

**EGR** North  
America

April 2023



The background features a central illustration of a large, muscular, bald man with a determined, slightly angry expression. He has a tattoo of a four-leaf clover on his right hand and a star on his left shoulder. He is wearing blue boxing gloves and has his right fist raised. To his right, a man with a beard and a red shirt looks on with a similar expression. In the bottom left, a woman with purple hair holds a large, futuristic gun. The background is dark with falling green banknotes and faint silhouettes of people and a truck at the bottom.

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## /EDITOR'S LETTER/

# This issue...



**A** warm welcome to the latest *EGR North America Quarterly Report*, which plays host to the EGR US Power Rankings for 2023, the fifth iteration of the industry's go-to listing of regulated US-facing operators. Our returning panel of 12 judges considered several factors when scoring this year's list, including rating companies on their overall growth, geographic expansion, appetite for M&A, product development, brand awareness, and responsible gambling efforts over the last 12 months.

This quarter saw two of the big traditional events for sports betting: Super Bowl LVII, the first to take place in a state with legalized sports betting (Arizona), and the NCAA's March Madness tournament, with both drawing bettors in their droves in what can be a make-or-break period for US operators. According to twin projections from the American Gaming Association, this year's Super Bowl attracted an estimated \$16bn in bets, with college sports' highest-profile tournament close behind with an estimated \$15.5bn.

Legislative online gambling pushes and changes to existing state gambling laws came into sharp focus during Q1 2023, with legislative sessions still underway in states such as Vermont, North Carolina, Connecticut, Mississippi, Oklahoma, Rhode Island, Texas, Tennessee, and Minnesota. Elsewhere, initiatives to legalize igaming in New York, based on

the high contribution to the state's coffers from sports betting, failed to clear the state's legislature.

Massachusetts launched its regulated sports betting market in January, with retail betting following along with on-line on March 10.

The big winner from a legislative point of view during Q1 was Kentucky, where a bill legalizing sports betting passed through both chambers in little over a month before finding its way onto Kentucky Governor Andy Beshear's desk on the last day of the legislative session, eventually being signed into law by the pro-betting governor.

Aside from our bumper Power Rankings, this quarter's report features our regular data analysis contributions from Chalkline, Eilers & Krejci Gaming, insights from our new data partner eGaming Monitor, and SEO specialist firm ICS-digital, as well as a look at stock price movements at DraftKings and FanDuel Group parent company Flutter Entertainment. You'll also find a riveting examination of the US online poker landscape.

Enjoy!

*Editor*  
**Rob Simmons**

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NORTH AMERICA**

**MAY 9-11, 2023  
MEADOWLANDS EXPOSITION  
CENTER, NEW JERSEY**

# THE LEADING

**iGAMING & SPORTS  
BETTING EVENT IN  
NORTH AMERICA**



**3,000**  
DELEGATES



**250**  
SPEAKERS



**50**  
EXHIBITORS

**#SBCSUMMITNORTHAMERICA**

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Now in its fifth year, *EGR NA*'s Power Rankings is the industry's only comprehensive rundown of the leading and most influential online operators in this part of the world



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GeoComply's CEO Anna Sainsbury reflects on a decade of igaming, how industry challenges have evolved, and the problems facing the sector today

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BettorOff founder and CEO Alex Dubin discusses the consequences of America's push into sports betting and trust issues surrounding influencers and tipsters

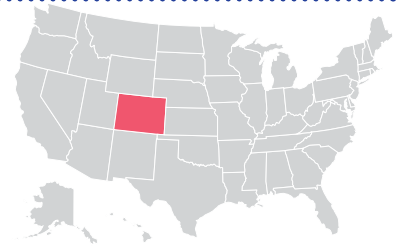
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*EGR NA*'s quarterly analysis on the latest US sports betting legislative movements and developments



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# Colorado betting and gaming tracker



## When was sports betting regulated?

Colorado's General Assembly greenlit sports betting in May 2019 but the final decision was pushed to voters in the state on constitutional grounds, with the vote taking place in November 2019. On November 5, 2019, Colorado House bill 1327 permitting retail and online wagering was signed into law by Governor Jared Polis following a successful passage.

### Regulator details

Colorado Division of Gaming  
1707 Cole Boulevard,  
Suite 300  
Lakewood, CO 80401  
(303) 205-1300  
<https://sbg.colorado.gov>  
Director: Dan Hartman

### Is sports betting permitted online?

Yes. However, proposition betting on college sports is prohibited.

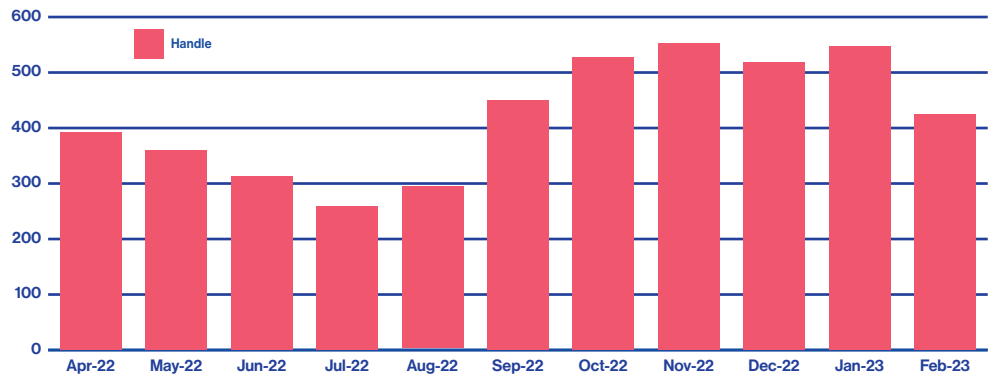
### Is there any specific legislation for DFS?

Yes. DFS was regulated in 2016.

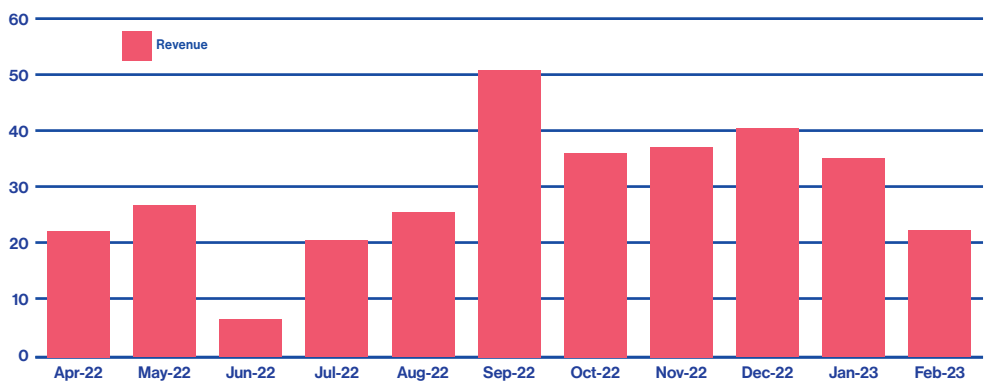
### What is the tax rate?

The current tax rate is 25% on DFS winnings and 10% on 'net sports betting proceeds', i.e. revenue.

Monthly sports betting handle – B&M and mobile combined (\$m)



Monthly sports betting revenue – B&M and mobile combined (\$m)



Go live date  
**May 2020**

Online sports betting



Sports betting handle  
**\$425.1m**

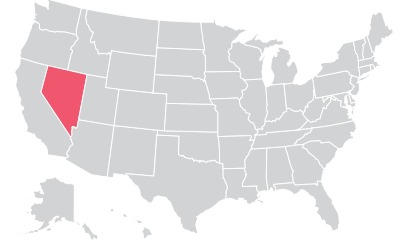
Data from February 2023



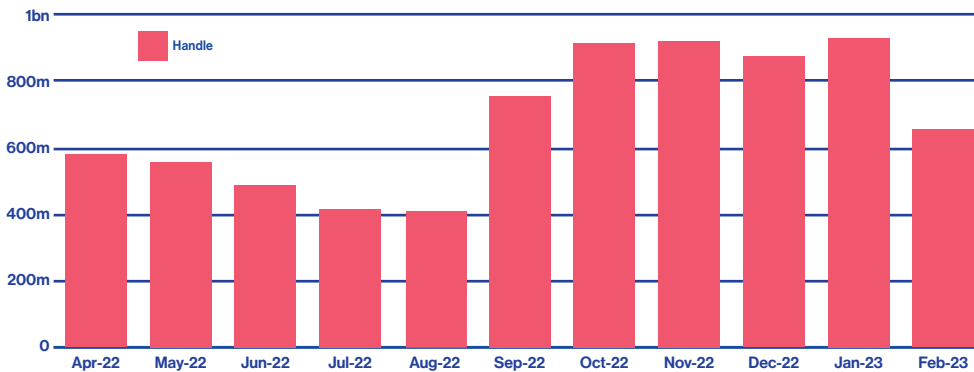
Population  
**5.8 million**



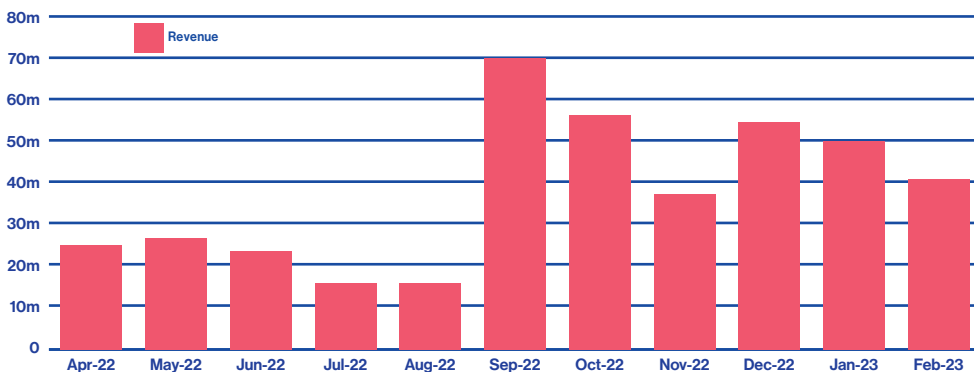
# Nevada betting and gaming tracker



## Monthly sports betting handle – mobile and retail combined (\$m)



## Monthly sports betting revenue – B&M and mobile combined (\$m)



## When was sports betting regulated?

Sports betting has been legal in Nevada for decades. The state was the first to legalize online sports betting in 2010, and was the only state with legal sportsbooks until 2018.

### Regulator details

Nevada Gaming Control Board (NGCB)/Nevada Gaming Commission (NGC)  
PO Box 8003  
Carson City, Nevada 89702-8003  
<https://gaming.nv.gov>  
NGCB chairman: Kirk D. Hendrick  
NGC chair: Jennifer Togliatti

### Is sports betting permitted online?

Yes. However, consumers have to register in person for a mobile sportsbook account.

### Is there any specific legislation for DFS?

No. DFS is not regulated in Nevada.

### What is the tax rate?

The tax rate is 6.75% on sports betting revenue. All taxation revenue goes to the state's general fund, with education and health services in the state being the biggest recipients.



Go live date  
**Oct 2011**

*Mobile sports betting*



Sports betting handle  
**\$659.4m**

*Data from February 2023*



Population  
**3.1 million**



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Data analysis   
Slots tracker

# Slots tracker: US and Canadian slots rankings for Q1 2023

**New data partner eGaming Monitor presents the latest data across five US states and three Canadian provinces**

**I**GT's Cleopatra proved itself to be the slot to beat in the first quarter of 2023 in the first *EGR* US Slots Rankings to feature data from our newest data partner eGaming Monitor. To further enhance the US Slots Rankings, *EGR*'s new source data more than triples the number of sites scrutinized from 27 in December 2022 to 99 in March 2023, with the number of games expanded to 3,464.

In addition to New Jersey, Michigan, and Pennsylvania, the newly expanded rankings have added US states Delaware and West Virginia, as well as Canadian

territories Ontario, British Columbia, and New Brunswick. In respect of Q1, IGT locked out the gold and silver medal positions with Cleopatra and Fortune Coin, respectively, just ahead of Gameburger Studios' 9 Masks of Fire, which jumped a whopping 26 places from its Q4 2022 position to gatecrash the top three.

Shuffle Master's 88 Fortunes, IGT's Cash Eruption, and Big Time Gaming's Bonanza rounded out the top six spots during Q1, with Bonanza climbing seven places on a quarter-over-quarter basis. Q1's biggest jumpers were Stormcraft Studios' ThunderStruck Stormchaser,

which rocketed 152 places to 18th position, Fortune Factory Studios' Gold Blitz soared 82 places to ninth spot, and Gameburger Studios' Hyper Star leaped 69 places to 13th spot.

