone ahead with this new deal, no doubt causing further angst among government officials who have their hearts set on cutting ties between football and gambling sponsorship.

But Fulham isn't the first club to potentially upset people with a gambling deal, with both Everton and Brentford fans expressing discontent in recent times at a new relationship between their respective club and gambling sponsor. With these clubs evidently not truly willing to listen to fans here, is hypocrisy thy name?



PRESENTS

THE LIONESS
FEATURING AMANDA NUNES

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ROAR

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"Betsoft has been building its presence in LatAm for several years now and we are delighted to reinforce our commitment to the market with an innovative casino brand like Gambeta10. We are looking forward to delivering a great gaming experience together."

Betsoft Head of Account Management Anna Mackney after Betsoft Gaming secured a content partnership with operator Condor Gaming Group's new online casino, Gambeta10

"The safety and integrity of the sports betting and online casino experience at MaximBet is of utmost importance, and we are thrilled to be working with US Integrity as we expand across the regulated US and Canadian market. US Integrity's proactive approach to maintaining integrity will play a pivotal role in detecting potentially suspicious wagering activity."

MaximBet Director of Compliance Trish Wheaton on the group partnering with US Integrity ahead of planned launches in further North American markets

THESCORE BET BRINGS EVERYTHING IN-HOUSE

Score Digital Sports Ventures (AKA: theScore Bet) – subsidiary of Penn National Gaming, Inc – has unveiled its new in-house proprietary risk and trading platform.

The launch comes as the final stage in theScore Bet's strategy to bring its sportsbook tech in-house, something that Penn National Gaming CEO, Jay Snowden, is proud of – saying at the launch of the new product: "The completion of theScore Bet's technology stack is a milestone accomplishment that significantly strengthens our online betting capabilities, mobile product offerings and overall integrated media and betting ecosystem."

He then added: "This vertically integrated platform will increase our ability to engage and retain customers, drive more flexible pricing, provide valuable savings on third-party platform costs, and allow us to deliver the most personalised product experience in the market."

"We're thrilled to have this technology deployed in Ontario and are diligently working toward migrating the Barstool

Sportsbook in the US to the platform in Q3 2023, after which we will begin to realise the full benefits of our in-house, custom-designed technology."

With everything now under one roof, theScore Bet has a vertically integrated in-house infrastructure, with its own player account management system, custom-built promotion engine and new risk trading platform.

GI Verdict: Penn National's plans for theScore Bet seem all but complete. Moving exclusively into Ontario, the ScoreBet's in-house platform solution now gives it sustainability and, notably, full autonomy in Canada. But theScore Bet's operational change is not without challenge, and opens up a long-held debate over in-house solutions vs outside suppliers. While in-house solutions offer greater control, should bugs and other glitches start to infiltrate the operator's platform, the buck will stop with theScore Bet – and it will have nowhere to hide. Remember, theScore Bet now operates solely in Ontario.



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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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21 JULY TO THURSDAY 28 JULY
(11:30AM GMT)

PointsBet	3.57 AUD	 26%
Kambi	178.95 SEK	 5%
Better Collective	155.90 SEK	 1%
IGT	19.21 USD	 3%
DraftKings	13.68 USD	 4%

BUSY WEEK FOR IGT WITH FOUR NEW DEALS

International Game Technology's (IGT) subsidiary IGT Global Solutions Corporation has signed an agreement to deliver iLottery content to the Michigan Lottery.

It will be delivered through the company's remote gaming server (RGS). The Michigan Lottery is the fourth lottery in the US to have access to IGT's portfolio of eInstants. This follows iLottery programmes in Georgia, Kentucky and Rhode Island.

"The integration of IGT's advanced RGS will provide the Michigan Lottery and its players with an extensive library of premium iLottery content, diversifying the Lottery's portfolio with well-known eInstants and omnichannel themes," said IGT Chief Operating Officer, Global Lottery Jay Gendron.

"As a leader in this space, the Michigan Lottery has built a robust iLottery offering from the ground up, and IGT is thrilled that we can contribute to its continued success

through the launch of our games."

IGT last week announced that it will host a conference call and live webcast on 2 August to discuss its results for the second quarter of 2022. In May, the group reported Q1 2022 revenue of \$1.1bn, a 4% increase from the prior-year period.

