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/EDITOR'S LETTER/

This issue...



A warm welcome back to the *EGR North America Quarterly Report*, in this, the first instance of the US Power Rankings since our switch to a quarterly publication. The 2022 iteration of our annual US sports betting and igaming all-star list includes some new faces, some old hands, and a lot of jockeying for position among those who made the cut, but more on that later...

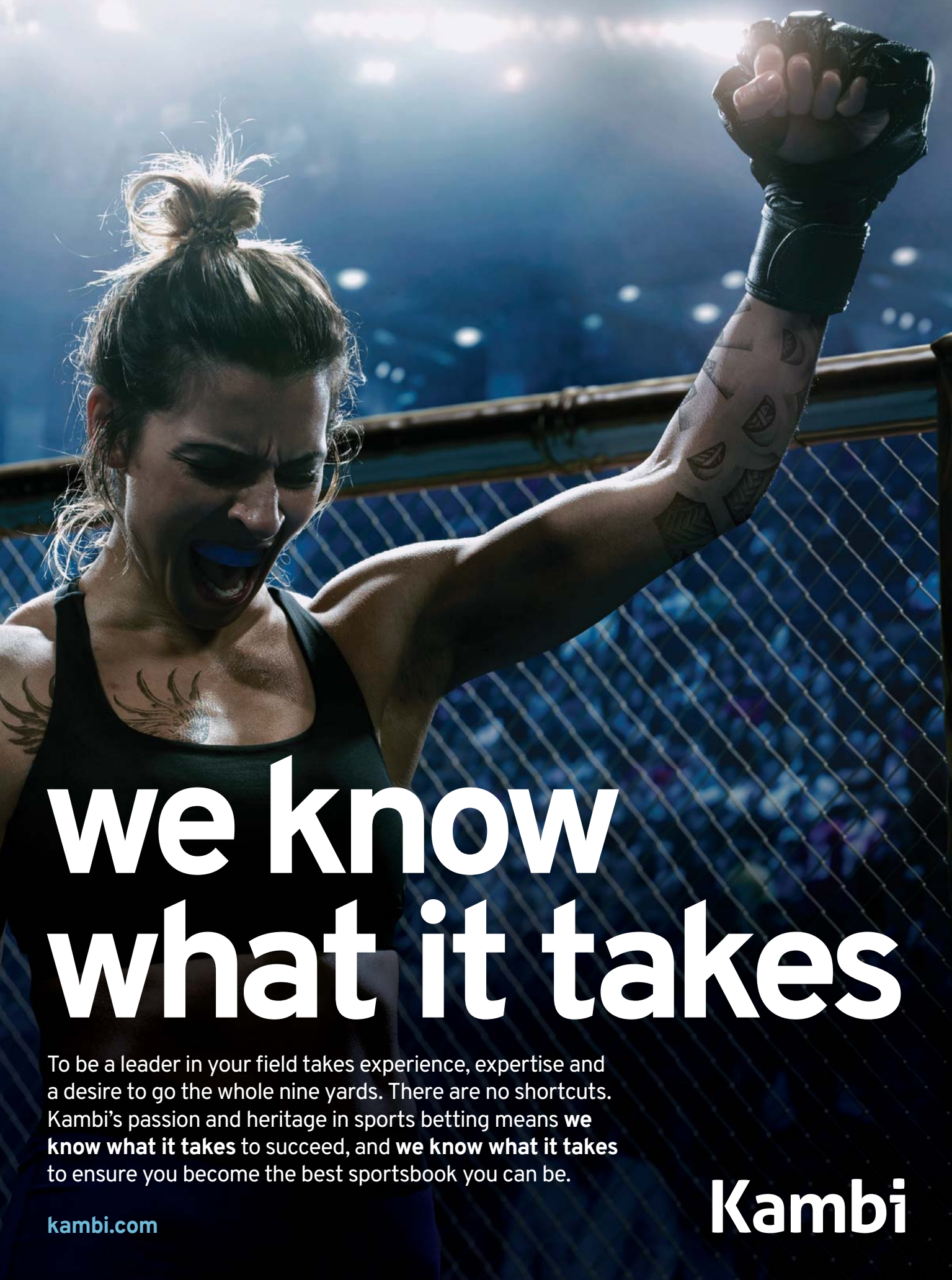
In a parallel with the rankings, successive state launches in New York and Louisiana, as well as the recent launch of igaming and sports betting in Ontario, has been the subject of a positional power play between various sportsbooks and igaming brands. Ontario has climbed to prominence in the minds of some of the industry's top executives, with Canada's powerhouse province set to play host to a frenzy of unparalleled activity in the Great White North.

Aside from the preparations and the launch of Ontario's betting market, the other big stories have been US sportsbooks and igaming operator's Q4 2021 financial results, which have seen most report double-digit percentage gains, and Super Bowl LVI which broke year-on-year betting records during the quarter. Following Florida's furore over control of its sports betting, California is shaping up to become a bitter battleground between tribal operators, local interest groups, and some of the leading lights

of the online market, which have put together competing legislative initiatives. Those place Californians in the center of the decision-making process, and if the \$200m+ in total contributions paid to competing campaigns is any indicator of what's at stake, it promises to be an interesting next seven months in the Golden State.

The US Power Rankings 2022 dominates our latest report, as well as regular contributors Chalkline, Eilers & Krejcik Gaming, and SEO specialist firm ICS-digital. Returning for this issue is our tri-state US slots rankings and our LinkedIn deep-dive into US hiring habits, which focuses on BetMGM and Caesars Digital. We also examine the issue of responsible gambling in the US market following Problem Gambling Awareness Month in March. Rounding out this latest edition is theScore CEO John Levy, who takes *EGR North America* through his expectations for the Ontario market and the homegrown media firm's transformation since its acquisition by Penn National Gaming.

Editor
Rob Simmons



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[Contents]

DATA



06 Sports betting and gaming tracker

EGR NA presents data from our online sports betting and gaming tracker, with a focus on Indiana and Rhode Island

08 Slots tracker

Ken Muir, managing director at iGaming Tracker, outlines the latest slots data for New Jersey, Pennsylvania, and Michigan

10 US sports market trends

Adam Krejcik and Chris Krafcik from Eilers & Krejcik Gaming analyze recent movements across the regulated sports betting landscape

12 SEO snapshot: Affiliate moves in the Big Apple

Martin Calvert, marketing director at ICS-digital, explores how affiliate brands are battling it out for SEO supremacy in New York

14 Conversion corner: Balancing the books

Daniel Kustelski, CEO of Chalkline, examines the marketing spend of some of the biggest online businesses and looks at why many are cutting back to improve their ROI

16 Hiring habits of US igaming and sports betting operators

EGR NA analyzes LinkedIn growth insights data to see how the industry's protagonists are strengthening their personnel numbers, shining the spotlight this quarter on BetMGM and Caesars Digital

FEATURES



18 Responsible gambling rises up the agenda

As March marks Problem Gambling Awareness Month in the US, Scott Longley takes a closer look at the lessons learned from across the Atlantic

20 US Power Rankings 2022

Now in its fourth year, *EGR NA*'s US Power Rankings is the industry's only comprehensive rundown of the top 20 online operators in this part of the world



32 Q&A: High Score

TheScore CEO John Levy on how the operator's Canadian media empire will provide the foundation to become a major player in the Ontario market

VIEWS



37 Move away from the gray

Chantal Cipriano, PointsBet Canada's VP of legal, compliance, and people, on what Canada's newest igaming and sports betting market, Ontario, can deliver for the province

38 The state of play

All the latest US sports betting legislative movements, as well as developments in Canada

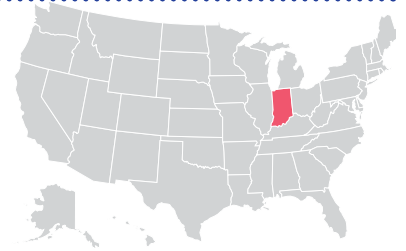


6 \

Data analysis

State-by-state tracker

Indiana betting and gaming tracker



When was sports betting regulated?

Indiana became the second state to legalize sports betting in 2019 after Governor Eric Holcomb signed Bill H 1015 into law in May, including statewide mobile wagering. Sports betting went live in September 2019, followed a month later by mobile betting.

Regulator details

Indiana Gaming Commission
East Tower, Suite 1600,
101 W. Washington Street
Indianapolis, IN 46204
<https://www.in.gov/igc/>
Exec director: Greg Small

Is sports betting permitted online?

Yes, statewide mobile wagering was included in Bill H 1015.

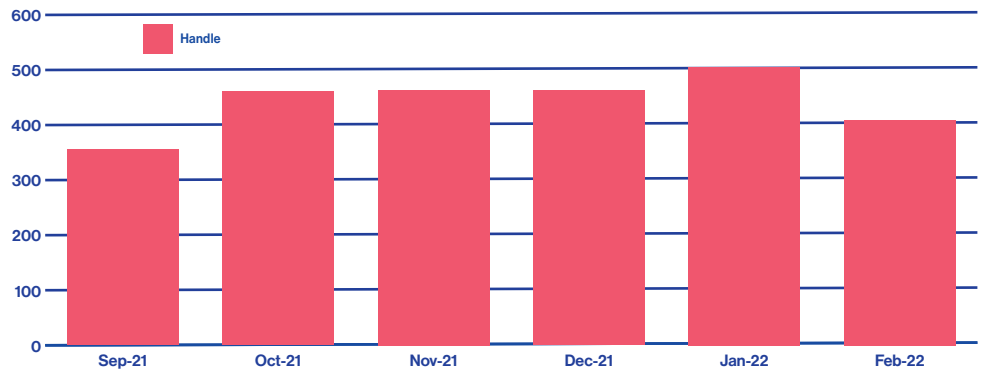
Is there any specific legislation for DFS?

Yes. Indiana was the second state to regulate DFS back in 2016. Licenses cost \$50,000 upfront and the same to renew.

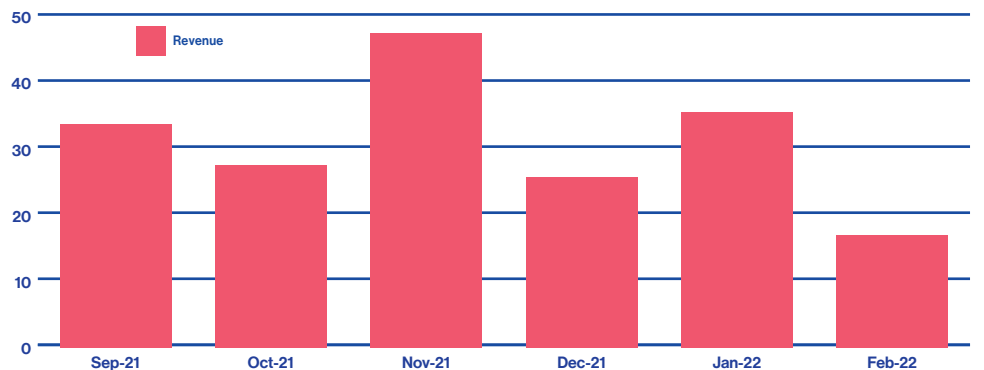
What type of licenses are available?

In order to offer sports betting in Indiana, you must either be an existing land-based casino or partner with one.

Sports betting handle (\$m)



Sports betting adjusted gross revenue (\$m)



Go live date

Sep 2019*Mobile betting went live Oct 2019*

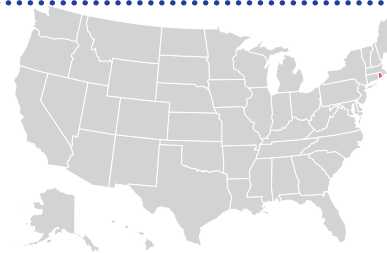
Sports betting handle

\$409.1m*Data from February 2022*

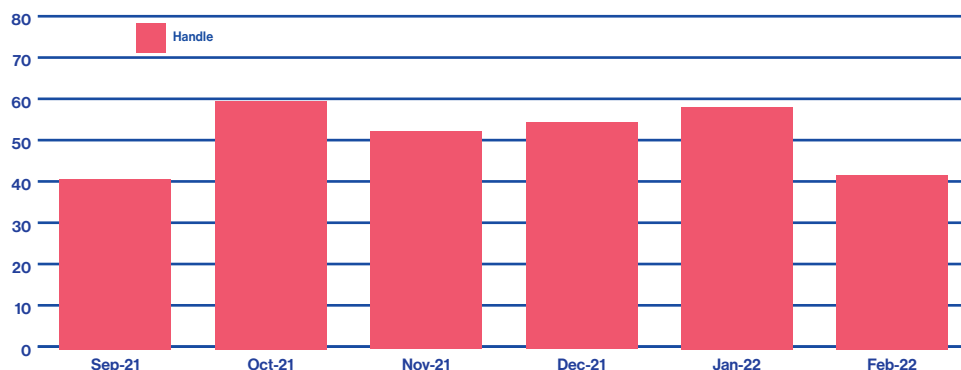
Population

6.7 million

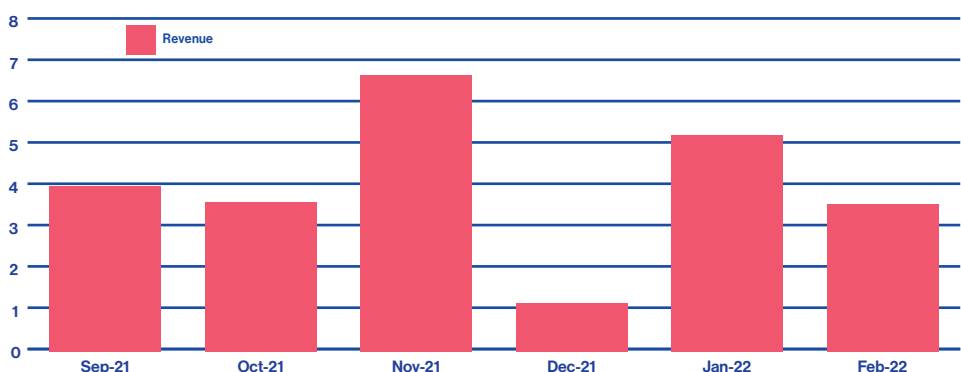
Rhode Island betting and gaming tracker



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



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



When was sports betting regulated?