To preserve fairness, charts are limited to main casino homepages, with all games on the pages considered as part of the rankings. While it is possible to give weightings to pages, sites, and territories, our main charts have no others allocated. We include slots, instants, scratch-cards, slingo, and crash games, but exclude table games, live games, video poker, video bingo, and others.

Game	Supplier	Q12023	Q4 2022	Change
Cleopatra	IGT	1	1	0
Fortune Coin	IGT	2	2	0
9 Masks of Fire	Gameburger Studios	3	29	26
88 Fortunes	Shuffle Master	4	3	-1
Cash Eruption	IGT	5	5	0
Bonanza	Evolution - Big Time Gaming	6	13	7
Hypernova Megaways	ReelPlay	7	6	-1
Jin Ji Bao Xi Endless Treasure	Shuffle Master	8	4	-4
Gold Blitz	Fortune Factory Studios	9	91	82
Triple Diamonds	IGT	10	8	-2
Da Vinci Diamonds	IGT	11	12	1
Divine Fortune	NetEnt	12	9	-3
Hyper Star	Gameburger Studios	13	82	69
Starburst	NetEnt	14	20	6
Book of Dead	Play'n GO	15	23	8
Cats	IGT	16	11	-5
Wheel of Fortune Triple Extreme Spin	IGT	17	7	-10
Thunderstruck Stormchaser	Stormcraft Studios	18	170	152
Divine Fortune Megaways	NetEnt	19	35	16
Captial Gains	AGS	20	18	-2

Data: eGaming Monitor

## How it works

We monitor all games pages of more than 2,400 casino sites globally for game content. Our quarterly North America charts are based on the number of game tiles found for each game across operator sites in North America over the last three months. We limit our charts to just the main casino homepages of sites, i.e. not subpages such as table games, etc. We consider all games on the page, i.e. these charts are not limited to the top positions on page.



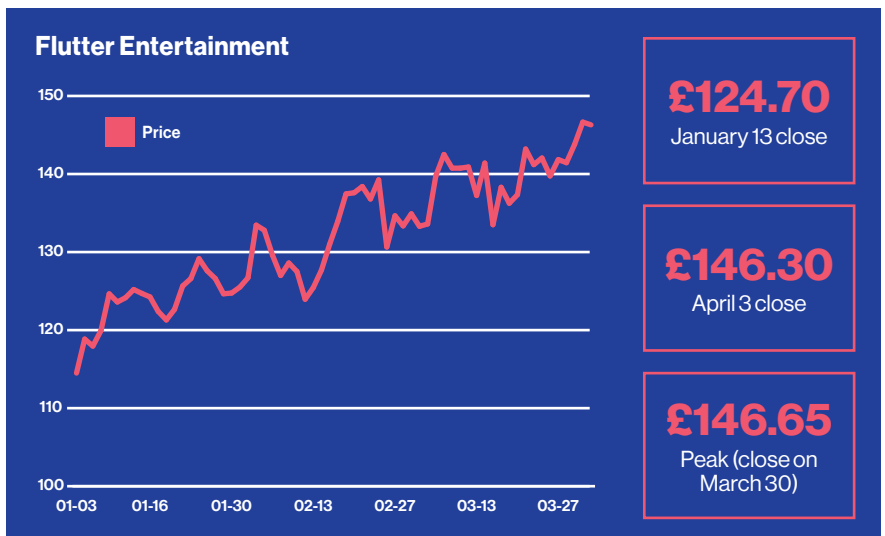
# Stocks tracker: Financial results give leading operators a boost

**EGR NA analyzes the share price movements of key players in the online gambling space, with a focus on DraftKings and FanDuel Group parent company Flutter Entertainment**

**R**allying from \$14.11 on January 13, DraftKings' stock has risen steadily during the first quarter of 2023 by 35%, closing out the quarter at \$19.06 on April 3. As is traditional in the US, DraftKings stock spiked on the publication of its Q4 and full-year 2022 financial results, rising to \$20.54 on February 17. The financial results saw CEO and president Jason Robins issue an eight-page letter to shareholders outlining his expectations for the operator, sentiments which undoubtedly lifted the stock. Late in Q1, Robins took to Twitter to once again wax lyrical about DraftKings' future in a series of tweets before unloading 300,000 shares in the Boston-headquartered operator, much to the chagrin of social media users and shareholders alike.

Like its long-time rival, FanDuel Group parent company Flutter Entertainment saw a gradual rise in its stock during Q1 2023, jumping 17% from an opening price of £124.70 on January 13 to £146.30 on April 3. Steadily increasing at various points throughout the quarter, the stock enjoyed its biggest increases between February 10 and 17, when it rose by almost 11%, and again between March 2 and March 7, that time up by almost 7%. News of a potential dual listing of Flutter and the publication of its 2022 financial results, where US divisional revenue jumped 67% year on year to £2.3bn, lifted financials.

However, with Q4's media scrutiny of operator practices and their effect on problem gambling rates, there could be significant potential for fluctuations in the duo's share prices ahead.





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Data analysis

US sports betting

# The month in US sports betting

Adam Krejcik and Chris Krafcik from Eilers & Krejcik Gaming analyze the latest market and policy movements across the regulated US sports betting landscape

## Three takeaways from Ohio's OSB operations

In February, populous Ohio's 17 online sportsbooks generated online sports betting (OSB) GGR of \$81.9m on handle of \$617.9m, with a gross hold percentage of 13.3%. For a second consecutive month, US market leader FanDuel led the way, with OSB GGR share of 47% and handle of 38%. Three things you need to know:

1. After a launch month that saw an eye-catching \$320m in promotional spending, February promotional spending of \$59m represented a sharp pullback that speaks to the more cost-disciplined US OSB backdrop. Indeed, February's promo:handle ratio was just 3.5% versus January's ultra-splashy 29.9% ratio.
2. FanDuel, less encumbered by profitability pressure than rivals like DraftKings, used aggressive promotional spending again in February to maintain its handle and GGR share lead. Unlike January, however, FanDuel saw very healthy net gaming revenue (NGR) conversion in February, generating \$19m in NGR, which was good for 81% NGR share. For context, FanDuel's NGR:GGR ratio was 49%.
3. Consistent with channel check chatter, there were indicators in the February numbers of a post-Super Bowl marketing push at bet365. February saw the European OSB giant capture 5% handle share and nearly 6% GGR share — with both metrics up by more than 130bps versus January. We continue to

believe bet365 will treat Ohio as a field trial for future US markets (e.g. Texas) in which it could conceivably leverage first-mover advantage.

## Ohio: No OSB product disruptors detected

We recently traveled to Ohio to test the state's OSB apps for our proprietary US OSB app performance research. The most salient takeaway from our trip was that newly launched apps, including closely watched Betr, disappointed relative to category leaders like FanDuel and DraftKings.

- The goal of the Betr app is to disrupt the legacy betting experience with micro-betting, which are bets made on individual events within a game as opposed to the outcome of the game itself. Our testers found that without game outcomes to bet on, a barren feature set, and a smaller list of sports to bet on compared to other apps, Betr ends up feeling vacant. Betr's UX and in-app speeds received positive scores, as did the app's aesthetics, layout, and design. Without more to do on Betr, though, the app will likely struggle against a field that has deeper markets and more betting variety.
- The problems at MVGBet — which runs on a mostly outsourced stack from Gaming1 — are more universal, with a generally slow app, a counter-intuitive layout, a lack of payment options, and barely any features. Meanwhile, the problems at betJACK

— which runs on a fully outsourced stack from Shape Games, Omega Systems, and Kambi — are more specific. Per our testers, the betJACK app occasionally crashes and freezes coming out of background, has a shallow same game parlay (SGP) tool, and requires an excessive number of clicks to complete bets.

- The DraftKings and FanDuels of the world remain at the top among Ohio testers, but one improving app worth calling out is Betway. Historically, it's been among the lower tiers of our quarterly OSB app performance rankings but, in the last couple of months, Betway has refreshed its app. The new version provides some visual uplift, an improved UX, and more features.

## Is OSB's new high-hold method sustainable?

FanDuel's market-leading hold is well documented, and matching it was a common goal among competitors at Q4 2022 earnings. DraftKings, Caesars, Barstool, and BetMGM all spoke about improving structural hold via increasing their parlay mix, with potential upside driven by improving SGP products.

DraftKings, for one, appears to be making some strides here, noting in its Q4 2022 earnings it was the first operator to launch in-house live SGPs for the NBA. Of course, operators are also chasing a moving target. FanDuel was at 8.5% net revenue margin in H2 2023 but reiterated its own long-term target of 12%.



One yet unanswered question is whether this push to higher hold has a negative effect on churn rates. Operators stressed there was no evidence of this so far and mature markets like Australia suggest it should not be an issue.

## NJ online casino GGR growth starting to slow

The New Jersey online casino market has quietly been the most compelling growth story in all of US online gambling, with significant year-over-year (YOY) gains across nine consecutive years and very punchy GGR-per-adult figures currently trending around the \$250 mark.

The market has generally exceeded all expectations, and anyone involved with forecasting New Jersey market performance can at this point laugh off the many times their top-line projections have proven to be too conservative. However, the signs of maturation biting now appear impossible to ignore, with January to February 2023 YOY growth at just 9% versus 38% in the comparable period last year. We see no reason at this point to change our 2023 forecast for New Jersey (+9% YOY). But we've been wrong before.

## US leaderboard update

In the table, we show our proprietary estimates of US OSB GGR on a by-brand, by-state basis in the three-month period through January 2023.

FanDuel continues to win the biggest markets, which is helping it lead the national market. Indeed, the Flutter-owned brand currently has approximately 50% national GGR share, according to our latest tracking. New York, where FanDuel captured an eye-catching 52% OSB GGR share during the November to January period, is currently the brand's largest single market — and by quite some distance.

## Grabbing a slice of the sports betting pie

Market	Top brand	Trailing three-month online GGR (estimated)	GGR share
Arizona	FanDuel	\$70.4m	43%
Arkansas	BetSaracen	\$4.8m	68%
Colorado	FanDuel	\$39.8m	35%
Connecticut	FanDuel	\$26.8m	56%
District of Columbia	GambetDC*	\$2.5m	100%
Illinois	FanDuel	\$81.2m	47%
Indiana	FanDuel	\$51.7m	47%
Iowa	FanDuel	\$171m	46%
Kansas	DraftKings	\$201m	41%
Louisiana	FanDuel	\$44.3m	133%
Maryland	FanDuel	\$89.9m	54%
Michigan	FanDuel	\$61m	49%
Nevada	Caesars/William Hill	\$30.6m	55%
New Hampshire	DraftKings*	\$21.3m	100%
New Jersey	FanDuel	\$129.6m	56%
New York	FanDuel	\$228.1m	52%
Ohio	FanDuel	\$103.2m	50%
Oregon	DraftKings*	\$19.7m	100%
Pennsylvania	FanDuel	\$106m	57%
Rhode Island	Sportsbook Rhode Island*	\$10.6m	100%
Tennessee	FanDuel	\$62.2m	45%
Virginia	FanDuel	\$84.9m	54%
West Virginia	FanDuel	\$6.8m	42%
Wyoming	DraftKings	\$2.6m	54%
<b>Total US</b>	<b>FanDuel</b>	<b>\$1.22bn</b>	<b>49%</b>

\*Only available online sports betting brand in the state  
Source: State regulators/Eilers & Krejci Gaming estimates

Eilers & Krejci Gaming uses a blend of channel checking, Google Trends data, Sensor Tower data, Pathmatics data, and other data to generate its proprietary online sports betting GGR-by-brand estimates.

Eilers & Krejci Gaming LLC is an independent research and consulting firm with branches in Orange County, California and Las Vegas, Nevada. The firm's focus is on product, market, and policy analysis related to the global regulated gambling market. Clients include operators, suppliers, private equity and venture capital firms, institutional investors, and state governments. To learn more about the firm, visit <http://www.ekgamingllc.com>.



# SEO snapshot: Operators, affiliates, and keyword intent contrast in Ohio

ICS-digital's Martin Calvert, marketing director, and Dan Nation, SEO specialist, explore the search landscape in Ohio

In the first month of launch, online bookies in Ohio took in a headline-grabbing \$1.09bn in bets, according to the Ohio Casino Control Commission. But, how will the ongoing battle for customers unfold? Based on the gaming grapevine, it feels like breaking the \$1bn mark has been encouraging for online brands that are under increasing pressure to manage acquisition costs carefully.