GI Verdict: IGT's expansion into Michigan propels the supplier's presence as a dominant lottery supplier in the US. In fact, Michigan arguably represents one of the bigger US markets the supplier has entered, following launches in Georgia, Kentucky and Rhode Island. For Q1, IGT's income from lottery operations was down 3% – its launch in Michigan may, therefore, represent an attempt to recoup losses for the second half of 2022. Meanwhile, IGT has also extended its original 2015 deal with Holland Casino and, finally, brought its games to Argentina's Nuevo Casino Aberdi. A busy week indeed for the supplier – all this while its National Lottery appeal in the UK lingers on in the background.

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KAMBI Q2 REVENUE DOWN 19% YEAR-ON-YEAR

Kambi Group has reported revenue of €34.7m (\$35.2m) for the second quarter of 2022, a 19% decline from the second quarter of 2021.

EBITDA declined by 47% year-on-year to €11.6m, while operating profit for the period declined by 70% to €4.9m, at a margin of 14%. Earnings per share for the second quarter of 2022 were €0.109, while cash flow for the period amounted to €0.1m.

Kambi noted many highlights for Q2 2022, including an online agreement with Mohegan Gaming & Entertainment and its Fallsview Casino brand in Ontario, Canada, an extended deal with Greenwood Gaming and Entertainment, going live on day one in Ontario and launches in the United States and Mexico among other milestones.

"In Q2, Kambi delivered another positive quarter with underlying growth remaining healthy and operator turnover up 16% when adjusting for the migration of DraftKings," said Kambi CEO Kristian Nylén.



"This performance was achieved despite a quieter than usual sporting calendar, particularly with the soccer World Cup taking place later in the year, outside its usual Q2 starting slot. We also signed a partnership with Mohegan

Gaming & Entertainment, launched in Canada and Mexico, and announced an extension to our contract with US multi-state operator BetParx, all while making significant strategic progress."

GI Verdict: Kambi's Q2 results highlight an undeniable truth; the supplier has not managed to shake off losing DraftKings as a partner. Although its turnover is up 16% when adjusting for the loss of DraftKings, the fact Kambi is forced to mention DraftKings shows it has been hard to let go. What's more, turnover of 16% for Q2 is down 9% on Q1 – it would seem Kambi still hasn't found that new perfect partner. There is of course hope, however, with a string of recent agreements with Mohegan Gaming & Entertainment and Greenwood Gaming & Entertainment.

The loss of DraftKings is no secret at Kambi. After Q1, CEO Kristian Nylén admitted this to *Gambling Insider*. But, from next year onwards, consistent growth should be back on the cards in the supplier's quarterlies.

AUGUST 9-11
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BOYD POSTS STABLE Q2 RESULTS – THOUGH THERE IS CAUSE FOR CONCERN

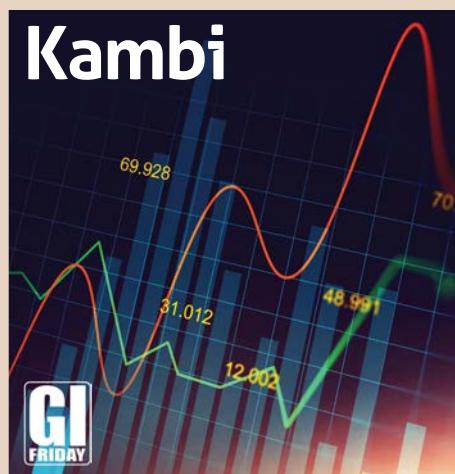
This week, Boyd Gaming published its second quarter financial results, reporting total revenue of \$894.5m – a 0.1% increase on 2021's \$893.6m – as the industry recovers from the effects of the Covid-19 pandemic.

However, it is Boyd's 29% increase in net profit which drew the most attention, with the gaming corporation totalling \$146.8m for 2022 – compared to 2021's \$113.7m.

Supported by its 'Gaming' arm – responsible for \$685m (75%) of total revenue, a \$40m drop on Q2 results in 2021 – Boyd saw its 'Food & Beverage' division enjoy a good quarter, earning the corporation \$70.3m (8%) of its total.