Rhode Island signed legal sports betting into law in June 2018. Twin River commenced sports betting in November 2018, shortly followed by Tiverton Casino. These are the only two casino operators allowed to offer sports wagering.

Regulator details

Rhode Island Lottery
1425 Pontiac Avenue,
Cranston,
RI 02920
<http://www.rilot.com>
Lottery director: Mark Furcolo

Is sports betting permitted online?

Governor Gina Raimondo signed Bill S37 into law in March 2019. Mobile betting with in-person registration launched in late 2019, however this requirement was later axed as it was hindering sign-up numbers and the market's potential.

Is there any specific legislation for DFS?

The state's Attorney General ruled in 2016 that DFS is legal.

What legislation, if any, is currently pending?

Just DFS legislation as no law was passed officially.



Go live date
Nov 2018



Sports betting handle
\$42.1m

Data from February 2022



Population
1.1 million



Slots tracker: New Jersey, Michigan, and Pennsylvania

Ken Muir, managing director at iGaming Tracker, presents the latest slots data from New Jersey, Michigan, and Pennsylvania

March Madness may have gripped the US sports betting market, but in the slots space it was business as usual, with no change in the top four of the US slots tracker rankings.

Light & Wonder's 88 Fortunes, the market leader across New Jersey, Michigan, and Pennsylvania, retained its top spot, continuing its stay at the head of a group that included Evolution's Divine Fortune, IGT's Cleopatra, and its Wheel of Fortune Triple Extreme Spin slots.

It was another of IGT's slots games, Fortune Coin, which made significant

gains in March's rankings, rising four places from ninth position to fifth.

Other non-movers included Evolution's Bonanza slot, which retained sixth position, as well as IGT's Cats slot, which kept its 11th place.

However, the biggest splash in March was made by Everi's Cash Machine slot, which leapt 10 places from the bottom of the rankings, a jump mirrored in reverse by Light & Wonder's 100x Ra slot, which fell 10 positions from seventh to 17th.

March saw three slots re-enter the rankings, with Light & Wonder's Mad Mad Monkey, Wild Streak's Dragon

Power, and Light & Wonder's Chicken Fox 5x Skillstar returning to the rankings after a period of absence.

There were three new entries in March — Inspired Gaming's Space Invaders, Evolution's Fa Fa Babies, and Light & Wonder's Road to Riches Gold Pots all making their debuts in the top 20.

A total of 31 sites were scrutinized as part of the March tri-state sample, including 146 webpages and 1,125 games.

Games are ranked by their position throughout the month across all online casino sites in New Jersey, Michigan, and Pennsylvania.

Game	Supplier	March	February	Change
88 Fortunes	Light & Wonder	1	1	0
Divine Fortune	Evolution	2	2	0
Cleopatra	IGT	3	3	0
Wheel of Fortune Triple Extreme Spin	IGT	4	4	0
Fortune Coin	IGT	5	9	4
Bonanza	Evolution	6	6	0
Jin Ji Bao Xi Endless Treasure	Light & Wonder	7	5	-2
Mad Mad Monkey	Light & Wonder	8	n/a	re-entry
Space Invaders	Inspired Gaming	9	n/a	new entry
Cash Machine	Everi	10	20	10
Cats	IGT	11	11	0
Hypernova MegaWays	ReelPlay	12	10	-2
Starburst	Evolution	13	18	5
Dragon Power	Wild Streak	14	n/a	re-entry
5 Treasures	Light & Wonder	15	16	1
Thunderstruck Wild Lightning	DGC	16	8	-8
100x Ra	Light & Wonder	17	7	-10
Fa Fa Babies	Evolution	18	n/a	new entry
Road to Riches Gold Pots	Light & Wonder	19	n/a	new entry
Chicken Fox 5x Skillstar	Light & Wonder	20	n/a	re-entry

Data: March 1-31, 2022

How it works

Games are ranked by their position throughout the month on all online casino sites in New Jersey, Michigan, and Pennsylvania. Only the 'main' page of the casinos is taken into account and the top 20 most prominent positions on those pages. The ranking is calculated as the total number of hours the game was in the top 20 positions throughout the month. Each casino page is tracked at least once every 24 hours. Table games such as roulette and blackjack are excluded from the rankings, as are live casino games.

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10 \

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

Rumor: FTX looking to Europe for sports betting field trial

After its adventures with PlayUp, crypto giant FTX is apparently deprioritizing US sports betting in the short term, per channel checks. Instead, we're hearing it is looking towards Europe, where it plans to build its betting operation organically rather than via M&A.

The crypto firm recently announced plans to expand its core products to Europe, where it is expected to look for sports betting licenses as well. Given the company's core business is a crypto exchange, expect it to focus on exchange betting rather than traditional sportsbook. For context, betting exchanges currently make up around 5% of overall betting revenue in the UK.

Potential PointsBet-Yahoo JV not a game changer for PointsBet

PointsBet continues to be involved in a variety of M&A discussions but we've heard rumblings the company is close to a deal with Yahoo Sports, now owned by Apollo Global Management. The exact structure of the deal is unclear but the two are said to have discussed a joint venture whereby PointsBet would contribute the tech and operational

know-how and Yahoo Sports the brand and database. There was also talk of launching Yahoo Sports-themed retail sportsbooks.

Should the two sides reach a deal like this, we're skeptical it would offer anything more than an incremental upside for PointsBet. For starters, Yahoo's daily fantasy sports (DFS) player database, which wasn't highly valuable to begin with as Yahoo had just 3% share of the US DFS market, per our estimates, has likely been stripped of some of its most valuable players by BetMGM.

More broadly, meanwhile, media brands like Fox, theScore, and Bally's — and even media integrations like Caesars-ESPN — just haven't been needle movers in the US market. Indeed, Barstool is the only media-led brand with >1% gross gaming revenue (GGR) share on a national basis in the trailing 12 months, per our tracking.

Uber-rapid ramp-ups: New normal or short-lived trend?

Louisiana's online sports betting market, which was operational for four-ish days in January, quietly had the second most productive launch month in US history. Indeed, on an extrapolated full-month basis, the market generated online handle per adult of \$93, which was well behind New York's monster opening (extrapolated launch month handle per adult of \$149) but also well ahead of

Arizona's punchy inaugural month (\$76 handle per adult).

Louisiana's outsized productivity reflects very bullish acquisitional spending by the usual suspects — namely FanDuel, DraftKings, BetMGM, and Caesars — all of which launched on opening day. On face, it would be tempting to conclude that ultra-rapid ramp-ups like New York, Louisiana, and Arizona are becoming the new normal. But, we wonder whether investors, which have lately soured on US online gambling names, will continue underwriting indefinitely the massive losses that are a major driver of ramp-up trajectories like these.

Will major operators play the long game in Arkansas?

It's been a launch-filled Q1 2022 for US online sports betting. First New York, then Louisiana, and now Arkansas, where online sports betting launched last week. Arkansas, though, is a market that comes with a major caveat: local casinos' online sports betting skin partners must share at least 50% of their net gaming revenue (NGR) with those casinos.

Sure, New York's 51% tax on GGR didn't keep the major operators out — the state's massive, relatively wealthy, betting-crazed population was enough of a carrot to offset the stick that is the state's tax rate. But New York Arkansas is not. Its population and income levels

are modest, and it under-indexes on our proprietary measure of sports fandom due to the state's absence of professional sports teams. In short, the state's already low GGR ceiling, paired with its onerous effective tax rate, means Arkansas is insignificant to any major operator's NGR total addressable market (TAM).

If we're a major operator, therefore, Arkansas is a clear case of the juice not being worth the squeeze. In light of that, we think those operators will wait for the Arkansas online sports betting market — which will likely be served almost exclusively by local casino brands — to underperform on a GGR- and tax revenue-per adult basis, and then use that underperformance to drive a future lobbying push aimed at changing the state's online sports betting policies.

//

“Media brands like Fox, theScore, and Bally's — and even media integrations like Caesars-ESPN — just haven't been needle movers in the US market”

//

FanDuel still atop the US online betting podium, per our estimates

In the table, we show our proprietary estimates of online sports betting GGR on a by-brand, by-state basis in the three-month period through January 2022. FanDuel continues winning the biggest markets, which is helping it to win the national market. Indeed, the Flutter-owned brand has 36% national GGR share, according to our tracking, which includes the low-visibility markets of Nevada, Colorado, and Virginia.

Grabbing a slice of the sports betting pie

Market	Top brand	Trailing three-month online GGR (estimated)	GGR share
Arizona	FanDuel	\$39.5m	31%
Colorado	DraftKings	\$30.4m	32%
Connecticut	DraftKings	\$17.7m	51%
District of Columbia	GambetDC*	\$2.7m	100%
Illinois	FanDuel	\$66.7m	40%
Indiana	FanDuel	\$30.7m	34%
Iowa	Caesars	\$11.2m	27%
Louisiana	BetMGM	\$1.6m	60%
Michigan	FanDuel	\$40.2m	33%
Nevada	Caesars/William Hill	\$25.3m	48%
New Hampshire	DraftKings*	\$15.2m	100%
New Jersey	FanDuel	\$111.6m	50%
New York	Caesars	\$59.0m	48%
Oregon	Scoreboard	\$8.2m	87%
Pennsylvania	FanDuel	\$75.7m	48%
Rhode Island	Sportsbook Rhode Island*	\$7.4m	100%
Tennessee	FanDuel	\$35.0m	36%
Virginia	FanDuel	\$53.9m	45%
West Virginia	FanDuel	\$5.3m	43%
Wyoming	DraftKings	\$1.9m	59%
Total US	FanDuel	\$533.6m	36%

*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, 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: Affiliate moves in the Big Apple

Martin Calvert, marketing director at ICS-digital, explores how affiliate brands are battling it out for SEO supremacy in New York

In a recent article, I compared the 'big five' newly licensed operators of New York's betting landscape from a search engine optimization (SEO) perspective, but just as interesting are the affiliate brands which (for the moment at least) are picking up notable rankings.

It's worth highlighting that the challenge for affiliates in the US market more generally isn't necessarily to obtain rankings. Most operators, many with large teams and more-than-ample budgets, have shown a lot of SEO naïveté. Beyond this, there are good reasons why agencies like us get some wind in our sails if we learn we're competing with a US SEO agency for a betting project.

Technically savvy, agile affiliates are therefore well-placed to pick up rankings, especially in pre- or newly regulated states. The challenge is how to maintain and grow those rankings, as well as earn new ones, once the clunking fist of operator marketing budgets finally gets allocated to SEO in joined-up ways and new bettors drift further towards well-known 'name' brands. That said, when looking at top rankings for key informational terms, it's striking just how well affiliate brands are doing. As an example, the table here shows the top-ranked sites for the key phrase 'new york betting'.

While this is a search term that lacks major betting 'intent', it's still a highly competitive phrase that clearly many sites are fighting over — and in the top 19, the top ranked sites are all affiliates, with a couple of major news/editorial sites sprinkled in alongside an operator.

Of course, as bettors (and potential bettors) become more familiar with the legalities of betting, available sports-books/casinos, and how to bet more generally, interest in such broad key-

words may diminish. For now, though, it's clear that many affiliates are doing a good job at filling the information gap, even if they will likely need to pivot to other strategies as bettors become more

New York betting keyword top ranked sites

Domain	Site type	Ref domains	Backlinks
legalsportsreport.com	Affiliate	270	1,196
sportshandle.com	Affiliate	121	331
elitesportsny.com	Affiliate	214	930
empirestakes.com	Affiliate	42	76
actionnetwork.com	Affiliate	152	447
nysportsday.com	Affiliate	317	1,303
sportsbettingdime.com	Affiliate	101	1,098
nj.com	News	136	855
newyorkbets.com	Affiliate	123	332
nypost.com	News	121	868
nytimes.com	News	459	10,476
gamingtoday.com	Affiliate	153	1,168
usbets.com	Affiliate	56	213
cbsnews.com	News	223	1,194
lineups.com	Affiliate	100	443
miamiherald.com	News	67	658
forbes.com	News	90	3,356
bettingusa.com	Affiliate	60	128
fanduel.com	Operator	60	130

Source: Semrush, week commencing March 21, 2022

informed. It's this agility and SEO-thinking that means that even in such a complex and competitive market — or series of markets, to be more accurate — there will be further opportunities for affiliates to monetize and send slower-moving operators the traffic they crave.