It's a crowded market from the outset, with Barstool, bet365, Betfred, betJACK, BetMGM, BetRivers, Betr, Betway, Caesars, DraftKings, FanDuel, Hard Rock, Gamewise/MVG Bet, PointsBet, SuperBook, and Tipico already active, and soon to be joined by Bally Bet, Fanatics, betPARX, Out The Gate, PlayUp, Prophet Exchange, Underdog Fantasy, and WynnBet. However, this doesn't include the many other brands and institutions that are/will be competitors in SEO terms, such as state and national publishers which have a propensity to rank for terms related to betting legalities and, of course, sport news.

## So, what terms are Ohioans currently searching for?

Following the trend seen in other states, it's interesting to see how many queries there are around the legalities of betting. This indicates that even with other states having regulated online betting for many months now, local audiences are often starting from a low informational base.

More than this, it's further evident that there are opportunities for brands ready to be a resource to potential bettors by anticipating and answering their

questions. This is an approach US-facing operators have so far been pretty poor at in each state, meaning there are some opportunities for affiliates.

Of course, as the market matures, these practical and foundational questions about legalities will start to drift

off to be replaced by more savvy queries around picks, bonuses, offers, and so on.

## Sports fandom meets betting SEO

One of the challenges for SEO practitioners in the US is determining where to start for their brands. With some key

## Ohio sports betting keyword analysis

Keyword	sports handle.com	covers.com	legalsports report.com	gaming today.com	Search volume
ohio sports betting	5	4	1	2	8,100
sports betting ohio	5	4	1	2	3,600
fantduel ohio	14	13	24	11	1,900
is sports betting legal in ohio	4	12	2	16	1,300
barstool sportsbook ohio	10	33	50	69	1,000
betmgm ohio	23	60	18	5	1,000
online gambling ohio	19	16	9	12	1,000
sports betting in ohio	4	2	1	5	880
caesars sportsbook ohio	31	58	18	50	590
draft kings ohio	41	47	10	13	590
gambling in ohio	7	4	1	3	590

Source: Semrush data from week commencing March 13, 2023





operators more focused — up to this point — on paid media and ATL activity, there have been opportunities for affiliates to get ahead in SEO but it's still a vast field, and, with limited resources, it's not possible to cover all bases. This SEO challenge is complicated by the overlap between queries that reflect sports fandom, and queries that may indicate an intent to bet.

DraftKings and FanDuel — to an extent — solved this problem as early adopters by harvesting as many signups as possible for years prior to regulation, and so have the ability to market to an existing database. For newer entrants looking to prioritize organic traffic, it's important to be savvy about what searchers are actually seeking.

For example, the passion for college football in Ohio is well known, with Ohio State University Football making a regular appearance in top keywords over professional teams such as the Browns, Bengals, Cavaliers, and Cincinnati Reds. But does this indicate an intent to bet, or are trends such as those just an illustration of fandom?

Monitoring conversion rates and closely examining what well-funded competitors prioritize in PPC bidding is one way to gain a clearer picture but, while all sports bettors may be fans, the inverse isn't true. For current high-performing affiliates, looking at shared rankings (by search volume) can give some hints about themes for content and SEO planning. Again, it's notable just how strong some of these affiliates are for terms you would expect operators with much greater resources to have all wrapped up.

### Ohio-facing operators and affiliates compared

Looking at data side by side, we can make some loose observations about current brands battling it out in SEO.

The presence of mainstream news sites can't be ignored and this is, as discussed, driven by the desire for relatively objective discussion of the progress of betting in the state. Obtaining backlinks from such sites may therefore be a significant imperative and would justify affiliates and operators alike taking a close look at digital PR and link-earning methodologies.

Such methods are not without their challenges in the US — the main watch-

## Ohio sports betting landscape

Domain	Page type	Ref.domains	Backlinks
sportshandle.com	affiliate	6.5k	39.1k
cleveland.com	news	170k	1m
covers.com	affiliate	33k	417k
legalsportsreport.com	affiliate	8.7k	102k
gamingtoday.com	affiliate	7k	446k
ohbets.com	affiliate	272	5k
betohio.com	affiliate	397	2.7k
rotowire.com	news	14.1k	20.7m
playohio.com	affiliate	461	1.8k
miamiherald.com	news	147k	13.3m
bookies.com	affiliate	4.4k	90.8k
lineups.com	affiliate	13.6k	534k
actionnetwork.com	affiliate	121k	8.8m
cbssports.com	news	14	113k
betmgm.com	operator	11.2k	2.8m
draftkings.com	operator	35.4k	12.1m
nationalfootballpost.com	news	4.8k	199k

Source: Semrush data from week commencing March 13, 2023

//  
*“For newer entrants looking to prioritize organic traffic, it's important to be savvy about what searchers are actually seeking”*  
//

words from the ICS-digital PR team are that while tenacity is key, a meaningful story hook is more important than brand. While this opens opportunities for relatively unknown affiliates, it does mean that some will still suffer from ‘fatal half measures’ if they underestimate the challenge, or nature of, this form of SEO-driven PR.

Taking the off-site SEO point further, we can see how sites differ in volume of links. Of course, volume is only part of the SEO battle with topical relevance and strength being crucial, but nevertheless, several of the top rankings held by some of these brands may be more straight-

forward to challenge than an outside observer might expect.

Compared to states like New York, it's notable how in SEO terms affiliates are making progress, with more Ohio-specific domains pulling through in comparison to New York. *LegalSportsReport* again hitting top spot and other high positions for most relevant keywords shared by all, however, it misses out when it comes to team- or event-specific keywords which could provide more longevity. Nevertheless, given Catena Media's decision to prioritize the US, this will be encouraging for those teams.

The crowded marketplace presents a few challenges, particularly as some operators which might have traditionally focused on paid media have become incentivized to look at SEO in earnest with cost-effective acquisition in mind. Nevertheless, for agile and intent-focused affiliates that can dig deep to uncover the purpose behind the evolving search trends of Ohioans, there's plenty of scope for growth.



# Conversion corner: Counting the costs of sports betting profitability

Chalkline CEO Daniel Kustelski looks at how operator acquisition costs during 2022 might point the way to potential profitability during the year

What a difference a year makes in the sports betting and igaming industry in the US. This year has been mooted as the potential year of profitability for many operators in the US, following up from suggestions that 2022 would be the 'growth' year for the sector.

While there are a few paths to investigate towards profitability for many operators, my focal point is again marketing costs and customer acquisition costs. With technology costs being the other big culprit for lack of profitability, the ability to acquire and retain those customers is both an art and science that separates the good operators that are being profitable from those that won't find the scale to profitability.

We will look at the public reports from operators, affiliates, and states to dig into the continued challenges for operators and demonstrate that the path to sustained profitability may not be as easy as simply cutting marketing and bonus spend.

## Tribal and land-based casino success

I don't often lead with land-based casinos but there have been recent developments with tribal casinos achieving success within the online industry. One example is Desert Diamond in Arizona being ranked fourth in gross gambling revenue (GGR) for January 2023. Arizona has been live with online and retail sports betting for 12 months. This is by no means a trivial feat and an indication

that operators can achieve a significant market share without heavy investments in marketing and operations.

I have always been a strong proponent for US land-based casinos mining their existing database of loyalty players for sports bettors. Having done the same a decade ago in Africa, I know there is so much opportunity as many of the casino loyalty players are passionate about local sports teams and would love to wager on local teams or players. Desert Diamond's digital team is a great demonstration for the rest of the tribal operators and entire casino industry of how to leverage their existing assets to build a sustainable online and sports betting business.

//  
*"Having done the same a decade ago in Africa, I know there is so much opportunity as many of the casino loyalty players are passionate about local sports teams"*  
//

## DraftKings acquisition cost analysis

DraftKings recently published its Q4 results as well as FY 2022 financial results. Of particular interest is the increase in monthly active users (MAUs) and the amount spent on marketing to achieve

that growth. Here are some of the key indicators from these results:

- DraftKings increased its MAUs from two million to 2.6 million users.
- It spent \$1.2bn on sales and marketing during 2022.
- A simple acquisition cost calculation provides us with a spend of approximately \$2,000 per MAU.
- DraftKings earns approximately \$860 gross profit per active user in 2022.

Unfortunately, those indicators don't account for the line item 'cost of revenue' that increased at a similar rate as revenue. Cost of revenue typically includes the bonuses operators provide to players to acquire, re-acquire, and retain MAUs. Fortunately, DraftKings is spending very little on igaming customer acquisition, according to recent comments made by CEO Jason Robins while attending the JP Morgan Gaming, Lodging, Restaurant and Leisure Management Access Forum 2023 in Las Vegas this March.

## FanDuel acquisition cost analysis

FanDuel also provided its preliminary annual results within Flutter's wider 2022 numbers. Again, we will analyze its MAUs and marketing spend, but because FanDuel has a few more verticals than DraftKings, it won't be a complete comparison. Here are the key indicators from these results:

- FanDuel increased its MAUs from 1.56 million to 2.32 million.

- The operator spent \$1.2bn in marketing and sales in 2022.
- Simple acquisition cost calculations provide us with approximately \$1,600 per MAU.
- FanDuel is earning more than \$1,000 per active in gross profit in 2022.

The one caveat to FanDuel's marketing spend is that the operator annotates 80% of the spend relates to customer acquisition and the other 20% for customer retention. If that is the case, FanDuel's acquisition costs adjust slightly to \$1,400 per monthly active user.

## BetMGM acquisition cost analysis

BetMGM doesn't have as many public data points from 2022 but there are a couple from its annual report that address the operator's omni-channel strategy, giving it a strategic advantage over its top two competitors.

- 3x-6x the revenue from omni-channel customers in states with both online and retail versus a single channel.
- 48% of new MGM Rewards sign-ups in 2022 were BetMGM originated.

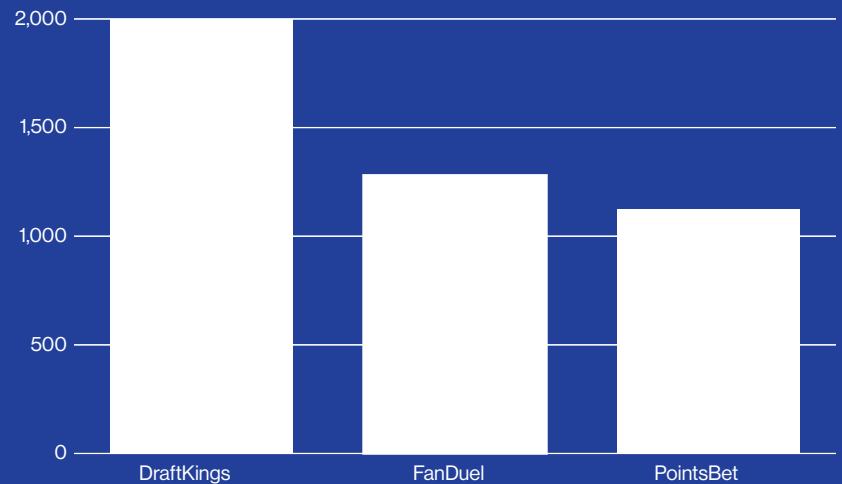
Using the MGM Rewards program as a source of new customers should severely reduce customer acquisition costs. Mining its existing databases are always more efficient than trying to acquire net new customers for the BetMGM brand.

## PointsBet acquisition cost analysis

PointsBet had 292,000 active players in 2022 and acquired over 80,000 players through marketing efforts. The operator spent \$90m on marketing, which is declining from previous years, but customer acquisition costs are still over \$1,000.

My biggest concerns for PointsBet are that it measures yearly actives rather than monthly actives. This prevents direct comparisons of active players with most other gaming companies and inflates its 'active players' figure. When you combine that the company spent

## Estimated customer acquisition costs for 2022



Source: Q4 2022 and operators' annual reports

33% of its GGR in the US on bonuses, plus close to 100% on marketing, it makes for a tough market for operators.

Interestingly, PointsBet recently restructured its partnership with NBC. The firm owed approximately \$90m per year to NBC in the partnership deal signed in 2020 that was set to last five years. In January 2023, the operator extended the deal by two years which allowed PointsBet to reduce its payment to \$58m. Clearly, it wasn't getting the number of new customers it anticipated through the deal and needed to reduce the payments.