Meanwhile, the rest of Boyd's income came from its 'Room' and 'Other' subsections, which generated \$50m & \$89.3m, respectively.

So, while Boyd's total and net revenue enjoyed a boost on 2021's Q2 results, the negative came in the form of its EBITDAR (earnings before interest, taxes, depreciation, amortization and



operating trends remain strong, as play from core customer segments grew both year-over-year and sequentially from the first quarter of 2022."

He also highlighted Boyd's reaction to rising inflation, stating: "We also improved company-wide operating margins from the first quarter despite inflationary pressures. Overall, we are encouraged by the continued strength of our business, and remain confident in our strategy and our ability to navigate today's uncertain economic environment."

GI Verdict: With Boyd Gaming posting slight gains from last year, it has followed the broad trend seen within the industry – as the vast majority have either shown incremental earnings or losses against the same period last year.

Boyd's losses through its 'Gaming' arm are a cause for concern, however. The operator must look at the results posted in 2021, amid the backdrop of the pandemic, and understand why 2022 has seen such a drastic drop in earnings.

restructuring or rent costs) suffering an 8% drop on the previous year.

However, President and CEO of Boyd Gaming, Keith Smith, rejected any comparison with 2021's Q2 results, commenting: "The second quarter of 2021 was a challenging comparison due to benefits from government stimulus and the lifting of Covid restrictions. Our



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ARIZONA SPORTS BETTING REVENUE

Fantini Research partners with *Gambling Insider* to provide weekly gaming industry data. This week, we look at Arizona's sports betting revenue and handle in May vs April.

SPORTS BETTING	MAY REVENUE (M)	CHANGE (%) MONTH-ON-MONTH
FanDuel (FLTR)	\$24.752	+52.12
DraftKings	\$14.288	+847.39
BetMGM (ENT, MGM)	\$9.996	+28.98
Caesars	\$3.477	+100.31
Penn Sports	\$0.880	+61.78
WynnBet	\$0.816	+40.93
Rush Street Interactive	\$0.376	+28.44
SuperBook	\$0.134	-6.41
BetFred	\$0.124	-47.54
FuboTV	\$0.059	-10.44
Desert Diamond (Kambi)	\$0.050	N/A
Unibet (Kindred)	\$0.042	+1.81
Bally Interactive	\$0.033	N/A
TwinSpires (CHDN)	\$0.032	-51.22
Seminole Hard Rock	\$0.031	+199.69
Digital Gaming (Super Group)	\$0.008	+28.93
SaharaBets (IGT)	\$0.005	N/A
Golden Nugget (GNOG)	\$0.000	N/A
Total	\$55.103	+88.39
Retail	\$0.771	+449.44
Mobile	\$54.332	+86.65

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SPORTS BETTING HANDLE	MAY HANDLE (M)	CHANGE (%) MONTH-ON-MONTH
FanDuel (FLTR)	\$152.351	-0.10
DraftKings	\$141.063	-9.54
BetMGM (ENT, MGM)	\$84.196	-16.31
Caesars	\$48.445	-23.08
Penn Sports	\$14.552	-13.42
WynnBet	\$8.868	-10.79
Rush Street Interactive	\$4.229	-32.02
SuperBook	\$2.423	+25.12
BetFred	\$1.211	-31.65
Unibet (Kindred)	\$0.934	+9.47
Seminole Hard Rock	\$0.797	-9.09
TwinSpires (CHDN)	\$0.648	+28.28
Desert Diamond (Kambi)	\$0.508	-53.45
FuboTV	\$0.450	-27.13
Golden Nugget (GNOG)	\$0.269	+468.27
Bally Interactive	\$0.167	+761.71
SaharaBets (IGT)	\$0.072	+6.93
Digital Gaming (Super Group)	\$0.054	-19.49
Total	\$461.237	-10.06
Fantasy Sports	\$410,559	+17.97

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DEBUTS IN ASIA - AUGUST 2022



GI
FRIDAY **GUEST**

INTERVIEW

**LAWRENCE PERRET-HALL,
COMMERCIAL DIRECTOR,
CYFOR**

Perret-Hall speaks to Gambling Insider about EGBA's new security team – and the impact it will have for the gambling industry as it continues to fend off cyber attacks from criminals

Since the European Gaming and Betting Association (EGBA)'s security team was founded in March, what are its immediate goals and how has it been implementing them?