Looking at the third and fourth columns of the table, there's further evidence that these rankings are not accidental, with clear evidence of purposeful, off-site SEO and link acquisition strategies in place to boost site authority and give (often exhaustive) content the best chance to rank.

Big business

These are not all plucky underdog affiliates battling it out for SEO supremacy. Brands like Catena Media (owner of LegalSportsReport.com), Gambling.com (owner of Empirestakes.com), and Better Collective (owner of ActionNetwork.com) are pretty big beasts and behind some of the most important informational sites in New York and beyond.

However, when comparing the resources of these brands with Caesars (\$2.6bn revenue), FanDuel (\$2bn revenue), BetMGM (\$1.3bn revenue) and the like, it's a world of difference. While these larger affiliate brands count their revenue in the tens/hundreds of millions and can do some pretty creative things with brand ambassadors and media deals, there's a reason why purposeful SEO and optimized content remains the core discipline for traffic generation.

It's also the area where much smaller, niche affiliates have greatest scope to carve out rankings, traffic, and profit — but it's an ongoing battle. Looking at a broader spread of shared keywords, we can see how some of the most notable names targeting the New York market are faring in terms of ranking positions based on a shared set of keywords.

Once again, we can see that LegalSportsReport is the beneficiary of a content-rich approach to SEO that really leans into anticipating and responding to the key questions that new and potential bettors have about the market. Of course, this is just snapshot data but it does show just some of the terms that affiliate brands are coalescing around. But, as the legal questions start to fall away and online betting becomes further normalized, we can expect competition

US affiliates keyword ranking positions

Keyword	LegalSports Report.com	Sports handle.com	Gamingto day.com	Empire stakes.com	Search volume
new york sports betting	1	2	10	4	5,400
ny sports betting	1	2	11	4	2,900
sports betting ny	1	2	12	4	2,400
is sports betting legal in new york	1	2	22	4	1,000
when will gambling be legal in ny	1	2	3	6	590
nys sports betting	1	8	6	5	480
online sports betting new york	1	4	9	2	480
sports betting in new york	1	2	14	3	480
ny gambling	1	7	12	5	390
nyc sports betting	1	2	11	4	390
gambling ny	1	6	35	8	320
nys sports gambling	1	2	9	4	320
nys online sports betting	1	9	6	2	320
sports gambling ny	1	3	8	4	320
when will mobile sports betting be legal in ny	1	5	6	7	320

Source: Semrush, week commencing March 21, 2022

for more action-oriented key terms to grow in prominence.

In this regard, our snapshot analysis suggests that Gambling.com's EmpireStakes is looking furthest ahead. As we can see, although it does rank for important informational queries, it has more top rankings around 'intent'-oriented keywords like 'sports betting app new york', 'new york online casino', and 'ny casino apps' than its competitors.

In terms of the right strategy for future growth, affiliate brands will have to strike the right balance between informational, trust-building rankings, and conversion-oriented keywords that show strong betting intent. In both cases, the route to success is heavily based firstly on significant quality and quantity of content — an approach few operators currently adopt, in part due to platform limitations but also due to being comparatively less SEO-savvy.

Secondly, there are clear, deliberate, sustained, and sustainable approaches to link acquisition at play which, in the hyper-competitive world of affiliate marketing, means a spread of off-site SEO methodologies. Well-seasoned affiliate groups like Catena, Better Collective, and Gambling.com are experienced in putting the right mix of onsite and offsite SEO methodologies together, but smaller affiliates need to be mindful not to over-optimize or spin their wheels through 'fatal half-measures'.

There's still plenty of opportunity to capitalize in markets like New York but it's notable that current top performers have deep roots and an unambiguous focus on all aspects of SEO. To succeed in this and other markets, affiliates will need to take an objective view of where the market is going and where they can win as search trends adapt in line with the maturing audience of bettors.

The year ahead : Balancing the books

Daniel Kustelski, CEO of Chalkline, looks at the marketing spend of some of the biggest businesses in the industry and discusses why many are cutting back to achieve an improved ROI

I am going to start this instalment of Conversion Corner with a quote from Tom Reeg, CEO of Caesars Entertainment, from August 2021: "You should expect us to spend over \$1bn in the next [two-and-a-half] years to build our customer base. I can't give you a more precise number because a lot of the acquisition spend is success-based."

Fast forward to February 2022 and Reeg had changed tack somewhat: "You are going to see us dramatically curtail our traditional media spend, effective immediately. We have accomplished what we set out to do. We set out to become a significant player and it's happened significantly quicker than we thought. And I think most of you know me as someone who's not one to spend any money needlessly."

At the start of football season, the US betting and gaming market had two sportsbooks publicly make large commitments to marketing spend. The first was Caesars (as highlighted above) and the other was Wynn, which put \$100m behind a series of superstar-studded ads aimed to drive awareness of its sports betting app. Fast forward a little over six months later and both companies have performed a U-turn on their commitments to marketing spend.

The start of 2022 has been very active for all online gaming companies in North America. In fact, many companies, while discussing 2021 numbers, made clear that they are now very much aware of, and being forced to respect, the competitive nature of the industry.

As such, companies are either pulling back on marketing spend or pausing

their online gaming and sports betting businesses altogether. Some are actually getting out of the online betting business for good for the simple reason that it is just too competitive.

Here, I take a closer look at the advertising spend of some of the biggest operators in the business and compare how that spend has increased from 2020 to 2021 and the impact this has had on customer acquisition numbers and the return on investment (ROI) achieved.

Rush Street Interactive

Rush Street Interactive (RSI) spent \$56m on marketing in 2020 but increased that to \$190m in 2021. For that marketing spend, they achieved approximately 50,000 additional monthly active users (MAU). That is a cost of more than \$2,000 per MAU for 2021. RSI also noted that it earned more than \$300 per MAU last year. That is a payback period of 10



BetMGM's marketing ROI is 5.4x higher for MGM-sourced players than for non-MGM sourced players

months on marketing spend, assuming players remain loyal to RSI for that amount of time.

DraftKings

DraftKings spent close to \$1bn during 2021, having spent half of that in 2020. For that marketing spend, it achieved an extra 600,000 MAUs. That is more than \$1,600 per MAU in 2021. DraftKings also noted that it earned \$67 per MAU in 2021, which means a payback period of more than 25 months.

Penn National Gaming

Penn National Gaming, while providing less information about acquisition costs and revenue based on its online and retail gaming business, claims to achieve payback of six months on its customers. If this is the case, the operator seems to have captured lightning in a bottle.

BetMGM

Another online gaming operator with a casino footprint is BetMGM, and this operator has been able to yield efficient results by relying on its omnichannel approach. Marketing ROI is 5.4x higher for MGM-sourced players than for non-MGM sourced players.

When we look at the companies that are the supplier of these players, the affiliates, the cost of a player seems to be under pressure and the cost per player is going down. We have certainly heard that companies that recently announced their US figures are not paying the same prices to the affiliates.

Better Collective

Better Collective recently disclosed its 2021 figures and, as they relate to the US, the company generated revenue of €20m in Q4 2021, which was more than five times the revenue from the same quarter in 2020. The EBITDA margin for Q4 2021 was 40% in January this year; US revenue accounted for more than €13m, which the company said was boosted by the opening up of the New York market



Better Collective received a significant boost with the launch of online sports betting in New York

//
“DraftKings spent close to \$1bn during 2021, having spent half of that in 2020. For that marketing spend, it achieved an extra 600,000 MAUs. That is more than \$1,600 per MAU in 2021”
 //

and related CPA income. These are solid results from 2021, but the big question is whether or not the affiliate can maintain those numbers throughout 2022 and find operators to pay the right CPA prices.

Catena Media

Catena Media increased revenue by almost 100% in North America and now the market accounts for more than 50% of its total revenue. While Catena earns more of its revenue from online casino than sport, it had an exceptional 2021

and the company undoubtedly hopes to continue that throughout this year.

Conclusion

As companies start to scrutinize marketing spend and focus their attention on customer acquisition costs and efficiencies, there is little doubt that the high levels of spend we saw last year will not be sustained. While I have not dug into the excessive bonuses paid out to customers, which falls under the ‘cost of sales’ line item, the market will start to alter the strategies used for customer acquisition moving forwards. Currently, the optics aren’t the best and that is why companies such as Fanatics, which has been looking at every single betting business in the market, is passing up the opportunities on the table.

Marketing spend has to be sustainable and deliver a solid ROI, otherwise it is flushing money down the drain. Operators and their savvy marketing teams know this, and I look forward to seeing how they tackle the challenges they face as the industry continues to power forward in such an early phase of its life.



16 \

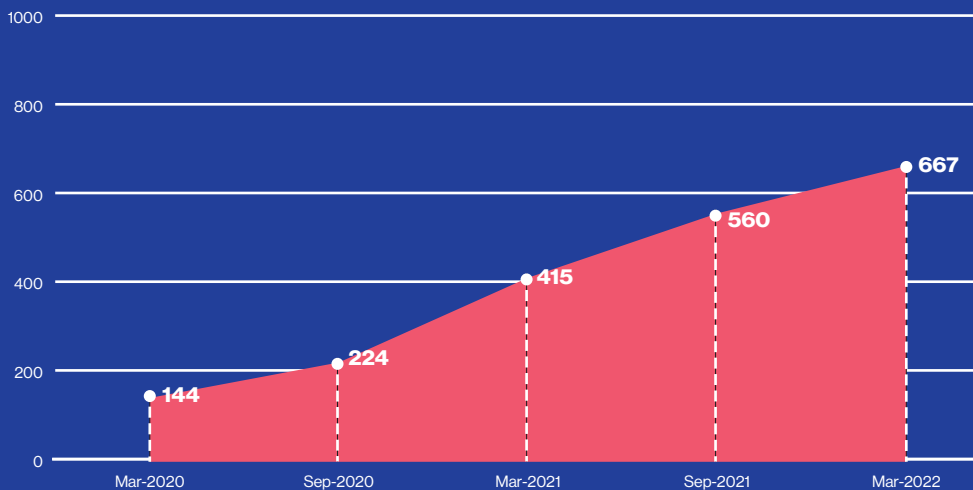
Data analysis

LinkedIn insights

LinkedIn insights: BetMGM

Total employee count: 667

* Based on LinkedIn data. This estimate is based on activity as reported by LinkedIn members employed at this company.

**+19%**

Six-month growth

+60%

One-year growth

+363%

Two-year growth

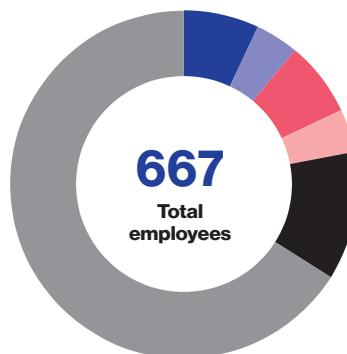
Following on from its debut last issue, in this quarter's report we consider the other two in our top-performing US quartet, beginning with US igaming market leader BetMGM.

The firm, which is a joint venture between UK operator Entain and US casino heavyweight MGM Resorts, has also enjoyed a rapid rise up the sports betting pecking order, due in part to a two-year-long recruitment drive.

BetMGM's employee numbers have more than quadrupled from an initial March 2020 high of 144, up to 667 employees in March 2022, so an increase of 363% over the period. On a year-on-year (YOY) basis, personnel numbers rose 60%, with 78 current job openings at the operator at the time of writing.

At a functional level, the biggest growth in recruitment has been in operations, which grew 121% YOY, and financial recruitment which jumped 83% in the same period. In terms of job openings, the highest increase in available roles was in finance, which has seen growth of 83% in six months.

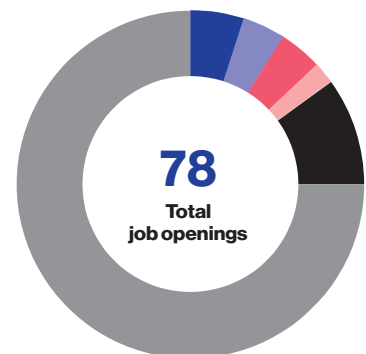
Employee distribution and headcount growth by function*



Headcount growth	Mar 22	3m	6m	1y
Marketing	54	+8%	+8%	+35%
Information Technology	24	-0%	+4%	+9%
Operations	53	+2%	+18%	+121%
Business Development	18	-5%	+6%	+6%
Finance	126	+2%	+12%	+83%
Other	392	-	-	-

*Based on LinkedIn data. This estimate is based on profiles of LinkedIn members employed at this company. Growth is calculated based on employee count over specific time periods.