A quick bit of math would indicate that the operator should at least be getting 90,000 customers per year from that relationship alone (at a \$1,000 CPA) and I assume it isn't anywhere close to that. The restructuring will ease the payment to NBC, but it won't solve the root of the problem which is that the relationship simply isn't working for PointsBet.

## A few more notable angles on acquisition

PENN Entertainment's results indicate it is making 40% of interactive revenue from the sale of skins in various states. That leaves approximately \$130m in rev-

enue in Q4 2022 from both betting and online gaming operations.

Caesars Digital lost close to \$800m in 2022 and lost just under \$600m during 2021. It had a large launch in New York but later saw that market share reduced after its initial push with a large player bonus. In a recent investor call, Caesars stated "we have a customer acquisition cost advantage tying into our database."

Bally's is currently restructuring considering its slow start. In March, its new CEO Robeson Reeves admitted the acquired Bet.Works business did not give Bally's the platform required to develop a competitive product in US online sports betting. Regardless of Bally's marketing spend, it simply doesn't have the product to retain the customers it does acquire.

While many of the operators are predicting profitability in 2023, it's still hard to acquire customers efficiently. Customer acquisition costs for operators are well into the thousands across the industry for last year. The big three have achieved a scale that sounds like it is sustainable, but that remains to be seen. The entire industry hasn't proven the model to achieve an efficient and sustainable customer acquisition strategy with a technology solution that provides a unique product wanted by many operators.



# Spring 2023: Affiliate and SEO analyses of the US igaming market

## Online Gambling Quarterly provides a vertical/segment-specific analysis of US online gambling operators' affiliate and SEO activities

According to the analyses carried out by Online Gambling Quarterly (OGQ) in spring 2023, DraftKings leads the search engine optimization (SEO) betting rankings in the US. FanDuel leads the betting affiliate ranking and is featured on 90% of the betting-focused affiliates in the US, while BetMGM leads the ranking in casino affiliates.

### The top gambling advertisers on affiliate websites in the US

To benchmark brand/operator presence on affiliate websites, OGQ looked into the affiliate sites that appear among Google's US top 50 results for 20-30 betting- and casino-related keywords. The researchers then analyzed the advertisers/brands featured on each affiliate site.

- **Betting-specific affiliate benchmarking:** The analysis was based on 127 affiliate websites that made it into Google's local top 50 search results for 20-30 betting-related keywords. FanDuel leads this ranking and is featured on 90% of the betting-focused affiliates. Runners-up are DraftKings and BetMGM.
- **Casino-specific affiliate benchmarking:** The analysis was based on 63 affiliate websites that made it into Google's local top 50 search results for 20-30 casino-related keywords. BetMGM leads this ranking and is featured on 75% of the casino-focused affiliate sites. Runners-up are FanDuel and DraftKings.

### The top-ranked US online gambling operators

As in most online industries, ranking in

search engines is a crucial success factor. Therefore, the OGQ team prepared some analyses to answer the question of which operators are doing the best job in SEO in the US. To do so, the team analyzed the top 50 Google organic search results

for about 20-30 specific keywords related to betting or casino (e.g. NFL betting).

They then produced a search result ranking for every keyword and vertical and gave each website ranked a reciprocal number of 'SEO points' regarding its



## Top advertisers on betting affiliate websites in the US in Q1 2023

% of betting-focused affiliates the operator was featured on — March 2023

FanDuel	90%
DraftKings	89%
BetMGM	87%
PointsBet	80%
BetRivers	79%
Bet365	77%
Unibet	71%
WynnBET	64%
Betway	55%
Betfred	47%

Source: Online Gambling Quarterly





rank (e.g. rank one = 50 points, rank two = 49 points, all the way through to rank 50 = one point).

The OGQ team then associated each website to key online gambling brands. The focus of the analyses is on brands/websites and not on companies operating these brands. For the final ranking, the brand/website with the highest number of SEO points received the SEO score of 100. All other websites were given scores based on their SEO points in relation to the score of the top brand.

In Q1 2023, the SEO analysis for the US market included 31 betting-related keywords and 21 casino-related keywords. (The full list is available from the OGQ.)

#### Betting SEO analysis: DraftKings leads the way

Across all 31 betting-related keywords, DraftKings takes the first rank. For 61% of the analyzed keywords, DraftKings was able to take the first rank (27% rank two). Runners-up are BetMGM (13% rank one; 8% rank two) and FanDuel (3% rank one; 6% rank two).

#### Casino SEO analysis: BetMGM takes top spot

Across all 21 casino-related keywords, BetMGM takes the first rank. For 0% of the analyzed keywords, BetMGM was able to take the first rank (0% rank two). Runners-up are 888casino and Bovada.



## Top advertisers on casino affiliate websites in the US in Q1 2023

% of casino-focused affiliates the operator was featured on — March 2023

BetMGM	75%
FanDuel	73%
DraftKings	70%
BetRivers	65%
Unibet	65%
WynnBET	49%
Betway	46%
Bet365	43%
PointsBet	39%
SugarHouse	34%

Source: Online Gambling Quarterly

## SEO benchmarking for betting- and casino-related keywords in the US in Q1 2023

USA — March 2023 — highest score = 100



### Betting

DraftKings	100
BetMGM	81
FanDuel	70
BetOnline.ag	65
Bovada	58



### Casino

BetMGM	100
888casino	85
Bovada	81
FanDuel	70
Caesars Casino	53

Note: SEO ranking score based on ranking on local Google searches for around 20-30 casino- and betting-related keywords; normalized: top-ranked operator = 100

Source: Online Gambling Quarterly, Google



18 \ Analysis  
US poker



# A new era for US poker?

**In January, PokerStars began pooling liquidity between New Jersey and Michigan – and early results suggest this could be a gamechanger for the vertical. David Cook explores the significance of this development and which states could join the five that operate regulated online poker**

Words by | David Cook

**I**n the US, online poker regulation has been akin to a player in desperate need of better cards for some time now. Daily fantasy sports (DFS) and then sports betting, have stolen a march on online poker in the eyes of lawmakers in recent years, and this stagnation has shown little sign of abating.

This is not something that was envisioned in 2013, when three states

began operating regulated markets, as New Jersey, Delaware, and Nevada opened up online gaming, with Nevada restricted to poker only. This followed the Department of Justice's 2011 opinion that the 1961 Wire Act only applied to sports betting. The hope was that 2011's so-called Black Friday would become merely a memory rather than a barrier for US-based online poker players.

However, it wasn't until 2019 that

a fourth state joined the list, when Pennsylvania's online poker market opened two years after its igaming bill passed. Michigan became the fifth state to launch a regulated market in January 2021 when PokerStars launched in the state. Michigan had planned to go live sooner after Governor Gretchen Whitmer passed the bill to legalize online poker in December 2019, but this was delayed by the Covid-19 pandemic.

West Virginia legalized online gambling in 2019 but, as of yet, no online poker operator has launched there primarily due to its modest population. Connecticut became the sixth US state to operate igaming in late 2021 but, like West Virginia, no one has anted up and rolled out online poker, as of yet.

To illustrate how far down the order of priorities online poker has fallen, at



overturned in 2018. This followed a short period where lawmakers had begun to regulate DFS when FanDuel and DraftKings were only able to operate that particular form of gaming.

### Pooling together

This slowdown in state rollouts means interstate liquidity is paramount to the growth of the game. In 2014, Nevada and Delaware established the Multi-State Internet Gaming Agreement (MSIGA), and although this made only a minimal impact to the poker revenue generated in both states, the framework for further states to join was put in place. New Jersey came on board with MSIGA in 2017.

With Nevada and Delaware's combined population of just over four million residents, according to the US Census Bureau's data table, the success of this agreement, up until this year at least, has been largely reliant on New Jersey, which is the 11th most populous US state with more than 9.2 million residents, although you have to discount those under 21 years of age.

That landscape has been altered recently though, with Michigan, one place above New Jersey in the table in 10th with just over 10 million residents, joining MSIGA in April last year. That did not lead to any instant growth however, as none of the three online poker operators active in the state — PokerStars, BetMGM Poker, and World Series of Poker (WSOP) — pooled revenue from Michigan and any other state last year. PokerStars became the first to do this in January this year but is yet to be joined by its two Michigan competitors.

This development should not be understated. The combined population of New Jersey and Michigan is about 19 million; only four US states have a higher population. The early results in New Jersey were quite telling. For January, the Garden State posted online poker revenue of \$2.7m, up 6% year on year (YOY) and up 23% month on month (MOM). The only operator's figures that can be read into on that front though is Resorts Digital, the license holder PokerStars is partnered with in New Jersey. Resorts Digital recorded online poker revenue of \$1.1m for January, which was up a considerable 47% YOY and 76% MOM.

February's results were a slightly different story, but they were still pretty encouraging. The state's online poker revenue for the month was \$2.3m, or up 3% YOY, while Resorts' monthly figure was \$878,468. While this was down from the previous month, it still showed a 75% YOY rise.

The Michigan Gaming Control Board does not release online poker revenue as a standalone figure, but only publishes combined online poker and casino revenue for each operator. If New Jersey's early results are anything to go by though, this is something BetMGM and Caesars Interactive Entertainment, owner of WSOP, should be looking into, although it is still early days.

Steve Ruddock, a US-based igaming analyst, says: "There's some seasonality at play. PokerStars also ran a massive tournament series in January 2023 which was the largest ever in the US, with \$2.5m in total guarantees. I think the overarching question is this: will the interstate agreement grow the online poker player base in both states, or will it simply shift existing players to PokerStars?"

That question seems quite pertinent given Resorts Digital/PokerStars has only recently taken the market lead in New Jersey. The number one position Resorts Digital/PokerStars obtained in January did carry over into February, although, according to traffic tracking resource PokerScout, PokerStars' combined seven-day average cash-game traffic in New Jersey and Michigan totals 160 at the time of writing, while WSOP/888's New Jersey number alone is 300. PokerStars is a clear market leader in Pennsylvania though, with 140 'seats' occupied versus WSOP's 65 and BetMGM's 50. So, if Pennsylvania were to join MSIGA, that could certainly boost PokerStars' position of strength.

While those results in New Jersey are pointing in a positive direction, it is far from being seen as a revolutionary shift in the market just yet and, for that to happen, more operators and states will have to come on board. Ruddock adds: "The hope is the success of the New Jersey-Michigan network will spur Pennsylvania to join, and Connecticut and West Virginia licensees to launch online poker sites and link up too. So, in the short

term, it's been a nice little bump, but the long-term ramifications for US online poker could be massive."

Another development to watch will be the impending launch of Rush Street Interactive (RSI) in US online poker markets. RSI purchased the Run It Once Poker platform from high-stakes poker pro Phil Galfond last year for \$5.8m, and operates its BetRivers brand across 14 US states.

### Next in line

With only two states legalizing online poker since 2013, states haven't exactly been queuing up to bring in the tax revenue it could generate, and that trend looks to be continuing in 2023. Currently, Illinois is the only one that still has an active bill in progress. New Hampshire's igaming bill is still active, but this does not include poker.

Mobile sports betting has been legal in Illinois since 2019, and igaming could be added to the mix, with the Internet Gaming Act needing to pass before the Illinois General Assembly adjourns on May 19. The bill was previously introduced in 2021.

Elsewhere, New York often comes up in such discussions, and Assemblyman J. Gary Pretlow's A01380 bill was introduced in January. The bill was excluded from the state budget in March. Despite this, the bill could be revisited any time between now and June this year, and in the first six months of next year.

Indiana, meanwhile, ran out of time to regulate igaming on February 27 when the deadline for HB1536 to move from the House to the Senate passed, after the bill was introduced in late 2022.

Another state often mentioned on this topic is California. While several efforts in this area have been interrupted by disagreements between the interested parties and a lack of resolution on tribal sovereignty, it could be one to watch in 2024, which is an election year. California could more than double the US population that is able to legally play online poker but, like with many aspects of the market, expectations here should be kept reasonably low for the time being.

*PokerStars, BetMGM, and WSOP all did not respond to requests for comment by EGR.*





**★ EGR ★**  
**US POWER RANKINGS**  
**2023**





*Words by  
Rob Simmons &  
Matt Chaprales*

**A** warm welcome to the fifth edition of the EGR US Power Rankings, the online gambling industry's go-to rundown of the most dominant players in the US market. Five years since the repeal of PASPA, the sports betting revolution has expanded to such a degree that the vertical is, at the time of writing, now live in 33 US states plus DC, with legislative efforts underway in a further seven states. Kicking off 2022 in New York, regulated markets subsequently sprang up in Louisiana, Kansas, and Maryland, as well as to the north in Canada's Ontario.