First, I think it's a really good idea they've set one up in the first place. There's a lot of issues around cybersecurity that people don't want to talk about – and the security team want everybody to be open about the learnings companies make. Right now, there are lots of online forums where people feel more comfortable talking anonymously; but I think these new inter-industry forums and areas where people can openly talk about cybersecurity, set up by EGBA, are good because people feel more comfortable within the industry talking about specific threats.

Really, the first objective in all of this is getting people to actually engage. With cybersecurity, information is key, so unless people are learning from vulnerabilities, threats, market changes, the latest technology and the latest trends then everybody is just stabbing in the dark. I have every optimism that it's going to be a success – we've got clients in the gambling & gaming industry and had one of them that proactively say "would you be prepared for us to open up about some of the threats we've had?" to the cybersecurity group – and that was only a couple of months ago. So you can tell the actual people in the community are actively now trying to share this information, but it will take time to get a bit of traction.

Are the attacks being faced becoming more complex and are companies that've been attacked before more open to threats, or is this somewhat random?

A bit of both; a lot of it is done by criminal groups – they are trying to go after certain industries, and there are certain different attack vectors the industry will be vulnerable to. We've seen a big rise in ransomware as a service, which is obviously huge for the gambling industry – but also double extortion. So people are talking on the dark web about whether a company has been attacked previously and if they paid the ransom – sharing that information to say 'look, these guys are payers'. Double extortion is something that's massively increasing in all industries and gambling won't be immune to that.

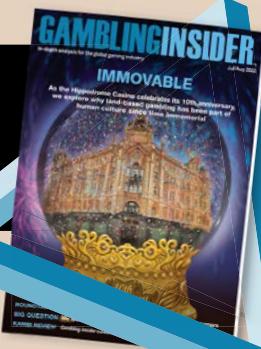
At Cyfor, what is your primary focus?

We are primarily instant response; though, to be a main cybersecurity provider we have to do all kinds of other periphery services like penetration testing, vulnerability scanning, and playbook writing – but our bread and butter is the instant response. Meaning, when somebody is suffering a cyber attack, we're there. Ideally, we're already on a retainer with them – as we are with some of our clients in the gambling industry – we know them well, we know their system, we've done some desktop exercises, fire drills, these kinds of things. We also have an emergency line, so when they think they're compromised, we're able to jump in. That's one of the key things we do outside of our current clients, and that's where we've picked up some of these clients in the gambling industry. They've called us out of the blue and said we think we're suffering an attack, is there anything we can do to get us back to working order as soon as we can? So, while the cyber industry is full of software and technology, there seems to be a niche that we're in for people that are actually willing to help.

How long does it take to get a company back up and running again after a successful cyber-attack – how long should it take generally?

It really depends on the severity of the attack and on how familiar we are with them as a company. If they're already on retainer with us, then we already know them, how they operate and what to do.

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The response to cyber attacks can be determined in two different ways. Something called RTO and RPO – RTO is recovery time objective, which is how quickly you can recover from an attack being known and get back to complete working order. Whereas RPO is Recovery Point Objective, which is how far back you have to restore from and how much data you lose. So if the attack happened at 4pm on a Friday but you back everything up on a Saturday, you're going to lose a week's worth of work – which is a lot of data in the gambling industry.

Ideally, you want to reduce both of those times. But, importantly, they need to be signed off by the C suite. A lot of the time, what you'll find is everyone panicking, saying 'why aren't we back online?' And the answer is, your backups aren't frequent enough. Having all this ironed out and doing proper exercises is key – there's no one metric which says you need to be up in two hours. Some of them can be down for days – that's the reality.

How much do you suggest these companies back up their work?

For the larger ones, I'd say hourly – that's probably the best advice. If you're talking really large corporations, what you'd really want to have is offline mirroring. This is basically duplicating your whole business. For example, say you're using one copy, in the instance of an attack you can jump over and use the second copy which isn't connected. Then, ideally after that, if they do both become compromised, you have a cold copy which you can then restore from. But it's not just a matter of having a whole backup, you've got to be sure – particularly with ransomware – the backups aren't also infected.