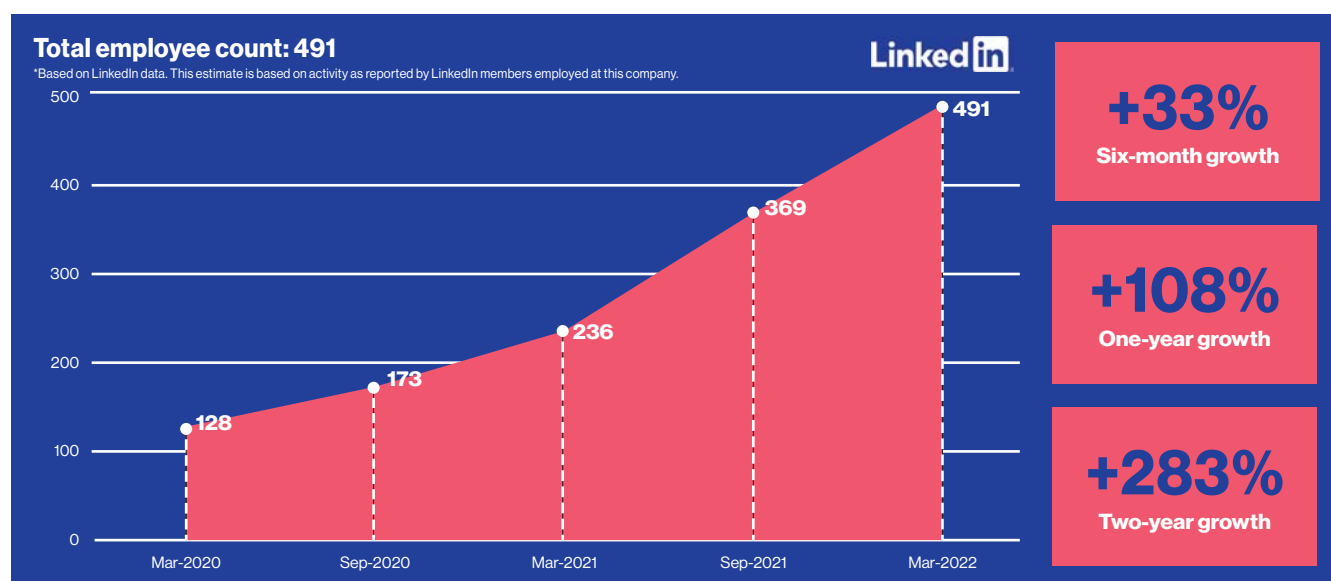
Total job openings*



Job openings	Mar 22	3m	6m	1y
Marketing	4	-33%	-0%	-
Information Technology	3	-40%	-0%	-
Operations	3	-75%	-77%	-
Business Development	2	-33%	-60%	-
Finance	11	+57%	+83%	-
Other	55	-45%	-39%	-

*Based on LinkedIn data. Excludes subsidiaries. These numbers are based on a company's total job posts available on LinkedIn. Growth is calculated based on count of job openings over specific time periods.

LinkedIn insights: Caesars Digital

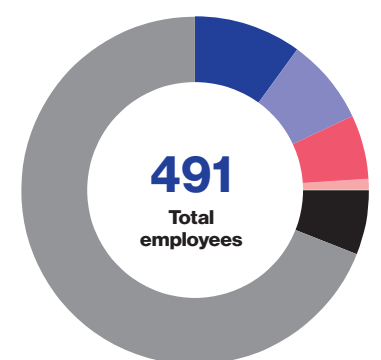


Caesars Digital, the online offshoot of the US casino heavy-weight, has an employee headcount of 491 LinkedIn-registered employees as of March 2022. In the last two years, its employee numbers have increased 283%, as Caesars Digital has grown due to an increase in its US market access for sports betting and igaming as well as the acquisitions of Eldorado Resorts and William Hill.

Of this headcount, the biggest YOY growth was in the operations department, where employee numbers swelled 100% YOY to 32 employees in March 2022. The next highest increases were in finance, which saw 89% YOY growth, and marketing, where employee growth rounded out at 76% YOY.

Caesars Digital has a total of 223 job openings as of March 2022, with the bulk of those concentrated in non-categorized roles. In a marked contrast to its YOY growth in operations, Caesars' operational job openings slumped 36% in the space of six months, with total job openings growing by 33% over the same timeframe.

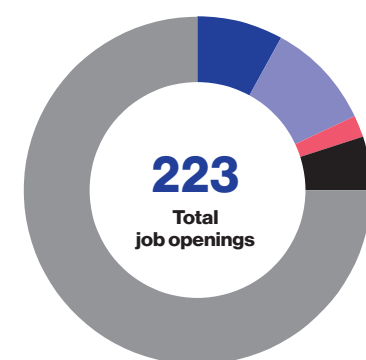
Employee distribution and headcount growth by function*



Headcount growth	Mar 22	3m	6m	1y
Marketing	60	+7%	+20%	+76%
Information Technology	36	-0%	+6%	+50%
Operations	32	+14%	+14%	+100%
Business Development	13	+8%	+8%	+63%
Finance	36	+9%	+13%	+89%
Other	314	-	-	-

*Based on LinkedIn data. This estimate is based on profiles of LinkedIn members employed at this company. Growth is calculated based on employee count over specific time periods.

Total job openings*



Job openings	Mar 22	3m	6m	1y
Marketing	12	-8%	+9%	-
Information Technology	13	-28%	+44%	-
Operations	7	+40%	-36%	-
Business Development	-	-	-	-
Finance	8	+33%	+60%	-
Other	183	-1%	+33%	-

*Based on LinkedIn data. Excludes subsidiaries. These numbers are based on a company's total job posts available on LinkedIn. Growth is calculated based on count of job openings over specific time periods.

Better safe than sorry



Recent efforts by many of the leading lights of US sports betting and igaming when it comes to safer gambling suggest the sector might have learned some of the lessons from Europe on this key issue

Words by | Scott Longley

They do everything bigger in the US. While the UK, for example, makes do with a Safer Gambling Week, in the US the recent awareness efforts took place during Problem Gambling Awareness Month. The effort, led by the National Council on Problem Gambling (NCPG), is actually in its 20th year in 2022 and has firmly established itself in the calendar.

What is new is that the efforts now encompass the burgeoning sports betting and igaming sectors, the success of both in recent years has undoubtedly pushed the issue of responsible gambling — and the online sector's response to it — further up the agenda. Look at the spate of press releases that preceded this year's

event. At the start of March, MGM and BetMGM announced a “strengthened commitment” to responsible gaming. Referencing MGM’s adoption of the GameSense program, now in its fifth year, the company said it would be integrated with BetMGM’s online platforms.

Back in January, DraftKings announced a \$1.6m-plus initiative to provide multi-year funding for 35-state problem gambling councils.

Lastly, FanDuel announced at the start of Problem Gambling Awareness Month that it would be debuting a new ad campaign to highlight the safer gambling tools available to players. FanDuel also announced a \$100,000 donation to the NCPG.

This surge of activity is understandable in the circumstances. With the rise of sports betting in the US — and to a lesser extent igaming — it has given the activity greater prominence.

“It is important for all stakeholders in the gaming industry, including operators, to address responsible gaming including promoting an awareness of problem gaming,” says Christine Thurmond, senior director of responsible gaming at DraftKings.

A long history in responsible gambling

“The US industry’s commitment to responsible gaming isn’t new,” says Cait DeBaun, vice-president, strategic communications and responsibility at the American Gaming Association (AGA). “It’s founded in the work over the last 30-plus years — going back to the birth of responsible gaming as a concept in the 1980s.”

But the rise of sports betting since the fall of PASPA in 2018 means the gaming sector has “prioritized extending and expanding our commitments to responsible gaming” in the states which

have subsequently legalized betting and igaming, adds DeBaun.

Yet, according to Jaime Debono, managing director of iGaming Academy, that extension of an industry commitment causes its own stresses. In late March, in conjunction with the University of Nevada, Las Vegas, his company launched a new suite of responsible gambling training courses designed to help companies bolster their RG capabilities and ensure their staff are fully prepared in a clearly sensitive area of the business.

"Because these sports betting businesses are so new, and because they are adding staff at pace, it is important that the companies have robust RG practices in place," Debono says.

He makes the point that while the land-based gaming sector in the US has many hundreds of thousands of employees, who over the years have been well-versed in responsible gaming issues, that is not necessarily the case in the newer online companies. "This is about the scaling of operations," he says. "Operators are generally struggling to hire who they need and are also hiring from other sectors such as e-commerce. It means people are coming to the sector with no prior knowledge or training in RG."

Kevin Hennessy, spokesperson for FanDuel, confirmed that training is a key area of focus. "We mandate RG training for all employees that is tied directly to compensation," he noted.

A warning from Europe

Notwithstanding what Keith Whyte, executive director at the National Council on Problem Gambling, calls America's "laissez-faire approach to regulation in general," there is also a hint that these efforts are coming to somehow avoid the sector's fate in various European jurisdictions, notably the UK.

"I think it is clear to anyone wishing to avoid the backlash we see in the UK and across Europe that they need to take problem gambling more seriously and proactively," Whyte adds. "Another lesson from the UK is that the industry will be judged not by the actions of the few leaders but by the least responsible operators. One bad example can and will tarnish the entire industry."

Tammi M. Barlow, director of

corporate social responsibility for Rush Street Interactive, "absolutely" agrees lessons can be learned from the UK and elsewhere. "I see so much value in what they have contributed to the industry by way of research, problem gambling tools, and even strides that have been made with regards to advertising," she says.

DeBaun, from the AGA, emphasizes that the lessons from Europe are being applied in the US. "From the start, the US market has prioritized getting sports betting right," she says. "There are undoubtedly applied lessons from the European market and also, importantly, the expansion of our decades-long commitment to RG education and problem gambling services to new verticals."

DeBaun adds that the industry has been "intentionally front-footed" and notes the AGA's own 'Have A Game Plan' campaign which has brought together not just sportsbooks operators but also sports leagues, teams, and media in an effort to "ensure" sports betting remains a leisure activity.

Persuading the regulators

"Responsible gaming is a political issue," says Debono. "It is understandable why responsible gaming is so high up the agenda, it is a ripple effect. It leads to a loss of wealth and other problems that can mean higher government spending."

"At the end of the day, responsible gaming is part of our social license to operate and a core commitment of our industry," says DeBaun. "Policymakers see that." To this point, DeBaun suggests that RG efforts are part of the

benefits package that all states gain when expanding their gaming options, alongside tax contributions, integrity, and consumer protections. Indeed, if the sector can persuade state regulators it is acting in good faith in states in which sports betting and igaming have already been regulated, it might play a part in furthering its aims in other states.

"Because of the great strides many operators are putting forth to meet or exceed regulatory requirements, we are seeing there are gaps or a need for policy or regulatory changes by legislators," says Barlow at RSI. "The dialog is very much open between regulators and operators, and as long as the conversation remains two-way, there can only be greater things achieved in the area of responsible gaming and consumer protection."

But in conclusion, Whyte strikes a cautionary note: "In the past three years, several states managed to legalize mobile sports betting, with the support of both operators and leagues for these bills, without putting a single cent of new tax revenue into gambling addiction, prevention, or treatment programs."

Experience from the UK shows that an important element of the attacks from the opponents of gambling will often center on the financials of responsible gambling and who is funding what. While the nature of the funding can also be contentious, it does at least achieve the obvious of putting the industry's money where its mouth is. That is one lesson from Europe that might be worth heeding.

A short history of RG in the US

The NCPG, of which Keith Whyte is executive director, has been in existence for 50 years. And while on the subject of Problem Gambling Awareness Month, he says it has grown in breadth and depth over its 20-year history. "The theme of Awareness plus Action reflects our campaign goals to, one, raise public awareness of problem gambling, and two, to encourage healthcare providers to screen for gambling problems."

He says the NCPG has made "great strides" in persuading people that problem gambling is a medical issue, not a moral failing. Furthermore, many health professionals and doctors don't even ask patients about their gambling habits, meaning the issue is kept in the shadows.

"The good news is that support is growing," he adds. "Between 2015 and 2021, the number of Americans who agreed the industry should do more to help people with a gambling addiction climbed by 10 points to 62%."

US POWER RANKINGS

2022

Discover who is up and who is down across
the exploding North American online betting
and gaming market



*Words by
Rob Simmons*

Welcome to the fourth edition of the EGR US Power Rankings, the online gambling industry's go-to rundown of the most dominant players in the US' ever-changing sector. Ever-changing is perhaps a very good blanket description of the rankings for 2022, with no less than five operators making their debuts in this year's list. Three were named as 'ones to watch' in last year's rankings, so it is a good indicator of future success.

As the US igaming and online sports betting industry continued its growth trajectory started during the Covid-19 pandemic, a record number of states pushed forward with legalization, expanding the available market to more than 30 jurisdictions for sports betting and seven trailblazing igaming states.

This year's rankings benefited from our largest

judging panel to date, with 12 judges representing a diverse cross-section of the industry's leading lights. As with previous rankings, this esteemed panel was asked to rate companies on their overall growth, geographic expansion, appetite for M&A, product development, brand awareness, and responsible gambling efforts over the course of the last 12 months. Judges scored each operator on each category based on a one to five scoring system.

Consolidation continues to play an important role in the US market, with operators including Bally's and Caesars benefiting from the addition of Gamesys and William Hill US respectively during 2021. While the top three has remained an exclusive club, albeit with a slight change in the medal positions, the remaining spaces have altered dramatically over the space of a year.