This year's rankings saw just one operator make the leap from the 'ones to watch' list to the full Power Rankings, with Tipico forcing its way into the top table. Our illustrious 2022 judging panel returned in its entirety for this year's iteration but, with the industry an ever-changing animal, this

year's scores were wildly different. As in successive rankings, our judges were asked to rate companies on their overall growth, geographic expansion, appetite for M&A, product development, brand awareness, and responsible gambling efforts over the past 12 months. The panel scored each operator per category based on a rating scale of 1-5.

While this year's version has not seen the frenetic consolidation characterized in the 2022 rankings, several operators have dropped out of the running as the ultra-competitive and challenging environment continues to thin out the herd. The dominance of our top three contenders has continued in 2023 but with the trio jockeying for positions. Further down the rankings it's a case of all change, as some operators have benefitted from a 2022 bounce while others have floundered. Without further delay, here's our Power Rankings for 2023...

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The EGR US Power Rankings are proudly sponsored by Kambi, the leading provider of premium turnkey and standalone sports betting tech and services. Founded in 2010, Kambi has spent over a decade focused exclusively on the sports betting vertical, building a cutting-edge and data-led turnkey sportsbook that delivers a superior UX and provides partners with the freedom to differentiate. Today, its services not only include an award-winning end-to-end sportsbook but also an increasingly open platform and a range of standalone sports betting services, pioneering the next-generation betting entertainment. For more information on Kambi, visit [www.kambi.com](http://www.kambi.com).

**Kambi**



22 \

Cover feature

US Power Rankings



14m+

Number of individuals registered on FanDuel's US database

\$900m

Revenue gap between FanDuel and its nearest competitor in 2022

5

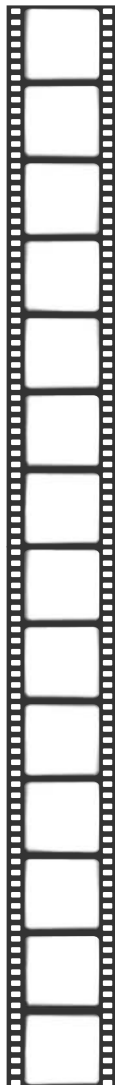
Number of new US states in which FanDuel launched in 2022

87%

Sportsbook staking growth YOY in constant currency during 2022

\$36m

US EBITDA in the final three months of 2022, excluding investments in Maryland and Ohio



## Flutter Entertainment (1)

**M**arket dominance is desired by many and achieved by only a few, but in the case of FanDuel and its parent company, Flutter Entertainment, the distinction applies. Marking its fourth top spot in the EGR US Power Rankings, FanDuel's lead is exemplified in Ohio, where the operator accounted for 45% of the state's total sports betting handle during its debut in January and nearly 50% of total revenue. The end of 2022 saw the brand achieve a 50% share of the US online sports betting market as revenue surged 67% year over year (YOY) for the whole of last year to roughly \$3.2bn on a constant currency (cc) basis. This was underpinned by an 81% cc YOY rise in sports betting revenue to almost \$2.5bn, as well as a 34% cc YOY increase in gaming revenue to \$774m.

Average monthly players rocketed 49% in 2022 to 2.3 million, principally due to five new state launches, and the continuance of the 'FanDuel Advantage' driving Flutter's flywheel. In tandem with FanDuel's sportsbook growth, igaming revenue increased 34% YOY on high consumer engagement and strong player growth.

FanDuel Group, which includes FanDuel, Fox Bet, TVG, PokerStars, and Stardust brands, accounts for 97% of Flutter's US operations, as well as 70% of the adjusted EBITDA loss for 2022. However, FanDuel is the dominant brand in the portfolio, with Fox Bet — acquired as part of The Stars Group merger — still struggling to

make much of an impact. Meanwhile, FanDuel's raison d'être prior to PASPA's repeal — DFS — and horseracing wagering platform TVG, account for less than 10% of the US group's revenue, the company revealed.

Talking of TVG, Flutter capitalized on the FanDuel name by rebranding the TVG horseracing channel to FanDuel TV, recruiting TV host Kay Adams to present its flagship show *Up & Adams*.

The long-standing dispute between Flutter and Fox Corporation over the purchase of an 18.6% stake in FanDuel ended in November, with both sides claiming victory and no further action taken. In January, Flutter signaled its US intentions by seeking shareholder feedback on a potential dual listing of the Flutter business, a focus that will take priority over the mooted FanDuel IPO. With a seemingly unassailable position atop the US sports betting market, along with a rising share of igaming, Flutter seems, for now at least, nailed on to make it five in a row in 2024.





## DraftKings (3)

**R**eclaiming second position in the Power Rankings after being shunted into third by BetMGM last year, DraftKings' 2022 could be categorized as a year of consolidation. In its latest financial results, the Boston-headquartered operator reported a 73% YOY increase in revenue for full-year (FY) 2022 to \$2.2bn, with a 9% YOY reduction in net losses to negative \$1.38bn. However, adjusted EBITDA losses grew 6% YOY from \$676m in 2021 to almost \$722m last year.

Pro forma costs, including sales and marketing, product and technology, and general administrative costs, amounted to \$3.7bn, a rise of 31% on that reported during 2021. Operational losses fell 3% YOY to \$1.56bn over the same period.

The net loss reduction arose from 'expense management,' aiming to achieve a positive EBITDA in 2024, with net losses shrinking throughout 2022. DraftKings has committed to trimming a further \$100m from its cost base this year, through marketing efficiencies and reduced people-related costs.

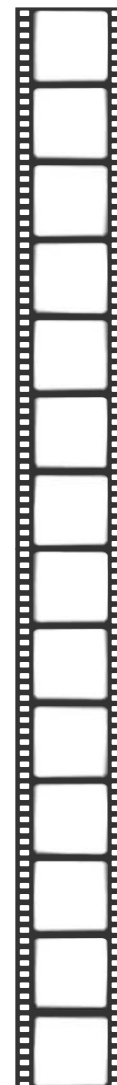
DraftKings CEO and co-founder Jason Robins explained his cost focus in a letter to shareholders when he suggested the US was transitioning to its first bear market since DraftKings launched in 2012. He claimed the days of free money were over, attempting to appease those DraftKings' shareholders concerned about the high-spending, but at the same time high loss-generating, business.



In the weeks after the 2022 Power Rankings, the company completed its acquisition of Golden Nugget Online Gaming (GNOG), including the migration of GNOG onto the DraftKings proprietary tech stack. In January 2023, DraftKings finally put to bed the legal dispute arising from the controversial report published in 2021 by notorious short-seller Hindenburg Research into alleged black-market activities by DraftKings' SBTech subsidiary, with a court ruling that investors had not been shortchanged.

The past year also saw the expansion into Ontario, Kansas, Maryland, and Ohio, as well as a partnership forged with safer gambling tool BetBlocker, a revised strategic deal with the UFC, and being chosen as the exclusive pregame odds provider to *Thursday Night Football*.

In March, DraftKings launched in its home state of Massachusetts to much fanfare and debuted its horseracing betting app, DK Horse, powered by Churchill Downs and available in 12 states. The operator has also just opened a second office in Las Vegas that will play host to more than 1,000 employees.



## 21

Number of states in which DraftKings' online sportsbook is currently offered

## \$700m

DraftKings' expected available cash as of year-end 2023

## \$2.9bn

Midpoint revenue guidance for FY 2023

## 2.6m

Monthly unique players recorded during Q4 2022, an increase of 31% on 2021

## \$47.5m

Total remuneration DraftKings CEO and co-founder Jason Robins received last year



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US Power Rankings



**\$82.1m**

Handle generated in Ohio in January 2023

**14**

Market launches in 2022/23, bringing the total to 26

**2,000**

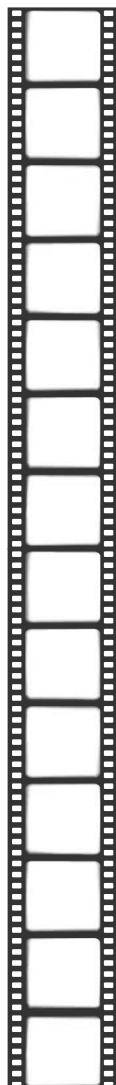
Entain employees supporting the BetMGM app

**48%**

Percentage of US population served by BetMGM via mobile and retail

**31**

States in which BetMGM has market access secured or anticipated



## BetMGM (2)

**H**eadling into its fifth year of operation since being created in 2018, BetMGM, by its own admission, performed above expectations in 2022, with FY revenue topping \$1.4bn. A collaboration between MGM Resorts and Entain, the 50/50 JV now holds a 29% market share in igaming and 18% in sports betting where it operates in the US. BetMGM has also become the key growth-driver for Entain against a backdrop of a hardening regulatory environment across much of Europe.

During 2022, BetMGM made improvements to its UX, changes which have been borne out in the numbers for the year. BetMGM's FY 2022 net gaming revenue (NGR) from digital operations surged 51% YOY, with management reporting a 21% drop in cost per acquisition (CPA) rates. BetMGM expects NGR of between \$1.8bn and \$2bn in 2023.

The brand's market leadership in igaming stems primarily from several factors, including its recently redesigned app and the 1,900+ new games introduced in 2022. In addition, 80% of its top games are in-house-developed or exclusive.

In its 2022 financial results, BetMGM outlined a sports betting strategy of prioritizing NGR over its gross equivalent through what it called "progressively strategic" bonus optimization, something it confirmed had seen NGR margins double YOY during Q4. In addition, a more rigorous approach to customer segmentation



and player analytics, coupled with data-led marketing, has allowed that bonus-ing to be more efficient. Buoyed by this, Entain recently revealed its expectation of long-term CPA rates of approximately \$250 to remain in place and that EBITDA margin will float between 30% and 35%.

BetMGM expanded online in 2022, launching in six states: New York, Louisiana, Illinois, Ontario, Kansas, and Maryland, building on this with further roll-outs in Ohio and Massachusetts during Q1 2023. To augment the Massachusetts launch, BetMGM clinched an online sports betting deal with MLB franchise the Boston Red Sox.

Some industry commentators had suggested the JV could soon come to an end, and these voices grew louder after MGM Resorts snapped up LeoVegas for \$604m in September 2022. MGM has chosen to continue to place its faith in BetMGM going forward, using LeoVegas only globally and for expansion into Latam. And with an expectation of turning a profit in the second half of this year, BetMGM could make another move for the silver medal position during 2023.





## Caesars Digital (4)

**R**etaining its fourth spot in the Power Rankings, the last 12 months have been a story of turning losses into gains, most notably in the company's financial results over the four quarters. Beginning in Q1 2022 with a net loss of \$576m and negative revenue of \$56m, Caesars has slowly transformed its fortunes, seeing out 2022 with a 62% YOY revenue increase to \$548m, albeit with a 36% rise in net losses to negative \$790m.

Central to this has been Caesars' commitment to its digital business, with CEO Tom Reeg going on record on several occasions to defend the division following hefty investment over the last 18 months to refine its igaming and new sportsbook app. In August, he also suggested digital was struggling due to a lack of marketing "traction" on the online casino side, while citing this as reasons for sportsbook shortcomings in that same conversation.

The continuing work required at Caesars came into sharp focus during Super Bowl LVII when retail sportsbooks and mobile apps, operated by William Hill Nevada, were hit with an outage for several days after crashing ahead of the game, leaving bettors irate and forcing the Nevada Gaming Control Board to investigate the cause.

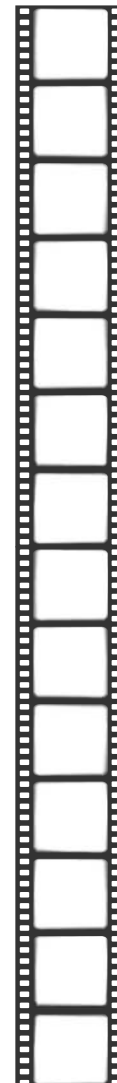
Continuing a trend first begun in the early months of 2022, Caesars has followed up on its commitment to slash marketing spend throughout the year,

most notably in November with a pledge to cut \$200m from its marketing budget. This would, the operator said, be achieved by allowing existing marketing agreements with colleges and sports teams to lapse, or through renewing these deals at a lower cost.

Aside from improving financials, 2023 has seen Caesars expand into newly regulated Ohio and Massachusetts, being one of just six brands to launch on day one of the latter market going live.