What we've found is a sharp rise of malware or ransomware compromising a network, sitting silently for however long as a vulnerability that's not exploited, then the attack vector triggers it – which in turn triggers the company to go down – so it's like a time bomb that keeps going off. You've got to think about all these things when you're doing the backup procedure. The biggest thing we see in instant response is the backups also becoming encrypted or covered by the ransomware. You've got to make sure they're offline or safe copies that are either password-encrypted or air-gapped, meaning they're not connected by cables. You've got to have an extra saved copy somewhere else.

Within the gambling industry, how much do the different companies differ when it comes to cybersecurity?

I would say they differ quite considerably, but they've got to – they're all different size businesses storing data in different countries by different means, different backups, using different software. There's not one size fits all, which is why cybersecurity can be quite complicated. It's not just one online workflow you can download and say this is how to protect our company. I would say, generally, the gambling industry – and our clients – are pretty

savvy. We work in all sorts of other industries, and I'd say the gambling industry is at the front. One of our clients recently told us their cyber insurance premium is going through the roof and they don't see real value for money in the insurance. That's because it's just effectively a piece of paper with an exchange policy that doesn't always cover you anyway.

"People are talking on the dark web about whether a company has been attacked previously and if they paid the ransom – sharing that information to say 'look, these guys are payers'"

And what the smaller companies are doing is trying to get a return on their investment – so, instead of spending that money on insurance, they're spending it on a retainer for a firm like us. Moreso, the money and hours which get accrued towards responding to an incident – if you're not responding to an incident – get recycled into a cyber consultancy. The hours we haven't used for an attack in a quarter might then get put towards improving cyber resilience – which could be pen testing, vulnerability scanning, simulated fishing campaigns. That is where companies, particularly on the smaller end, are getting real value for money – rather than paying X amount per month to an insurance premium.

With EGBA, will there be a standard time it recommends for everybody in terms of response to attacks?

It would likely evolve to that but right now they're very much in the accumulation phase. They're looking to get information, get members on board, gain a bit of traction, gain a bit of trust and provide a nice environment where people are prepared to open up and say we've had this attack, and this is what we've learned. That's the first stage of it. The second stage is then trying to make standardisations across the board. Recommendations, working groups where they're meeting frequently, discussing how to be one step ahead of the criminals – that's a phase I'd hope to see it evolve into, but I don't think they're there yet.

In terms of prerequisites to the group, are there any – or is it an all-welcome deal?

My understanding is you can become a member as long as you're an expert associated with the gambling industry – I think that's key, because you do need outsider knowledge as well – so you can refer information to other industries. Because seeing the status of other industries is helpful, too.



If this week is anything to go by, the future of California as a gaming state will be difficult to decide. Governor Gavin Newsom's call of condemnation after the DOI rejected gaming compacts between the State of California and two tribal authorities show sympathy for the tribal cause (see our second story in this week's *GI Friday*). Overall, though, the Golden State's tribal-commercial saga looks set to continue.

In Atlantic City, union discussions also linger on. A looming strike by casino workers threatened to cease land-based activity altogether. But, this week, casinos stepped up – just about – and excluding the Golden Nugget casino, New Jersey operators in the city have struck deals with staff, upping pay to keep operations running.

New Jersey, the most mature of America's markets (excluding

Nevada) has seen what gambling revenue can bring over the past near-decade.

And it seems Michigan may be on track to follow suit. Oddsseeker believes it will become the largest iGaming market in the US, according to research published this week.

New Jersey generated \$814.5m in revenue for the first half of 2022, equal to \$87.89 gaming revenue per capita.

Launching its market in 2021, Michigan's trajectory is already greater than what was achieved by New Jersey in its debut year in 2013.

Similar research from casino streaming platform CasinoGrounds this week concluded that lottery is most searched on Google within the state of Massachusetts.

The study analysed SEO searches state-by-state, looking for the frequency of searches for 'lottery', combining results with ticket sales in 2021 to reveal which state enjoys the lottery most.

The Bay State finished first, with Maryland claiming the runner-up spot.

A final big winner in the US this week was Churchill Downs, which posted record Q2 net revenue of \$582.5m. The return of the Kentucky Derby for its 148th iteration was no doubt a key factor. What a country indeed.

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