So, without further ado...

The EGR US Power Rankings are proudly sponsored by Kambi. Since taking the first legal post-PASPA online wager in 2018, Kambi has established itself as the leading independent provider of premium sports betting technology and services to the regulated US betting and gaming industry. The trusted partner to over a dozen operators in North America and 40 operators worldwide, Kambi has a track record of proven excellence in online and on-property sportsbook provision, providing operators with the high-performance technology and regulatory certainty required to out-compete the market. For more information on Kambi, please visit www.kambi.com

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22 \

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US Power Rankings



71%

YOY active monthly
player growth
in 2021

\$568m

Gaming revenue
last year, up 87%
YOY in CC

34%

Proportion of US
population with
access to the FanDuel
Sportsbook

5

States in which
Flutter's online casino
games are now live

3.9m

Sports betting and
igaming customers
acquired since 2018

Flutter Entertainment (1)

As the race towards legalized sports betting across the US has pushed on, one name (FanDuel) has consistently held firm at the top of the sports betting market, so it is perhaps fitting that parent company Flutter Entertainment remains at the summit of the Power Rankings for 2022.

The impact of the US market leader on Flutter's overall 2021 results from its US division cannot be underestimated, with FanDuel, headed up by Amy Howe, contributing a stellar 94% of its total US revenue, and active monthly player volumes increasing 71% to 1.6 million in 2021.

Flutter's other US brands — TVG, Fox Bet, PokerStars, and Stardust — also grew during 2021, with an 11% uplift in the combined TVG/daily fantasy sports business. Despite these gains, the supporting cast in Flutter's US arsenal continue to play second fiddle to FanDuel. Such has been the confidence in FanDuel Sportsbook, Flutter CEO Peter Jackson lauded the operator as “winning” the Super Bowl LVI betting war.

This contribution spurred a 113% year-on-year (YOY) surge on a pro forma basis in revenue derived from the US market for the FTSE 100 operator in 2021, with revenue reaching \$1.8bn. Punctuating this was a \$1bn shelled out on sales and marketing last year. It's an outlay that has seen the operator push to the front in New York.

Flutter has a 40% Q4 market share

in US sports betting and a 20% slice of the online gaming segment, percentages which contributed to an overall Q4 US market share of 31%.

A key element of its path to success is the so-called ‘flywheel effect’ to accelerate growth through a combination of operating leverage, product enhancement, and increased scale. This investment is set to continue as part of the push towards boosting its US igaming market share, a stratagem which has seen personnel transfers from its European brands.

Despite incurring a US-based adjusted EBITDA loss of \$333m during 2021, Flutter has expectations that its US business will become EBITDA positive in 2023. The Dublin-headquartered company has said the FanDuel brand “continues to resonate strongly” with US players, enjoying high levels of brand visibility outside of traditional seasonal peaks, and a 47% revenue jump allowing it to gain “additional firepower” for investment.

With a trio of Power Rankings wins, it seems the sky's the limit for Flutter in 2022.





BetMGM (3)

Forcing its way into the silver medal position, BetMGM has broken new ground over the last 12 months to become the linchpin of parent company Entain and JV partner MGM Resorts' long-term US success. Such has been the growth and impact of the BetMGM brand on the market, that in the same way as it has split apart the traditional Power Rankings top two — FanDuel and DraftKings — it has carved out the number two position in the US, enjoying a 23% online market share in Q4 2021.

BetMGM's igaming estate, which also encompasses the partypoker, PartyCasino, and Borgata brands, has risen to enjoy a leading 29% market share during Q4 in the four online casino markets where it is live, with the overall brand (sportsbook and igaming) reaching 37% of the US population.

BetMGM achieved a market share of 18% in respect of sports betting during 2021. The market share increases fall within BetMGM's stated objective of achieving a market share of between 20% and 25% over the long term, growth it hopes will spur a challenge to the top performing US brand, FanDuel.

According to latest figures released by BetMGM, its net gaming revenue (NGR) rose five-fold in 2021 to \$850m. Entain has estimated NGR of \$1.3bn for BetMGM in 2022, and expects to reach positive EBITDA the following year.

Meanwhile, Entain has stated it has a



“clear ambition” to become the number one brand in the US, utilizing a data-driven marketing strategy to leverage both its igaming and sports betting portfolio, so not solely focusing on promoting just one vertical.

Recent launches in New York, Louisiana, Illinois, Puerto Rico, and Ontario, should add to this as the operator strives to go toe-to-toe with FanDuel.

In a tribute to the old adage ‘if you can’t beat ‘em, join ‘em’, or in this case acquire them, rival operator DraftKings attempted to seize a stake in BetMGM by tabling an audacious \$22.4bn for Entain in September 2021.

A period of intense speculation over BetMGM's future ensued, with MGM Resorts suggesting the JV would be canned if an offer was accepted by Entain. Just a month after the initial approach was made public, DraftKings ended its interest in buying Entain after holding “several” discussions with the London-listed operator.

23

Number of live markets in which BetMGM operates

\$450m

Amount projected to be invested by Entain and MGM into BetMGM during 2022

\$1.1bn

Total investment in BetMGM since its inception in the summer of 2018

\$850m

Net revenue generated in 2021

\$250

Expected long-term per player acquisition costs



24 \

Cover feature

US Power Rankings



\$1.3bn

Revenue achieved in 2021, which was double the sum generated in the prior year

32%

MUP growth YOY during Q4 2021

\$77

ARMUP in Q4 2021, a YOY increase of 18%

\$925m

Anticipated upper-end adjusted EBITDA loss in 2022

\$1.56m

Amount pledged by DraftKings to a 35-state responsible gambling program

DraftKings (2)

Slipping further from its top spot in the inaugural rankings in 2019, DraftKings in 2021 witnessed a wildly fluctuating share price, consistent double-digit revenue rises, and ever-deepening financial losses. A bullish attitude from investors over the last few years has become one of frustration at the increased losses racked up.

Aside from its shareholders' woes, DraftKings has enjoyed success by transitioning to its own in-house technology ahead of schedule, as well as boosting its in-play offering by launching micro-betting (Flash Bet). Its igaming ambitions took a step forward in 2021 with the launch of three in-house games — Spanish 21, DK Craps, and Rocket — which debuted in New Jersey in Q3.

Eyeing future gains, DraftKings successfully launched a marketplace for non-fungible tokens (NFTs), enlisting Tampa Bay Buccaneers star and NFL legend Tom Brady who authored a collection of this newest of digital oddities.

CEO Jason Robins has taken a punt on NFTs and its potential to deliver new customers to DraftKings' sportsbook, suggesting that the intersection of both NFTs and sportsbook could spur DraftKings to its goal of reaching what appears in hindsight to be an over-ambitious \$1trn valuation by 2032.

At a financial level, revenue rose 111% YOY during 2021 to \$1.3bn, a jump which should have seen the firm retain its po-



sition in the rankings. However, DraftKings' 2021 revenue rise was mirrored by an equally impressive 129% YOY increase in its cost of revenue over the period, which escalated to \$794m.

Pro forma costs, inclusive of sales and marketing, product and technology, and general administrative expenditure, amounted to \$2bn during 2021, while company-adjusted EBITDA losses deepened to \$676m from a 2020 loss of \$396m.

DraftKings has shelled out hefty sums, bankrolling successful launches in New York and Louisiana, and is set to make a splash in Canada's first open and competitive market, Ontario. Now live with mobile sports betting in 17 US states, which collectively represent approximately 36% of the US population, DraftKings is also live with igaming in five states (11% of the US population).

The Boston-based operator has increased its fiscal year 2022 revenue guidance, this time to between \$1.85bn and \$2bn, which would equate to annual growth of between 43% and 54% compared to previous figures.



Caesars Digital (6)

Much of Caesars' summation in 2021's US Power Rankings was taken up by its \$3.7bn takeover of William Hill, a transformational deal which, it was suggested, would see the 88-year-old UK bookmaker drastically altered by its US partner. And so it proved, with Caesars breaking up the William Hill business just six months after its purchase was completed, with the \$3bn sale of Hills' non-US assets to fellow gaming-led online operator 888.

While the disentanglement of Hills' US arm from its European counterpart is still proceeding, Caesars has used the deal as a springboard to make substantive investment and changes to its sportsbook, beginning with the departure of long-time William Hill US CEO Joe Asher last April.

In addition to citing Caesars' takeover of Hills, our 2020 judges also marked down the casino operator's product as one major aspect which required improvement, calls which Caesars seemingly answered during 2021 with the relaunch of its US sportsbook in August.

The new and improved product, which came at the cost of the Hills brand, has made up significant ground on its competitors, most notably in New York where Caesars brushed off initial teething trouble to build an interesting early lead. However, much of that could be attributed to the head-turning sign-up bonus.

Caesars' 2021 product enhancements aside, the other major developments have

been largely in marketing, with the development of a new "We are all Caesars" national campaign fronted by actor and comedian JB Smoove. Augmenting this with a rumored \$1bn marketing spend, Caesars added partnership after partnership in 2021, with the icing on the cake being a broad-base deal with NFL royalty the Manning family, as well as Hollywood stars including Oscar-winning actress Halle Berry. It also leveraged its sportsbook extensively during Super Bowl LVI, as one of only two operators to pursue TV advertising during the showpiece game.

In a recent call, CEO Tom Reeg suggested the mission to propel Caesars up the sportsbook rankings had been accomplished, committing the operator to scaling back marketing in 2022. Reeg claimed Caesars had gone from a stance of "unlimited bullishness" to "unlimited bearishness" following its period of growth. Caesars Sportsbook is currently live in 22 jurisdictions — 16 of which are mobile — while the digital business enjoyed a successful 2021, with revenue jumping 28.2% YOY to \$472m.



-\$476m

Adjusted EBITDA
for the digital arm
in 2021

-\$580m

Net losses accrued
in 2021

\$3bn

Proceeds from sale
of William Hill's non-
US assets to online
operator 888

2,000

Number of prop
bets made available
for Super Bowl LVI

22

Jurisdictions in
which Caesars
Sportsbook is
currently live



26 \

Cover feature

US Power Rankings

**\$187m**

Adjusted advertising and promotional expenses incurred in 2021

\$346

ARMAU for full-year 2021, which was a rise of 2% compared with the previous year

Rush Street Interactive (4)

Disciplined". That was how Rush Street Interactive (RSI) CEO Richard Schwartz described his company's approach to balancing profitability from existing markets and investing in new market launches when announcing the firm's latest set of financial results. While others have gone all guns blazing to grab market share, underpinned by glitzy marketing campaigns and hefty customer inducements, RSI has gone about building a business worth \$1.7bn by way of a less gung-ho strategy.

Spearheaded by an astute and experienced management team, the Chicago-headquartered operator achieved revenue of \$488.1m in 2021, up 75% on 2020. Yet as marketing costs inevitably rose last year, adjusted EBITDA losses came in at \$65.1m, compared with \$4.4m the year prior. Now live in 13 US states, up from six at the end of 2020, RSI's



Kambi-powered BetRivers mobile sportsbook was among the first quartet of operators to launch in New York in January, and RSI is one of just three online operators in Connecticut thanks to being the Connecticut Lottery's sportsbook partner.

BetRivers ranks highly in independent testing, while the PlaySugarHouse casino platform being built on in-house technology helps with flexibility and differentiation. An integrated iOS sportsbook-casino app was rolled out in December, which provides a boost to cross-sell efforts. Furthermore, RSI added another string to its bow by acquiring standalone European poker operator Run It Once Poker in a \$5.8m cash-and-stock deal and onboarding the startup's staff. RSI, which is 10 years old in 2022, continues to be the subject of takeover speculation itself amid a fresh wave of M&A.

**\$158m**

Revenue for PNG's interactive division generated in the final quarter of 2021

25m

Members in the company's mychoice loyalty database

Penn National Gaming (7)

Last year's highest climber (11 spots), Penn National Gaming (PNG) creeps up one place in the rankings to sixth position. The Nasdaq-listed casino group's most significant move strategically in the past 12 months was the swoop for Toronto-based sports media company theScore in a \$2bn cash-and-stock acquisition. Completed last October, PNG trumpeted the deal as fortifying its digital media and gaming strategy, thus "creating a one-stop entertainment destination."

Indeed, theScore is the third most popular sports media app in North America and number one in Canada, boasting 4.2 million monthly average users. TheScore's audience is clearly also going to provide PNG with a strong homegrown advantage with theScore Bet in the competitive online gambling market of Ontario. South of the border, PNG's Barstool



Sportsbook similarly leverages its Barstool Sports audience which, according to PNG, totaled 144 million followers in December 2021, including 32 million

on Gen Z mobile platform of choice, TikTok.

Despite this, the Barstool Sportsbook — now live in 12 states with online sports betting — has struggled to keep pace with the leading operators in terms of market share, although PNG plans to migrate from Kambi to an in-house platform currently under construction. That's easier said than done, of course. And in a market where consumers tend not to compromise on product.

Meanwhile, Barstool Casino is live online in four states, with PNG's in-house games studio providing unique games content to complement omnichannel efforts. PNG expects its interactive arm to lose around \$50m in 2022 (far lower than certain free-spending peers) yet aims to achieve positive EBITDA by 2023.