Caesars has also suggested the digital division is on track to deliver a positive EBITDA contribution to overall group revenue in 2023, with Reeg talking up the "strong foundation" gained in Q4 2022. One structurally significant change ahead for Caesars in 2023 is the transition to a single centralized app, with greater cross-sell opportunities deriving from bringing the verticals together.

With potential benefits to both operational and financial KPIs in the future, Caesars could further consolidate its Power Rankings position in 2024.



### \$548m

Caesars Digital's total revenue for full-year 2022

### \$31.4m

Handle racked up by Caesars Sportsbook during the first month of sports betting in Ohio

### -\$666m

Adjusted EBITDA for the digital arm in 2022

### 5

Number of states in which Caesars' online casino is live

### \$2.1m

Sports betting revenue generated in Arizona in January 2023



## PENN Entertainment (6)

**\$208m**

Revenue generated by Penn Interactive, the company's digital division, in Q4 2022

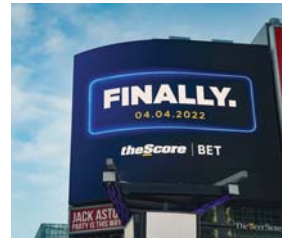
**\$5.2m**

Adjusted EBITDA recorded by Penn Interactive in the final quarter of the year

This year marks the debut of Penn National Gaming's new identity, PENN Entertainment, a move which came as part of a pivot from a casino and sportsbook operator to becoming a sports media business operating multiple brands and properties.

At the same time, PENN has looked to bring all its sportsbook and media assets under one wholly owned platform, beginning with the transition of theScore Bet in July 2022 and the eventual migration of the Barstool Sportsbook later this year.

The move has seen PENN's prior sportsbook technology supplier, Kambi, exit the picture almost entirely, with the duo concluding a \$27.5m early termination agreement in October 2022, which will mean the Barstool Sportsbook switches to its own platform in 2024. However, PENN and Kambi have agreed to cooperate on additional US state launches



for the Barstool Sportsbook throughout the transition period.

PENN completed one of the major milestones in the migration process with the acquisition of the remaining stake in the sportsbook

brand in February for \$388m. The purchase will see an end to ownership of the business by Barstool's at-times controversial founder, Dave Portnoy.

Furthermore, one of PENN's biggest projects has been theScore Bet launch in its home province of Ontario, with player registrations up by more than a third (37%) during the first 21 days following launch, and 30% more first-time depositors than its sister sportsbook brand in two US states, Pennsylvania and Michigan, over the same period. PENN's focus on the Ontario market during 2022 ultimately led to the demise of theScore Bet in the US, with the challenger brand's lack of traction cited as the core reason.



## PointsBet (7)

**A\$7m**

PointsBet Canada's (Ontario) total net win during fiscal H1 2023

**-17%**

Fall in fiscal H1 2023 marketing expenses

Australia-headquartered PointsBet hops into the top six of the Power Rankings, building on its steady performance the previous year with a concerted push on investment and product.

In June, PointsBet's fortunes were boosted by a strategic injection of A\$94.2m (\$65.7m) in the form of Rotterdam-headquartered investment firm Sports Investments Corporation (SIG Sports) and subsequently becoming PointsBet's largest shareholder. In addition, PointsBet signed a long-term agreement with SIG subsidiary Nellie Analytics for extensive sports analytics and modeling technology.

Over the course of 2022, PointsBet bet big on its 'Lightning Bets' in-play markets, aiming to utilize in-house pricing to stand out and increase its US market share. These types of bets, together with a focus on 'super users' over recreational bettors, has been a boon to the US division, with PointsBet reporting an 81% YOY increase in US net win to



A\$70.1m during its fiscal H1 2023.

PointsBet's US handle rose 66% YOY to almost A\$1.6bn, with sports betting net win

jumping by an equally impressive 62% to A\$50.7m, and US igaming net win surging 157% to A\$19.4m.

In a nod to content creation, PointsBet opened a live content hub in New York. Yet the ASX-listed operator's content hit the headlines for the wrong reasons in December when a publicity stunt involving brand ambassador Drew Brees promoting Lightning Bets (with Brees being struck by fake lightning) spectacularly backfired, sparking a slew of criticism on social media and in the press.

With PointsBet reportedly set to shed its native Australia business, the role of the US and Canadian divisions will undoubtedly come into focus in 2023 as the business switches to a North America-centric operational model going forward.



## Rush Street Interactive (5)

**R**ush Street Interactive's (RSI) slide in the Power Rankings is perhaps more indicative of improvements in the competition than an indictment of its own failings over the past year.

At a financial level, RSI's 2022 revenue rose 21% on 2021 to \$592.2m, thanks to successive quarters of growth. However, adjusted EBITDA and net losses grew to a negative \$91.8m and \$134.4m, respectively, due in part to the increasingly competitive market. Nowhere was this more keenly demonstrated than in the 16% increase in marketing expenditure.

Growth in marketing spend yielded a 29% rise in real-money active users during 2022, with RSI continuing to focus on high-quality player recruitment through improved customer experience. When asked, in October, about whether a desire to generate instant profitability would override its disciplined approach, RSI CEO



Richard Schwartz reiterated his long-term view that while profitability was

most definitely part of his firm's DNA, discipline would still continue to override short-term gains.

The Chicago-headquartered operator launched in several new markets last year, including West Virginia and Ontario, as well as further extending its Latin American footprint by opening two new state-of-the-art offices in Colombia and launching online betting in Mexico.

In March, RSI hit the headlines when it confirmed the premature end to its 10-year partnership with the Connecticut Lottery Corporation (CLC) after just two years of operation. RSI is one of just three sports betting operators in the state, and the early departure — along with its rock-bottom valuation right now — has led industry analysts Eilers & Krejcik Gaming to mark RSI as a prime acquisition target.

### \$315

Average revenue per monthly active user achieved during the past year

### \$218m

Adjusted advertising and promotional expense recorded last year



## Wynn Interactive (12)

**W**ynn Interactive's 2022 Power Rankings entry focused on rumors of a potential sale of the business, speculation which ultimately subsided in 2022. Parent company Wynn Resorts CEO Craig Billings asserted his confidence in the wider sports betting industry over the longer term, and emphasized that Wynn's need to be rational in pursuing the addressable market would eventually wane.

A focus on profitability at Wynn Interactive saw successive double-digit quarterly reductions in both adjusted EBITDA losses and operational losses in 2022. In July, Wynn's social betting brand, BetBull, ceased operations over little penetration in the UK market where it operated. The move ended a five-year strategic partnership that had begun with the purchase of a 22.5% stake in the startup in January 2018.

During Wynn's recent 2022 earnings call, Billings suggested executives were "driving the business as hard as we can while being prudent," with the potential for the point of inflection in late 2023 when Interactive could become profitable. The prudent attitude, as well as the potential for profitability, piqued the interest of gambling industry veteran Tilman Fertitta. The Golden Nugget owner snapped up a 6.1% stake in parent company Wynn Resorts in November, therefore becoming its second largest shareholder.

Billings' remarks also included references to Wynn's home state of Massachusetts, where it operates the Encore Boston Harbor property, and where it received a sports betting license from the Massachusetts Gaming Commission this past January. The Wynn Resorts CEO suggested that the launch of both retail and online sportsbooks in the state would prove to be a "significant catalyst" for the firm going into 2023.

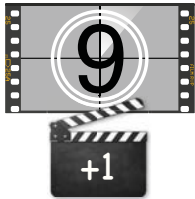
With much of Wynn Interactive's immediate future dependent on its performance in the state, 2023 could prove to be a make-or-break year for the Las Vegas heavyweight's online ambitions.

### 9

Number of US states WynnBet is currently live online

### 64%

Reduction YOY in adjusted EBITDA losses over the course of 2022



## Hard Rock Digital (10)

**H**ard Rock Digital (HRD) climbs one position after the tribal-owned operator expanded its online footprint in 2022. Last fall saw its iOS and Android apps rolled out in Indiana and Tennessee, four months after the Hard Rock Sportsbook went live in Virginia. In fact, investment in HRD has accelerated the company's state launches, enabling the digital offering to appear in Indiana and Tennessee on the very same day, September 6.

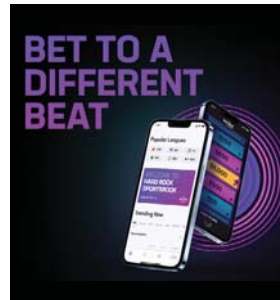
Product development has been a major focus these past 12 months for HRD. This included building an MLB model to boost depth of player prop markets, the introduction of pre-built SGPs, and a flashy streaming capability. HRD also introduced an industry-first welcome mechanic. After placing a qualifying bet, users spin the 'Mystery Wheel' to win between \$50 and \$5,000 as a free bet. Referring a friend gives you and your friend an

**\$85m**

Sum Playtech has invested for a "low single-digit" stake in HRD

**\$5,000**

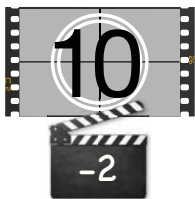
How much can be won as a free bet with the 'Mystery Wheel'



extra spin to win a free wager up to \$1,000. "We might not be the largest product and engineering team in the industry but [we] have a lot to be proud of," MD of product Mike Primeaux tweeted in September.

Interestingly, HRD announced in March

— after the judges had completed their scoring — that the Hollywood, Florida-based firm had entered a "landmark strategic partnership" with Playtech, with the supplier investing \$85m in exchange for a "low single-digit" percentage minority equity ownership stake in HRD. Proceeds of the investment will mainly be used to fuel HRD's continued global expansion, it was revealed. If Playtech bagged, say, a 3% stake, it would suggest an implied HRD valuation of almost \$3bn. A 2% share equals \$4bn. Either way, this investment could pay off handsomely for Playtech — and HRD — if Florida were to eventually legalize online casino.



## Bally's Interactive (8)

**F**ollowing its Power Rankings debut last year, big things were expected of Bally's. However, the last 12 months have been a turbulent and challenging time for the business, partly contributing to a fall of two spots to 10th place.

After an unimpressive Q1, Bally's was forced to initiate a modified 'Dutch auction' of its shares at high then low prices until buyers were found in order to stave off a takeover by its largest shareholder, Standard General, run by Bally's chairman Soo Kim. Challenging headwinds continued into Q2, with Bally Bet and the Monkey Knife Fight DFS arm reporting shrinking numbers, declines which led the business into a strategic pivot towards soon-to-legalize igaming states as an entry point. Come Q3, Bally's attempted to address its faltering US numbers by committing to a program of brand 'rational-

ization' in which non-revenue-generating US assets were put under the microscope and the business refocused its efforts on "faster paths" to profitability.

Slower-than-expected rollouts of the 'Bally Bet 2.0' sports betting platform also hampered US progress going into Q4, with Bally's reporting revenue growth of just 5% but a jump in net losses of over 300% YOY to a negative figure of \$487.5m. Trying to stem the impact of worsening macroeconomic conditions going into 2023, bosses committed to reducing the workforce by 15%.

At the time, CEO Lee Fenton sounded a defiant tone, praising Bally's "mature businesses" and his confidence that measures undertaken would push back its losses. However, in late March, Fenton himself exited the firm. His successor, and fellow Gamesys Group veteran Robeson Reeves, used his early weeks to lay into Monkey Knife Fight and Bet.Works, suggesting that they could not provide the competitive product Bally's requires online in the US. The remarks were followed by Bally's shuttering Monkey Knife Fight, ending a move into DFS which began with the \$90m acquisition of the business in January 2021.

**67%**

YOY increase in adjusted EBITDA during 2022

**3%+**

NJ market share, though the 2023 goal for Bally and Virgin brands is 6%-8%





## 11) Super Group (13)

One of the most significant North America-related developments for Super Group — the parent company of Betway and multi-brand online casino Spin — since last year's Power Rankings was its transition to the newly regulated market in Ontario last April. Canada was already one of the New York-listed company's largest markets and Super Group quickly capitalized on existing brand awareness to solidify its sports betting and online casino position there.

To the south, on January 1, 2023, Super Group entered the US by completing the acquisition of Digital Gaming Corporation (DGC), which has market access in up to 13 states. DGC was operating the Betway brand under an exclusive licensing arrangement in eight of those states, the most recent being Ohio. Much of Betway's success as one of the industry's true global names is down to forging sponsorship deals with sports teams around the world, so Betway has adhered to this template by inking partnerships with eight NBA teams and five from the NHL, as well as the NHL itself.

After recently refreshing the Betway app, the product was singled out as having "significantly improved" by Eilers & Krejcik Gaming as part of its proprietary online sportsbook app performance research.