**502%**US division's total
net win increase
in 2021 compared with
the previous year**A\$119m**Amount the operator
spent on marketing
last year to elevate its
presence in the US

PointsBet (10)

Here at *EGR NA*, there is a universally accepted axiom that not a day will go by without a new press release from PointsBet, as has been the case throughout 2021 and into 2022. It's a convention which, to some degree, serves as a marker for PointsBet's progress over the last 12 months.

PointsBet's US division, which represents roughly half the firm's total global business, posted the biggest YOY increases in its key metrics during 2021, with handle climbing 458% to A\$1.8bn and gross win jumping 481% to A\$95.8m. However, PointsBet's US igaming gross win amounted to just A\$1.5m in 2021. In November, CEO Sam Swannell admitted his company was losing out in what he called the "arms race" for sports betting to the big boys in its seven operational states, focusing instead on product over competitive marketing.

PointsBet is aiming to achieve a 10% market share in each US state it is present in, with the firm approaching this goal in both New Jersey and Illinois but has ground to make up in its other operational states.



PointsBet's US ambitions were boosted when it was added to the list of the NFL's official sports betting partners, joining DraftKings, Caesars, FanDuel, BetMGM, and Fox Bet. Add to that the recruitment of NFL legend and NBC Sports pundit Drew Brees, as well as successful launches in New York, New Jersey, and Virginia, and the future seems brighter than the tanking stock price suggests.

Aside from the US, much of PointsBet's focus has been on building out a dedicated Canadian division, with 2021 seeing a number of key employee hires and new exclusive Canada-facing partnerships ahead of its Ontario launch.

**25.2%**Adjusted EBITDA
margin recorded
in 2021**5**Number of states
where the BallyBet
mobile sportsbook
is currently live

Bally's (-)

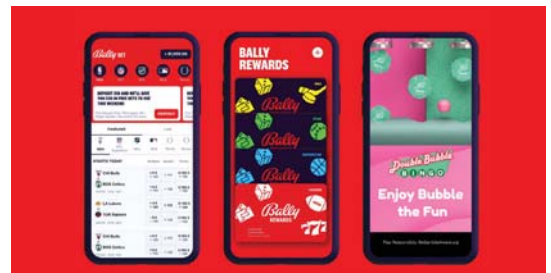
Making its debut in the 2021 rankings after featuring in the 'ones to watch', Bally's ascent has been a dramatic one, turbocharged by its \$2.75bn combination with UK-based igaming operator Gamesys Group. The deal, which completed in October 2021, saw the transition of Gamesys Group CEO Lee Fenton to the top role of the combined group, while long-time Bally's CEO George Papanier moved to a less senior position on the firm's board and retaining the management of Bally's retail business.

Financially, Bally's enjoyed a strong 2021, generating revenue of \$1.3bn, while operational losses from 2020 turned into an operational gain of \$93m. Bally's adjusted EBITDA rose by \$263.2m during the same period, with increases reported across all four of its operational divisions as the company bounced back from Covid-19.

Bally's "transformational" merger with Gamesys, a deal chiefly struck due to the online operator's strong proprietary technology, has seen the development of

BallyBet 2.0, a full sportsbook offering that utilizes both Gamesys' assets and the Bet.Works platform.

BallyBet, which was released last May, has already been rolled out in Iowa, Arizona, and Kansas, and was one of the nine sportsbooks to receive licenses from the New York State Gaming Commission in November. However, at the time of publication, Bally's has yet to launch in the Empire State due to what group chairman Soo Kim called a potential "bloodbath" of promotion and consolidation among operators. Whether this absence prejudices its operations there remains to be seen.



**79.9%**

Stake in GNOG
owned by Tilman
Fertitta

\$300m

Expected
synergies arising
from DraftKings'
acquisition of GNOG

Golden Nugget Online Gaming (5)

Dropping four places from its position in the top five last year, it is hard to write about Golden Nugget Online Gaming (GNOG) without considering its impending \$1.56bn acquisition by fellow US Power Rankings stalwart DraftKings, following its all-stock deal to acquire the online casino operator first announced in August 2021.

The deal, which was widely lauded by industry observers, stands to make GNOG chairman and CEO Tilman Fertitta one of the largest shareholders in the DraftKings business. In addition to the acquisition, DraftKings entered into a strategic commercial agreement with Golden Nugget Retail Casinos, Landry's, and the Houston Rockets, giving it access to large customer databases and market-access rights.

While praised, the deal has also provoked the ire of GNOG investors who have questioned the role of

GNOG's board of directors and its financial advisers on the approval of the deal. This speculation has led to a series of class-action lawsuits, first against DraftKings over the controversial Hindenburg report and then against Fertitta himself, which have yet to be resolved.

At a financial level, GNOG's 2021 revenue rose by 41% YOY to \$128.2m, underpinned by a gaming revenue increase of 41% to \$113.3m and a 31% YOY increase in other operational revenue which rose to \$14.8m. The operator's total costs jumped by a whopping 138% YOY to \$158.2m in 2021, with increased taxes, market-access fees, and affiliate expenditure as well as a Michigan launch hitting its financials. As a result, GNOG's operational income slumped to a 2021 loss of \$30m.

**30**

Years the Seminole
Tribe's compact with
the state of Florida
would have lasted

4

States in which the
Hard Rock Digital
sportsbook is live

Hard Rock (9)

Hard Rock spent much of the first half of 2021 staffing up its digital division as it aimed to begin carving out a piece of the growing US online betting market. It was well on course to realizing that mission in April, when Florida Governor Ron DeSantis announced a new gaming compact with Hard Rock parent entity the Seminole Tribe of Florida, paving the way for the Seminoles to become the exclusive operator of mobile sports betting in the third-largest US state by population.



The Hard Rock Sportsbook launched on November 1 in the Sunshine State, but the skies quickly darkened and the app was forced to

cease operations in December following a legal challenge. Hard Rock Digital has moved on from its Florida travails to launch in Arizona, Iowa, and Virginia, as well as strengthening its fledgling business with a massive recruitment drive, upping its employee headcount by almost a third in the space of six months.

In addition to its employee and market gains, Hard Rock Digital parent, the Seminole Tribe, has successfully seen off a lobbying initiative backed by DraftKings and FanDuel to widen sports betting legalization in Florida via its own counter initiative. The DraftKings and FanDuel campaign did not accrue enough petition signatures to qualify for a November 2022 ballot, and rival initiatives from casino operator Las Vegas Sands also fell flat following concerns over illegality in petition gathering.

While the Florida situation remains in limbo, Hard Rock is going full steam ahead, having kicked off the new year by announcing a deal to purchase The Mirage from MGM Resorts for \$1.1bn before gaining online market access in Arizona through a partnership with Navajo Nation Gaming Enterprise.



11) 888 Holdings (15)

After failing to make much of an impression with its sports betting brand, 888sport, the London-listed operator shook things up in 2021 by inking a strategic partnership with *Sports Illustrated* (SI) amid a shrinking pool of unattached media partners. The tie-up involved 888 developing SI-branded sports betting and igaming products, which resulted in an initial launch of the newly minted SI Sportsbook running on 888's proprietary tech in Colorado. Unfortunately for us, Colorado doesn't provide any insight into how each brand is performing in its monthly reports.

Ditching 888sport and striking a deal with an iconic sports media brand, with approximately 50 million monthly unique visitors to SI.com, clearly impressed the judges, hence why 888 moves up four spots in this year's rankings and finds itself knocking on the door of the top 10. The firm plans to launch SI Sportsbook in three or four more states in 2022 and "12-15 in the medium term," although a big question mark hangs over whether in-house tech and the SI name will be enough to make up ground on many of its rivals.

12) Wynn Interactive (NEW)

After spending much of 2021 leveraging its brand namesake and aggressively promoting its WynnBET sports betting app — highlighted by an ad campaign featuring Ben Affleck and Shaquille O'Neal — Wynn Interactive pulled an abrupt 180 in November, canceling a planned SPAC and announcing it was powering down in the high-cost online marketing and acquisition wars.

A report then surfaced in January that Wynn Resorts was looking to offload Wynn Interactive at a steep discount, but executives have said there are no plans to sell the online division. Wynn Interactive has instead refocused its acquisition efforts on affiliate models, with the goal of maximizing ROI on marketing spend.

It has also continued to pursue its expansion strategy, launching online operations

in both New York and Louisiana just prior to this year's Super Bowl. WynnBET is currently live in nine US states and has varying degrees of market access in eight others.

13) Super Group (NEW)

Last year was truly transformational for Super Group, the parent company of Betway and multi-brand casino Spin, a change which has culminated in the Nasdaq-listed operator gate-crashing the US Power Rankings. The transformation began with the multi-billion-dollar float of the company via a reverse merger with SPAC Sports Entertainment Acquisition Corporation (SEAH) in April 2021.

Super Group is currently live in five states via its partnership with Digital Gaming Corporation (DGC), which is set to become a Super Group company later this year. The firm also has market-access agreements in place in a further seven states. Pursuing its global strategy of marketing-led deals, Super Group has inked several sponsorship partnerships with US sports teams as it expands its global marketing empire into the US market.

In line with its prior strategy of keeping out of the limelight, Super Group's 2021 performance is something of a mystery. However, the group reported a 36% YOY rise in FY 2021 NGR to \$1.52bn, as well as an expectation that its EBITDA for the 12 months ending December 2021 would surpass \$350m.

14) Kindred Group/Unibet (14)

Such is the competitive nature of the US already, Unibet is another well-known European company making limited progress stateside. Headed up by Manuel Stan, SVP for North America, Kindred Group is live with Unibet in six states and conditional market access has been secured to take that total to a dozen US jurisdictions. However, the clock is ticking and so the Swedish company's rollout is starting to look somewhat ponderous compared to its competitors.

In Q4, and as operators splashed the marketing and user acquisition dollars ahead of

Ones to watch

Tipico

Tipico's second consecutive year as a US Power Rankings 'ones to watch' but, unlike 2021, Tipico has built on its prior entry into the US with some impressive next steps. Highlights include a multi-state market-access deal with Caesars and an exclusive partnership with USA Today. The Germany-centric operator has also expanded its New Jersey footprint with a technology hub in Colorado, a clear indication that its foray into the US will be a long-lasting one.

Fanatics

If the US Power Rankings were based on intent to enter sports betting alone, Fanatics would be a shoo-in for top spot, with the past 12 months seeing an intense period of speculation about the sports merchandise giant's ambitions. Fanatics submitted a bid to acquire a New York sports betting license (a bid which ultimately failed) and followed this up by submitting a patent application for online casino and sports betting with the US Patent & Trademark office in October 2021. As reports that it has held M&A-led discussions with a number of operators continue to surface, it can't be long before Fanatics makes its debut.

Prophet Exchange

Betting exchanges have had a tumultuous history in the US, as anyone familiar with Betfair's horseracing exchange in New Jersey will tell you, but Prophet Exchange seems determined to be the one that cracks the market. Key hires in operational areas were made in 2021, with high-profile funding from Lloyd Danzig's Sharp Alpha fund and prospective launches in New Jersey, Indiana, Colorado, and Iowa mean we could be seeing a lot more of Prophet Exchange during 2022 and beyond.



Ones to watch

PlayUp

PlayUp's 2021 can be described as a game of two halves (or indeed four quarters), with the early parts of 2021 being positive and the latter parts less so. PlayUp USA launched in New Jersey and Colorado, agreeing market-access deals in Pennsylvania and Iowa, however, an aborted \$450m takeover by cryptocurrency firm FTX triggered a bitter war of words with its now ex-CEO Dr Laila Mintas. Monmouth Park boss Dennis Drazin was made chairman in December.

Delaware North

Delaware North's foray into sports betting in 2019 resulted in the launch of BetLucky in West Virginia. However, the product, developed in partnership with software provider Miomni, was pulled after a few months as a complicated legal dispute over the technology surfaced. The privately held global hospitality group subsequently launched the Betly sportsbook app running on IGT's platform in the Mountain State, along with a retail book in Arkansas. Delaware North is being tipped as a dark horse as the sports betting battle really heats up.

Carousel Group

The major development for Carousel Group in the last 12 months was the deal struck with lifestyle brand Maxim and the rollout of MaximBet. Initially released in Colorado in September 2021, the sportsbook, which runs on Kambi's platform and uses White Hat Gaming's PAM, will soon be live in a further five states: Indiana, Iowa, New Jersey, Ohio, and Pennsylvania. User acquisition is supported by MaximBet Play, a standalone free-to-play predictor app from Splash Tech where "epic prizes" are up for grabs.

the NFL season, Kindred put an increased focus on bonus and marketing efficiency. Indeed, Kindred CEO Henrik Tjärnström said during the full-year financial results in February that a conscious decision was made "not to participate at the very forefront of this very high bonus and customer incentive race." The resulting gross gaming revenue (GGR) for Q4 was a modest £6.2m, or a 20% YOY decline in dollars. Management is pinning its hopes on Unibet's fortunes being boosted by the introduction of a proprietary platform sometime around mid-2022, while the long-term goal is "mid-single digits" for the Unibet brand.