## 12) Betfred USA Sports (19)

A household name in the UK, Betfred has experienced some requisite growing pains while trying to build brand awareness in the ultra-competitive US market. The operator accordingly spent the whole of 2022 with a dual focus on brand and expansion, twin pillars which saw it jump more than seven places in this year's Power Rankings.

Ohio represented a key pillar on both fronts, and through a partnership with the Cincinnati Bengals announced in July, Betfred was able to acquire market access as well as a significant branding opportunity in one fell swoop. The multi-year deal saw Betfred become the Bengals' official sports betting partner while generating a surplus of

marketing and promotional tie-ins with one of the NFL's rising franchises.

Betfred used the second half of the year to prepare for Ohio's launch, while continuing its US expansion from coast to coast. The operator first gained market access into Maryland by partnering with off-track betting facility Long Shot's in Frederick. Announced in July, the deal included mobile betting, which Maryland formally launched in late November. Betfred became the state's eighth online operator in early 2023.

While Betfred made appreciable gains on the branding front in 2022, some came at an added cost, none more so than the \$5m it had to pay out to Houston furniture magnate and viral sensation Jim 'Mattress Mack' McIngvale after the Astros won the World Series — an outcome that put a sizable dent in the operator's Q4 revenue numbers.



## 13) Bet365 (15)

Gliding smoothly up the Power Rankings, bet365 is starting to make its mark in North America after first arriving in New Jersey in 2019 and flying under the radar for quite some time. This changed when the operator released its sportsbook in Colorado last September before going on to launch in Ohio on January 1, 2023, when the state went live with sports betting. This was followed by the firm sealing a multi-year deal with MLB franchise the Cleveland Guardians.

Then, at the end of January, bet365 launched in Virginia, bringing its total state count to four. While management decided, for reasons unknown, to abandon its license in Massachusetts, a deal was struck with Churchill Downs earlier this year to gain access to Pennsylvania. This

## Ones to watch

### PrizePicks

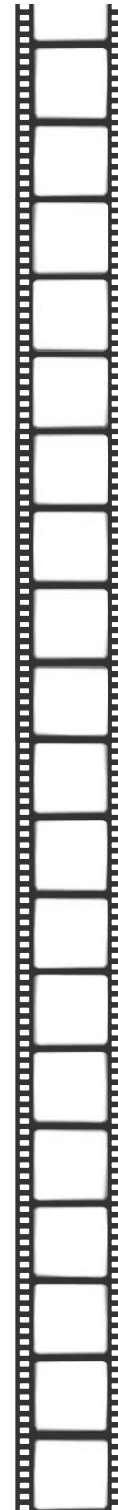
Launched in 2017, PrizePicks is an Atlanta, Georgia-based startup offering fast-paced 'pick-em' format DFS games. For instance, will Boston Celtics' Jayson Tatum score more than 27.5 points? Live in 30 states, plus DC and Canada (except Ontario), and available to over-18s (unlike the 21+ requirement with legal sports betting), PrizePicks has proven especially popular in US jurisdictions bereft of legal sports betting, including the nation's most populous states: California, Texas, and Florida.

### PlayStar

"After four months, we are still holding 50% of the customers we acquired, which is unheard of," PlayStar CEO Per Hellberg told *EGR North America* in February when discussing progress made by this casino-only startup in New Jersey. Run by a solid roster of remote-working gaming industry veterans occupying key executive positions, PlayStar recently bagged \$15m of funding from Meyer Global Management to propel expansion into Pennsylvania. This is one brand to watch if or when more states regulate igaming.

### Underdog Fantasy

Based out of Brooklyn, New York, three-year-old challenger DFS operator Underdog Fantasy announced a \$35m Series B funding round last July, taking the company's valuation to \$485m. Perhaps more significantly, Underdog Fantasy — co-launched by president and chairman Jeremy Levine, a co-founder of DRAFT (acquired by Paddy Power Betfair in 2017) — is expanding into sports betting. An Ohio sportsbook license was secured in December 2022 as it strives to capitalize on its DFS database and brand affinity.







## Ones to watch

### Betr

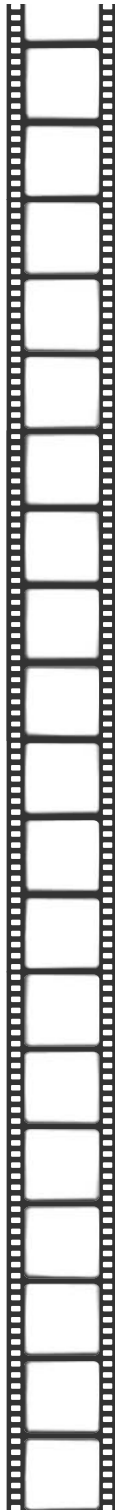
With an emphasis on micro-betting and celebrity backing in social media influencer Jake Paul, Betr emerged as an interesting sportsbook startup, sealing a place in this year's 'ones to watch.' Initially launched as a free-to-play micro-betting sportsbook, Betr has since gone live for real money in Ohio, gained market access to Indiana, secured a Virginia license, and will soon debut in Massachusetts. After recently adding core sportsbook markets, Betr could be set for a big expansion in 2023.

### Fanatics Sportsbook

A returning 'ones to watch' entry, 2022 marked perhaps the most fervent period of activity for the sports merchandizer's sportsbook arm. A massive recruitment drive, along with key hires at an executive level, punctuated the year for Fanatics, along with continued M&A links with other operators. In October, CEO Michael Rubin outlined plans to launch in as many as 15 states from the middle of 2023, with Fanatics later making its retail debut in Maryland and gaining a license in Massachusetts.

### Sportrade

Billed as the 'Robinhood of sports betting', Philadelphia-based Sportrade hit the headlines in September when it launched the first sports trading platform in the US, debuting in New Jersey. The startup agreed strategic partnerships with PENN Entertainment and Caesars to enter Indiana and Louisiana, with expansion plans for Colorado. Sportrade followed up its New Jersey debut by securing membership of the International Betting Integrity Association and a geofencing-led deal with Xpoint.



would be bet365's largest state to date in terms of population. So, combine the conspicuous expansion of late (including a license secured in Ontario last spring) with a much-heralded product, and breaking into the top 10 of the Power Rankings next year is a distinct possibility.

## 14) Kindred Group/ Unibet (=)

**"A marathon and not a sprint" was how Kindred Group described North American success in its latest annual report published in March. And it sure seems a case of playing the long game since Kindred's Unibet brand made its US debut in 2019. Live in five states (AZ, IN, NJ, PA, VA) plus Ontario, Unibet continues to pound away yet struggles to achieve meaningful market share.**

The uphill battle was demonstrated when Unibet exited Iowa just before Christmas with Kindred unable to see a path to profitability in the Hawkeye State. The Stockholm-listed operator has access to four additional states (CA, WA, OH, IL), however the strategic focus is now on states with only sports betting and casino.

Indeed, multi-product jurisdictions will help achieve "healthier unit economics" as the business chases "low to mid-range single-digit market share" in the states it enters. Later this year, Kindred's in-house platform will begin a staggered rollout, initially in New Jersey and then Pennsylvania. Bosses have hailed the platform and its improved customer experience as key to closing the product gap on the market leaders.

Finally, while certain podium-position operators are on the cusp of turning a profit, Kindred doesn't expect to break even in North America until 2026. Profitability targets suffered a blow when, last November, Unibet settled the largest bet in the group's history, a wager of just over \$1m on the Astros winning the World Series that resulted in a pay-out of \$6.3m.

## 15) 888 Holdings (11)

**F**alling back down the Power Rankings, 888 has made steady but slow progress in the US since last year when it was

buoyed by the positive reception from judges to its *Sports Illustrated* deal.

In the weeks following the publication of the 2022 rankings, the London-listed operator went on to recruit a successor to long-standing US boss Yaniv Sherman former Bleacher Report CEO Howard Mitman as it looked to build on the sole SI Sportsbook launch in Colorado. And so it proved, with the SI Sportsbook able to expand into Virginia and launch the inaugural SI online casino brand in Michigan.

Despite its decade in the US market, 888's US operations account for just 1% of the group's overall gross gambling revenue (GGR), amounting to just £23.7m, a performance history not lost on (then) 888 CEO Itai Pazner, who suggested brand was the biggest barrier to success in the States. During its Capital Markets Day in December, 888 revealed plans to focus on igaming states and target the so-called "unsexy sweet spot" of older bettors with the SI Sportsbook brand, as well as targeted promotional marketing.

However, early 2023 saw the departure of the aforementioned Pazner, job cuts in Israel, and a potentially troublesome investigation into the operator's treatment of VIP players in the Middle East; all factors which could curtail US growth over the next 12 months.

## 16) Tipico (NEW)

**T**he biggest sports betting operator in Germany, Tipico has been live in New Jersey and Colorado since 2020 and 2021, respectively, but apart from an exclusive partnership with media giant Gannett — the largest newspaper publisher in the US — it had remained mostly quiet on the marketing front stateside.

That philosophy shifted in 2022, when Tipico seized an opportunity to position itself on the starting line of Ohio's 2023





sports betting rollout by partnering with Major League Soccer's Columbus Crew for market access in the seventh most-populous US state. The deal, which was announced in mid-January and included entitlement rights to several marquee Crew assets in addition to an 'official sports betting partner' designation, was the first indicator Tipico was placing an emphasis on Ohio.

Tipico also struck several smaller deals to support its brand-building efforts in advance of Ohio's launch, highlighted by a first-of-its-kind partnership with live entertainment company AEG Presents. The Malta-based operator, which owns its own tech stack, also forged an exclusive sponsorship partnership with Cleveland-based sports and entertainment network BIGPLAY.

During this time, Tipico reworked its Gannett deal to de-emphasize its previously national focus in favor of a more localized approach, bringing it in line with its other Ohio partnerships. Tipico capped the year by preparing for its rollout in Iowa, which it completed shortly after Ohio.

## 17) Mohegan Sun (16)

**M**ohegan Gaming & Entertainment's 2022 can be summed up in two words: **omni-channel** and **Ontario**. On the former count, the long-time retail tribal gaming operator furthered its pivot into the digital space which it began in 2021 by launching its new rewards program, **Momentum**.



Introduced in April, Momentum formally linked Mohegan's brick-and-mortar rewards system with its database of MoheganSun-Casino.com accounts, allowing members to accrue and redeem points online and within a host of its casino resorts.

Barely a month later, Mohegan next marked a milestone north of the border, becoming the first land-based operator to receive licensure in Ontario. Its online arm, Mohegan Digital, launched a fully integrated online gaming platform in the Canadian province in mid-September. PlayFallsview — which is named after Mohegan's Fallsview Casino Resort in Ontario — was rolled out in partnership with Kambi, Pala Interactive, and Intelitics.

In addition to the headline partnerships and milestones, Mohegan became a member of the International Betting Integrity Association (IBIA) in November as part of an arrangement covering both its retail and digital brands. That helped tie a bow on the 2022 fiscal year in which Mohegan posted record earnings of \$403.9m, the highest in its 26-year history.

## 18) Circa (20)

**C**irca has carved out a bona fide niche as the de facto Pinnacle of the US thanks to its take-all-comers bookmaking philosophy but, apart from small online presences in Colorado and Iowa, the high-volume, low-margin operator hadn't made a significant splash on the dual retail/online front outside of its flagship base operation in Nevada.

That changed in May, when Circa announced a partnership with land-based operator Full House Resorts, which is in the process of developing a new casino resort in Waukegan, Illinois, after gaining a casino license there as part of the state's 2019 gaming expansion.

The Full House deal provides Circa with access to one of the biggest sports betting markets in the US, and it will also pave the way to its first retail sportsbook outside of Nevada at the forthcoming American Place Casino Hotel. While regulatory considerations prevented Circa from formally launching online and retail operations in 2022, owner Derek Stevens hopes to have Circa Sports available to Illinoisans in 2023.

Though Circa's app can't compete with the likes of FanDuel and BetMGM in terms of UX and breadth of markets — Circa has deals with both Stadium Technology and IGT to power its mobile tech, as well as a partnership with Huddle for in-play betting — the operator differentiates itself by offering the highest online limits in the industry.