15) Bet365 (19)

Every year we question whether this is the point at which bet365 will finally look to crack America. And every year we are left scratching our heads as to why one of the world's largest online bookmakers continues to be a bit-part player in US sports betting. After all, this UK-based digital giant is armed with first-class proprietary tech and the know-how and experience of dominating most international markets it enters. Oh, and the family-owned business is sitting on oodles of cash.

And yet, bet365 remains largely an unrecognizable brand among recreational US bettors. It has a tiny market share in New Jersey since launching in 2019 and is licensed in Colorado through a partnership with Century Casinos but still hasn't launched in the Centennial State. Bet365 achieved "qualified applicant" status in New York, however including the firm in mobile sports betting would have lowered the state's GGR tax rate from 51% to 50%. The regulator didn't feel that adding bet365 would have grown the market and taxes for the state to justify its inclusion. And so, it seems bet365 continues to play the long game.

16) Mohegan Sun (17)

Long regarded as one of the premier brick-and-mortar gaming destinations on the Eastern Seaboard, Mohegan Sun made no secret of its desire to enter the online space. The politics, however,

had proven tricky in the Mohegan Tribe's home state of Connecticut, where the Mohegans share the gaming landscape with fellow tribal operator the Mashantucket Pequot.



After multiple failed attempts to settle on a gaming agreement, the tribes — in concert with the state lottery — came together on a deal in late 2021 to bring mobile gaming to the state. That allowed the Mohegans to activate their partnership with online giant FanDuel, after the two parties joined forces as part of a wide-ranging union in July.

Leveraging FanDuel's digital infrastructure, Mohegan Sun formally launched online sports betting, iGaming, and daily fantasy sports (DFS) products for residents and visitors of Connecticut in October. The rollout has been a success, with the Mohegans generating \$7.7m in online gaming revenue in January.

17) Parx Interactive (11)

Located in the Philadelphia Metropolitan Area, Parx Casino has been a staple of the Pennsylvania retail gaming scene for over a decade. It was only in the past year, however, that the operator began to dedicate significant bandwidth to its online vertical.

In April, Parx gained market access in Michigan via a partnership with Gun Lake Casino and gambling software provider Playtech to bring its online casino product to the state. Parx followed that by announcing the creation of a digital media division in August, which it staffed with established sports-media personalities and fortified with a pair of brand ambassadors in UFC champion Eddie Alvarez, and former NFL star Rich Gannon.

The tie-in with Playtech was part of a larger deal that culminated with the rollout of a rebranded 'betPARX' app in mid-March. Available in Pennsylvania and New Jersey, the app leverages Playtech's IMS platform to power the back-end of its sports betting and igaming products.

18) Resorts Digital (12)



A longstanding igaming operator in its home state of New Jersey, Resorts Digital made the strategic decision in early 2022 to pivot away from online sports betting after struggling to gain traction in the hyper-competitive market. It formally shuttered its online sportsbook in February while announcing it was in advanced discussions with a "major global sports betting company" to assume the vacated skin on its sports betting license, which includes DraftKings and Fox Bet.

Prior to the announcement, Resorts Digital had provided indicators it was doubling

down on igaming. In August, it struck an agreement with turnkey supplier EveryMatrix to expand its catalog of casino content. It then reached a multi-state deal with Digital Gaming Corporation in January to add the software provider's full suite of online slot titles to its product offering.

The partnerships have Resorts Digital well positioned to further close the gap on Golden Nugget and Borgata — the only operators it trails in New Jersey.

19) Betfred USA Sports (NEW)

Another new entry this year is Betfred USA Sports, a subsidiary of online and retail bookmaking business Betfred Group, established in 1967 in the north of England by brothers Fred and Peter Done. Today, the firm is a licensed operator in Arizona, Iowa, Pennsylvania, Louisiana, Washington, and Colorado, while regulatory approval is in the pipeline in Nevada and Virginia.

Furthermore, Betfred has enhanced its brand presence in the US after inking sportsbook sponsorship deals with the Denver Broncos (NFL), and Colorado Rockies (MLB). So too has its smattering of retail sportsbooks in various states. Although Fred Done has established a formidable retail empire in the UK, the digital arm hasn't always managed to match the impact, innovative features, and popularity

of rival online products. Will the US be different when it comes to mobile? Well, Betfred could be one to keep an eye on after flying under the radar, especially as one judge's scores had this new entrant significantly higher than 19th place. A move, or perhaps even a leap, up next year's rankings seems a solid bet.

20) Circa (NEW)

Circa may be best known for its glistering downtown Las Vegas property and larger-than-life retail sportsbook, but it's also made significant strides on the digital side over the past year. Already live in Nevada and Colorado, Circa launched its mobile app in Iowa in October through a partnership with Wild Rose Casino & Resort.

The high-volume, low-margin operator has deals with both Stadium Technology Group and IGT to power its back-end but has indicated it may opt to bring its tech in-house as it continues to expand across the US.

Circa has also dedicated special attention to in-play betting in the congested Colorado market. Through a partnership with Nevada-based odds provider DeckPrism Sports, Circa has been able to maintain its points of difference — namely high limits and no bet rejections, two areas in which its competitors have struggled — without drastically compromising its bottom line, a rarity in the space today.

The judges



Benjie Cherniak
Avenue H Capital



Brianne Doura-Schawohl
Doura-Schawohl Consulting



Chris Grove
Eilers & Krejcik Gaming



David Sargeant
iGaming Ideas



Barbara DeMarco
Porzio Governmental Affairs



Ramy Ibrahim
Moelis & Company



Jeff Ifrah
Ifrah Law PLLC



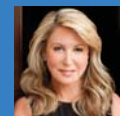
Julian Buhagiar
RB Capital



Jeremy Kleiman
Saiber LLC



Lloyd Danzig
Sharp Alpha Advisors



Melissa Blau
iGaming Capital



Sandford Loudon
Oakvale Capital

ONTARIO, IT'S HAPPENING.
SEE YOU SOON.

theScore | BET

JACK ASTU
PARTY IS THIS MA

The Beer Store

JOHN
ASTORIA

SHARK-CLL
BOUTIQUE

MA LITTLE CANAD



Q&A: High Score

EGR North America checks in with theScore CEO John Levy to discuss how the operator's Canadian media empire will provide the foundation for theScore Bet to become a major player in the newly regulated Ontario market

When Canada legalized single-event sports betting in August 2021, many US operators were justifiably rubbing their hands together with glee at the market's prospects and its 38 million potential new customers. Given the explosive growth in sports betting in the US, Canada — which previously was only reserved for those brave enough to work in the gray market, but almost as lucrative — represented a tempting target.

Toronto-headquartered theScore also had much to be positive about, with the legalization serving as a catalyst for a \$2bn acquisition by Penn National Gaming. With a media pedigree going back more than a decade in the Canadian market and a nascent US business, theScore slotted easily into Penn's long-term strategy. Six months on, and with an Ontario license under its belt, theScore has just made its debut in its home market. *EGR North America* spoke to CEO John Levy to find out more.

EGR North America (EGR NA): *How important is it to be first to market in Ontario? In what ways do you think this will aid your quest for market share?*

John Levy (JL): First to market is pretty important, particularly for us because we've been in this market forever. We started with a cable TV business that we launched in the mid-90s called Headline Sports, which morphed into theScore, where we started to build our brand and audience. That's where we began to tap into the younger sports-craving audience and gained our voice. That eventually led us into the digital landscape,

which has blossomed with the introduction of the app and a product that resonated across the US and Canada.

Part of that love for sports obviously involves betting. So, when this all became legal in Canada, it was important for us to be prominent. Our fan base and users are expecting us to be there because they've been using our app for years. What will that do in terms of the end result? We have lofty expectations; this is our home turf, and we're going to build on this strong brand that we already have in the market.

//

"We offer an integrated experience that makes it easy for them to access bets when they access sports media content"

//

EGR NA: *How will you stand out and how powerful will your media brand and the fact it is homegrown prove to be?*

JL: It is going to be a crowded environment. What will help us stand out is our brand, our product, and our overall approach toward sports betting, blending media and betting. We have this amazing media-based app with users accessing our content 140/150 times on average a month. We offer an integrated experience that makes it easy for them to access bets when they access sports media content. Those integrations, powered by our own technology, makes for a best-in-class user experience.

EGR NA: *What lessons have you learnt from operating theScore Bet in the US?*

JL: Be very responsive to the consumer. Make it easy for them and anticipate their needs. In other words, do not force them to act unnaturally in the context of how to place a bet. Sports bettors are different everywhere you go. You must be responsive to their needs and think of them in the context of a long-term relationship, not just putting a huge promotion in front of them to get their business that day. It's all about maintaining a relationship.

EGR NA: *Some operators have chosen to focus on a localized approach for Ontario, but how would you characterize your launch strategy?*

JL: You won't get an argument from me about how important it is to be authentically Canadian. That's something we've been building for the last 20 years. I think it's smart to appreciate what the market is and who your key demographic is. It's important to understand the user and tap into who they are. That's been our mantra from day one, engaging fans with an entirely different offering.

EGR NA: *In what areas have you strengthened your business in anticipation of the launch?*

JL: Since day one, we've been building out our technology and engineering team. We didn't just build the most successful sports app in Canada and the third most-used sports app in North America overnight. That's taken significant investment, including building a product team and team of engineers.



An artist's rendering of the new Toronto office opening fall 2022

We're up to more than 500 employees and our business is growing dramatically. A big percentage of those employees are in our product and engineering group. We're opening a new office on the lake in Toronto in the fall with more than triple our current space.

EGR NA: *What are your overall hopes for the Ontario market?*

JL: We all know how big the market is, it's equivalent to the fifth largest US state, so we're all going after a slice of the \$1.5bn-\$2.5bn market. From our particular perspective, we intend to be one of the leaders. What that number is exactly remains to be seen, but this is a long-term business and we intend to be a leading player.

EGR NA: *TheScore has been a Penn National Gaming subsidiary since November 2021, what's it been like coming into a business like this?*

JL: The timing has been remarkable. Let me just backtrack a little bit because our relationship didn't just start three months ago. We've built a relationship with Penn over the last number of years. When PASPA fell in the US, we decided not to be just a marketer through our media app and throw all of our customers to everybody else, but instead do it on our own. There were a couple of things that we had to do. First was to start to build the gaming technology so we could integrate it into our app.

We did that with Bet.Works. The other major deal we did right off the bat was with Penn National to get access into 11 states in the US. That's when our relationship with them really began. We got to know them and how smart they are, and they got to know how smart we are and what we were building. Back then, we talked to everybody in terms of the gaming space, including all the big operators, and there seemed to be a clear alignment between how Penn viewed the customer, how they were looking at the future, and how we were looking at the future.

Over the last couple of years, as we've grown and as they've grown, those talks have continued. Timing is everything, and we decided that in order to continue to execute on both our plans, the best option was to bring the two organizations together. Since the deal, we've been really focused on the Ontario market and continuing to build our technology. That was one of the big reasons why Penn made the acquisition which brought our two amazing teams together. The way they think and the way we think is very similar. Quite frankly, it's kind of unique in the whole industry, and that's why this deal is working and will continue to work.

EGR NA: *How has theScore's transition into its wholly owned tech stack aided your longer-term business strategy?*

JL: We've always been a tech com-

pany. When we started in the digital landscape, we didn't get the success in building our apps by doing it with a third party. It was always our belief that you have to be the master of your own destiny and control your own tech stack. We built our own app, originally for BlackBerry interestingly, and had success there before it moved to iOS and then to Android. What those learnings taught us was to be adaptive and responsive to your users and the fan base you've built. We can't be dependent on a third party because this space is always going to evolve.

We actually believed the same thing when we got into the sports betting business, when PASPA fell in the states. We said, okay, we've got this amazing media app with millions of people, a high percentage of whom are going to be betting on sports, so how are we going to go about this? I went to my head engineer and said we're going to build our own sports betting app, just as we did with the media app, and he said okay, we can do that.