## The judges



**Benjie Cherniak**  
Avenue H Capital



**Brianne Doura-Schawohl**  
Doura-Schawohl Consulting



**Chris Grove**  
Acies Investments



**David Sargeant**  
iGaming Ideas



**Barbara DeMarco**  
Porzio Governmental Affairs



**Ramy Ibrahim**  
Moelis & Company



**Jeff Ifrah**  
Ifrah Law PLLC



**Julian Buhagiar**  
RB Capital



**Jeremy Kleiman**  
Saiber LLC



**Lloyd Danzig**  
Sharp Alpha Advisors



**Melissa Blau**  
iGaming Capital



**Sandford Loudon**  
Oakvale Capital



# The game has changed: 10 years of US igaming

**GeoComply CEO Anna Sainsbury looks back at a decade of igaming, how industry challenges have evolved, and the new problems to overcome today**

**W**hen I started working with the New Jersey Division of Gaming Enforcement in the early 2010s, there wasn't any igaming market in the US and online sports betting seemed an impossible dream barred forever by the Wire Act and PASPA. But New Jersey's lawmakers were keen to boost its casinos' revenue with igaming and sports betting, and were determined to find a way.

Just a few months earlier, I had been sitting around my dining room table with a group of brilliant friends debating how to enable intrastate igaming. Our answer was a method of gathering multi-sourced geolocation data. We thought we had the answer, but we needed lawmakers to agree. Thankfully they did, and they continue to do so.

This April, our government affairs chief met lawmakers in Alabama to demonstrate the power of compliance technology. Upon landing, he found out that our data had helped convince the Kentucky Senate to send its sports betting bill to the Governor's office for signature. We continue to help lawmakers open new markets, but our company, our industry, and the problems it faces have evolved in ways that my friends and I could never have envisioned.

## The pressure for profit

I was thrilled to be invited to this year's Super Bowl at State Farm Stadium in Glendale, Arizona. It was a wonderful occasion. In addition to the game and Rihanna's half-time show, it was an opportunity to meet clients, gather their

feedback, and listen to their concerns.

The markets' biggest concern for the past year has been operators' paths to profitability. That, in turn, becomes most CEOs' biggest concern. Like many of our operator partners, we are now open for business in 29 US markets. For all of us, such rapid growth since the fall of PASPA has necessitated massive investment. While popular wisdom would have us believe that competitive pressures and massive advertising spending are the biggest drag on profitability, there are other factors.

While we sat and watched the Chiefs triumph, my colleagues were busy enabling bets in various states but also combating a threat that has been growing rapidly during the past three years. Our operations, fraud, and risk services teams were on high alert during the Super Bowl and saved one operator \$14m that would have been lost to fraudsters after an organized bonus abuse attack. A fraudster capable of attempting a \$14m heist is no amateur. These are organized professional criminal networks and we need professional defenses to fight them.

## A brave new world

Bonus abuse often goes hand-in-hand with identity theft. Since the Covid-19 pandemic, ID theft has mushroomed to such an extent that around 70% of Americans' identities can be bought on the dark web. In turn, this brings the threat of account takeovers. None of these are uniquely gaming industry problems.

Cybercrime was up 50% across all forms of e-commerce in 2022. However,

because every bettor needs to verify their identity and location, while also passing strict anti-money laundering standards, the industry has the tools to tackle even the most sophisticated of fraudsters.

During the past few years, we learned the true power of our technology and how it can help fight fraud and save our customers millions and millions of dollars. We have also put it to other uses, such as fighting online child exploitation, and applying what we have learned in igaming to other industries.

Over the next five years, we have made it our mission to instill confidence in every online interaction. We don't want any of our customers to be suffering compliance fines, and we want to slash the cost of fraud for their businesses. We want to implement the very highest of standards for fraud prevention globally because this is not just a gaming problem; it is a problem for society.



Anna Sainsbury is the co-founder and CEO of GeoComply, the market leader in providing geolocation compliance, fraud detection, and related cybersecurity services to the igaming, fintech, and media and entertainment industries. Over the past decade, Sainsbury has grown GeoComply into a tech 'unicorn' with over 550 employees across three continents, and in 2022 was recognized as an EY entrepreneur of the year, Pacific winner.

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# Reaping the whirlwind

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## BettorOff founder and CEO Alex Dubin discusses the consequences of America's lightning push into sports betting and trust issues surrounding influencers and tipsters

**T**he speed at which online sports betting has grown across the US since the repeal of PASPA in 2018 has been phenomenal to watch. However, it has also created some significant issues with which industry leaders, regulators, and legislators are now grappling with. While the conversation around responsible gaming rightfully occupies much of this space, there are also other, more nuanced concerns, such as the effect of influencer marketing.

In two states, West Virginia and Maryland, legislation has been introduced this year to address the topic of auditing wagering media content, specifically for those who present themselves as experts, to protect consumers. While SB 571 in West Virginia didn't advance out of committee before the legislative session ended, Maryland's SB 621 passed the state Senate by a 46-0 vote (albeit after some significant amendments) and has since passed to Governor Wes Moore's desk for signing into law.

These bills were written in response to the myriad of bad actors which have taken advantage of vulnerable consumers in the sports wagering information space. From the moment a state legalizes online sports betting, there is an overwhelming amount of noise and not nearly enough transparency around what constitutes expertise, with few tools available to help validate such claims and hold those who call themselves experts accountable for their claims.

Last year, BettorOff conducted a survey that found 55% of US sports fans

say they trust public handicappers only 'a little' or not at all, and 65% of US sports fans said they would be interested in a platform that tracks picks to verify results and expertise. This data suggests a widespread desire for tools that will hold sports betting 'experts' accountable for their tips.

### Customer protection

Unless these self-proclaimed 'experts' and influencers are consistently held to task by a verified and trusted pick-tracking service or application, there is no way to assess or validate their claims. Those who are giving out the best information are the voices that should be elevated but that is rarely the case, particularly on social media, where the most objectionable and bombastic content is given the most attention, often in spite of its validity.

While individual feelings on the particulars of these bills will surely vary, these pieces of legislation identify a core issue in the sports betting industry. Even if they don't become law, those responsible for starting the discussion in these states should be lauded for identifying these legitimate concerns and bringing them to light.

The cost to consumers for these unverified claims in the online sports betting field is very real, and it is simply unrealistic to expect sports bettors to sift through the avalanche of sports betting content to separate what is real from what is bluster and misinformation. A good analogy would be the finance world, where the SEC, FINRA, and other watchdog groups are tasked with

protecting consumers and investors from bad actors making false claims.

Consumers have a responsibility to do their homework when assessing the credibility of sports betting prognosticators, but consumers also need and deserve protection, whether through these bills or other means. It is hard enough to grind out a profit in sports betting without having to wonder if the information you are receiving is valid.

Transparency and accountability are only negatives for those with something to hide. The more we inform the consumer, the smarter their decisions will be and the more money will flow through the industry, as opposed to the very real risks associated with allowing bad actors to operate unchecked in the sports wagering information space.

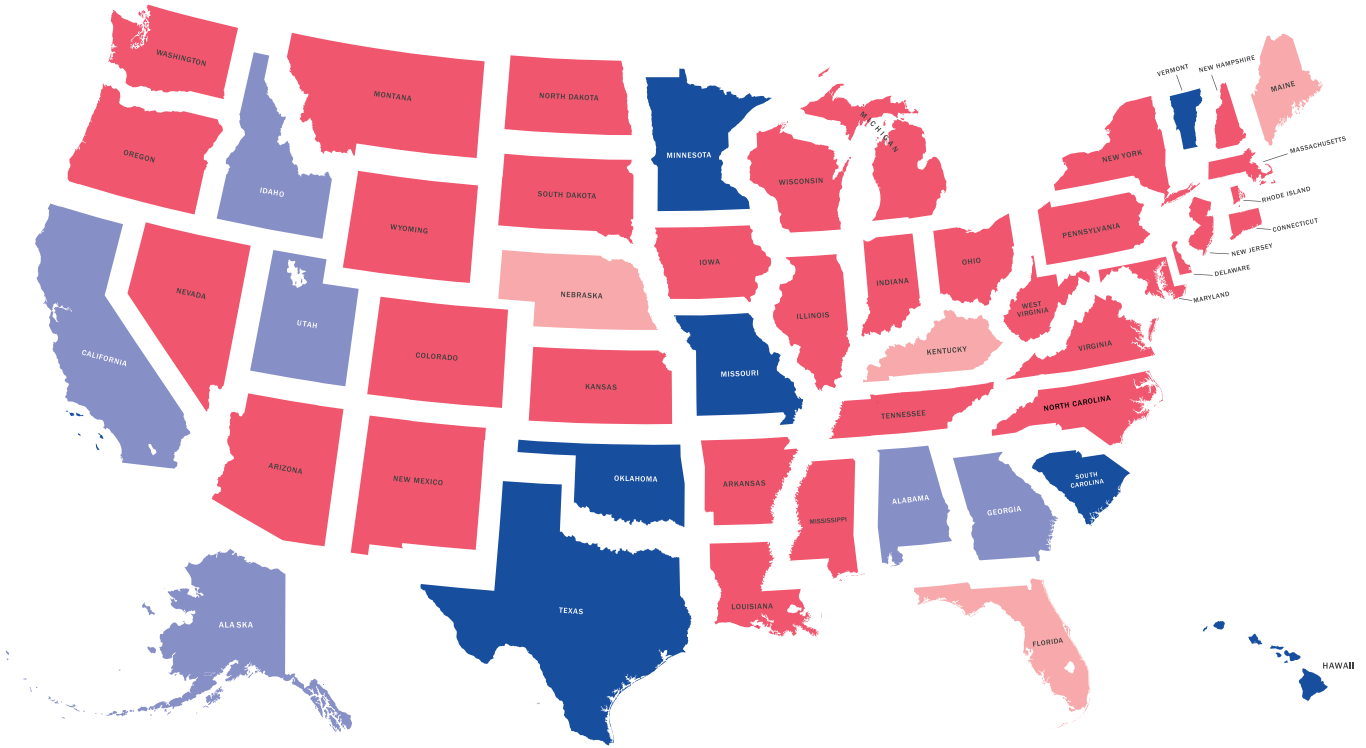


Alex Dubin is the founder and CEO of BettorOff, the enhanced social media platform, developed specifically for the sports wagering community. He has more than a decade's experience scaling startup organizations in a variety of roles, including CEO, COO, general counsel, and board member. Prior to founding BettorOff, Dubin was a co-founder of the sports and esports data and analytics company, NXTAKE, LLC, which was later acquired by SportsGrid, Inc. He also co-founded Roto Capital, a quantitative hedge fund in the DFS space.





# The state of play



- Live and legal
- No legislation
- Legal but not operational
- Active or pre-filed legislation in place

**M**oving into 2023, the rising tide of legislative initiatives kicked on, with early filings moving into fierce debates at both House and Senate level in many states. Following Ohio’s lead, Massachusetts became the second state to launch a regulated sports betting market during Q1, debuting retail sports betting in January followed by online on March 10.

Massachusetts’ regulator, the Massachusetts Gaming Commission (MGC), proved to have a keen interest in the broader aspects of regulation, holding extensive meetings on the role of advertising, affiliates, and college sports in the market over the first part of the year.

Continuing its focus on responsible gambling, borne out in the previous bill against “predatory” operators, New York State officials introduced legislation to

include responsible gambling warnings in advertising. In the same state, igaming legalization efforts failed in legislature after not doing enough to merit inclusion in the state’s 2023 budget.

Other states with bills currently under consideration during Q1 included Vermont, North Carolina, Connecticut, Mississippi, Oklahoma, Rhode Island, Texas, Tennessee, and Minnesota. Efforts to legalize sports betting in Georgia through a slew of legislative initiatives also fell flat in the first three months of the year, with a total of four bills voted down in the legislature.

At a federal level, the quarter saw the introduction of the Betting on our Future Act (BOFA), which calls for sports betting advertising to be treated in the same way as cigarette marketing. Also, members of the bipartisan Congressional Gaming

Caucus (CGC) introduced legislation aiming to repeal the 0.25% federal excise tax applied to all legal sports bets.

Kentucky saw a concerted push towards legalized sports betting during Q1, buoyed in part by its pro-betting Governor, Andy Beshear, who has long supported the vertical and its means of boosting state finances. Beginning in February, House Bill 551, which included a 9.75% tax rate for retail operators and 14.25% for online, steadily made its way through both chambers of the legislature before being passed on March 31.

As most legislatures edge towards their traditional summer recesses, the large number of sports betting bills should ultimately decrease, however momentum in states like Texas and Missouri could see draft sports betting legislation carry over into the next quarter.

With a population nearing 30 million, Texas would be a huge coup, second only to California, where operators failed to get betting legalized in November.





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