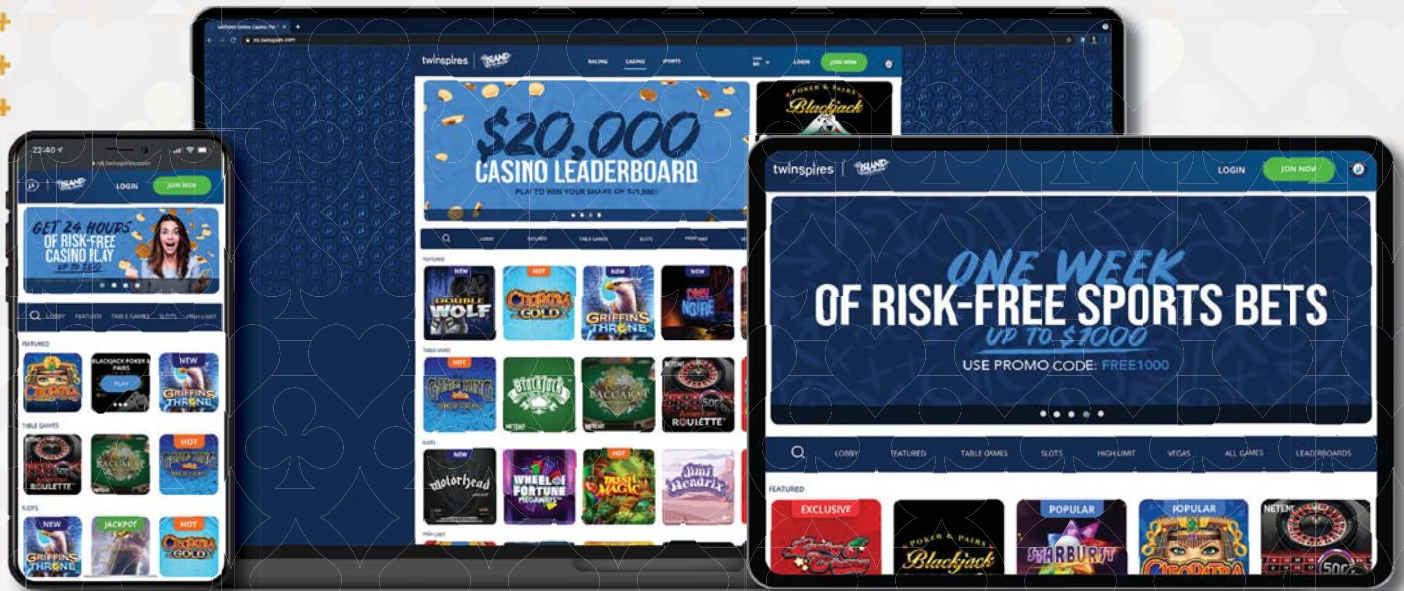
We did a deal with Bet.Works to get started and we built it as a modular deal. Right from the get-go, we challenged our engineers to start to build our own technology. And, over the course of the last couple of years, which is going to culminate in the next couple of months, we will have built the whole platform and will soon migrate off the third party. The truth of the matter is, from day one, we've always been a technology company and that's what has allowed us to succeed.

EGR NA: *What are your objectives for the rest of 2022?*

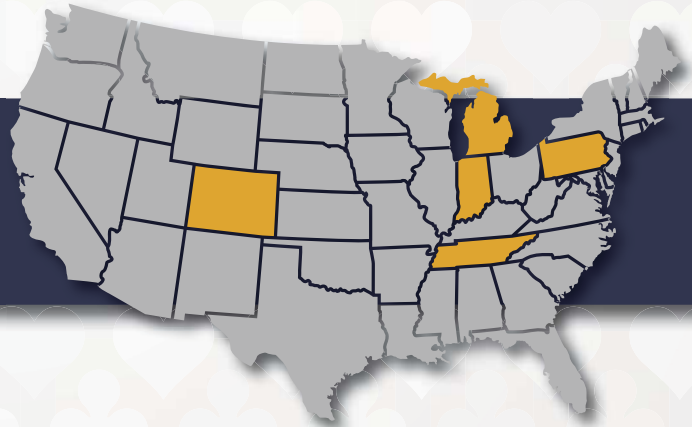
JL: Being able to finally offer theScore Bet to our users in Ontario. We are finally going to be able to give our fans a chance to legally bet right inside the brand and media app they love, the brand they grew up with. This is the app they are now going to be able to continue to grow with and get involved in sports betting with, right here in Ontario. Our relationship with the customers is open and authentic. We never shied away from the fact that sports betting is an integral part of why people love sports, and now they're actually going to be able to do it with us. It's a completely natural transition. We're very excited.

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EGR UPCOMING EVENTS 2022



9 February 2022

Virtual

EGR Australia Summit

A one-day summit for Australia's leading operators



16 February 2022

Argentina, Buenos Aires

EGR Power Latam Summit

An in-person summit for South America's leading operators



24 February 2022

The Westin Dragonara Resort, St. Julian's, Malta

EGR Nordics Briefing & Awards

A one-day briefing for the Nordics region's leading operators followed by the awards ceremony and dinner



11 - 12 May 2022

Marbella, Spain

EGR Power Affiliates Summit

The leading residential in-person event for affiliates



9 - 11 May 2022

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EGR Power 50 Summit

The renowned two-day summit for the industry's biggest operators



April 2022

New York, US

EGR East Coast Briefing & North America Awards

A one-day briefing for leading operators based on the East Coast followed by the awards ceremony and dinner



June 2022

Virtual

EGR Portugal Briefing 2022

A virtual briefing for the Portuguese region's leading operators



June 2022

London, UK

EGR B2B Awards

Honouring iGaming's best service providers



June 2022

London, UK

EGR Marketing & Innovation Awards

Rewarding the most innovative operators' marketing campaigns of the past year



October 2022

Virtual

EGR Central and Eastern European Briefing

A virtual briefing focused on the Central and Eastern Europe regulated markets



September 2022

California, US

EGR US Power Summit

The leading event for North America's leading operators



July 2022

Chicago, US

EGR Midwest Briefing

A one-day briefing for online gaming operators based in the Midwest states



October 2022

Rome, Italy

EGR Italy Briefing & Awards

A one-day briefing for Italy's leading operators followed by the awards ceremony and dinner



November 2022

London, UK

EGR UK Summit

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November 2022

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The move away from a gray area

Chantal Cipriano, PointsBet Canada VP of legal, compliance, and people, looks at what Canada's newest igaming and sports betting market can deliver to the province

On April 4, 2022, Ontario became the first province in Canada to kick off an open, regulated, and competitive igaming environment. Undoubtedly, this is good news for the industry and consumers. A legal igaming market open to private entities will introduce new jobs and investment to the province, while also creating a level-playing field among reputable private operators that promote responsible gaming and consumer protection practices.

Ontario's legal igaming market will directly contribute to the economy and sports ecosystem based on revenue generated by the private operators that adhere to the rules and regulations set forth in Ontario. There is one glaring problem that consistently stands out above the rest: the ongoing issue of the gray market as it exists today.

Gray-market sports betting is not new to Canada. The reality is that several operators already have a large presence across the country and, to the dismay of many, have blurred the lines between legal versus illegal. For years now, we have seen their adverts on *Hockey Night in Canada* and other prominent sports broadcasts.

The passage of C-218 has emboldened them, and with certain legal loopholes in mind, they have since moved from digital mediums onto rink boards, as well as sponsorships of athletes and teams. Some operators have no immediate intent to follow the upcoming rules set forth by the Ontario government. The longer they operate outside of the reg-

ulated market, the more time they will avoid paying the fees and taxes mandated by the provincial regulatory regime.

Make no mistake, with the market now open, these operations can no longer be considered 'gray market' in Ontario and will become illegal, forming part of the 'black market'. Any such prevailing presence in Ontario will continue to confuse many Canadians regarding the legitimacy of certain operators offering sports betting, especially in other provinces that do not yet have an open regime and are outside the purview of Ontario's regulator. This highlights the pressing need for nationwide igaming regulations as the only way to draw a clear line between legal and illegal across the country.

Give or take

Gray market operators, as they exist today, offer little benefit to the local economy or to Canada's grassroots sports and athletes. While they give the illusion they are supporting the Canadian igaming landscape, until they play by the rules and obtain registration to operate, they are avoiding revenue-share obligations akin to gaming taxes owed to the provincial regulator and have no incentive to provide meaningful benefits to the economy.

In comparison, legal operators will contribute a significant percentage of their revenues to the government and are actively partnering with Canadian sports teams and leagues with a long-term vision. In addition to creating a level-playing field, a regulated igaming framework encourages responsible gam-

ing — a principle that sits at the very core of the regulated industry. PointsBet has zero history of gray market operations and operates in some of the most highly regulated jurisdictions, exposing our companies and its personnel to intense scrutiny by regulators around the globe.

The date of April 4 is just the beginning. The legal operators must make igaming succeed in the province by doing their part; that is acting responsibly, growing local workforces, and investing back into the sports ecosystem. The provincial governments must police operators that put customers at risk by not playing by the rules and offering no benefit to the Ontario and Canadian economies.

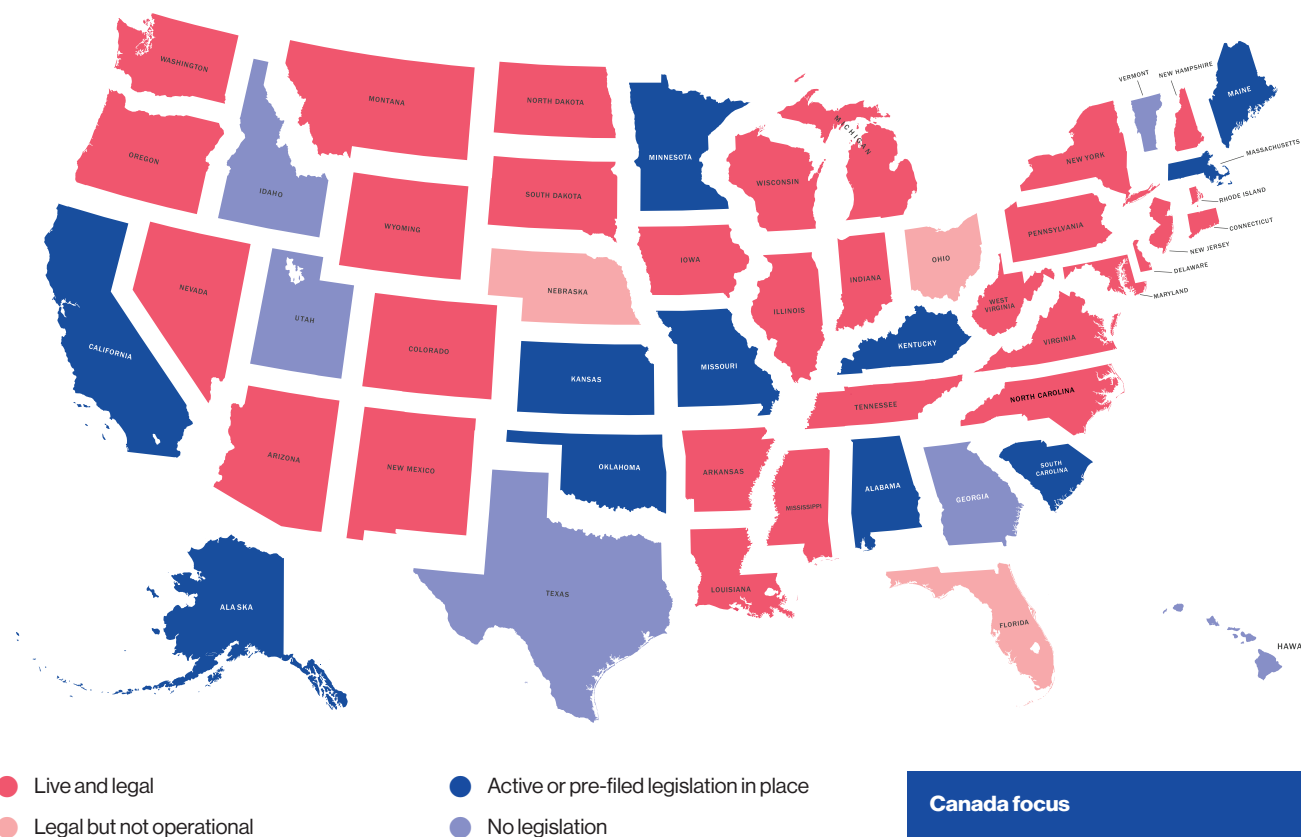
To right this wrong, the industry and governments must work hard at educating consumers on the difference between the legal and illegal operators across Canada. Consumers deserve to know that when they bet with an operator outside the legal framework, they are not supporting Canada.



PointsBet Canada snapped up gaming and sports betting industry lawyer Chantal Cipriano during an initial hiring spree last year. Cipriano is vice-president of legal, compliance, and people for the "authentically Canadian" operation. Before joining PointsBet, Cipriano was a senior director overseeing legal and compliance at Mazooma.



The state of play



After the whirlwind period that characterized sports betting legalization in the last quarterly report, this quarter's sports betting legalization journey has been somewhat sedate in comparison with (an early launch of Louisiana aside) slow and steady legislation progress being the order of the day.

Following up from its blockbuster online sports betting market debut, New York legislators Joseph P. Addabbo Jr. and J. Gary Pretlow, emboldened by its success, tabled legislation to first regulate igaming and also to trim the Empire State's crippling 51% GGR tax rate and expand its available licenses. With passage of the New York State budget delayed due to considerations surrounding the vertical, it may be a case of when, not if, we see igaming in New York.

While the war for control of Florida's sports betting destiny is seemingly deadlocked, a new battleground has emerged in California, where competing ballot initiatives to widen and, inversely, restrict sports betting access are set to do battle over the coming months. Operators, both tribal and non-tribal, state cardrooms, and other stakeholders have all invested serious money and time to the enterprise.

Elsewhere, a duo of sports betting bills floundered on Hawaii's inhospitable political floor as Aloha State legislators turned an unsympathetic cheek to efforts. Bills enjoyed more success in Arkansas, Minnesota, and Kentucky, making clear gains during the quarter. Even Alaska is eyeing the potential of sports betting, with a House Bill introduced with a 12% tax rate in February.

Canada focus

Ontario's fledgling open igaming and sports betting market made its debut on April 4, just 271 days after the launch of the province's conduct and management entity, iGaming Ontario. As of publication, 25 operators and suppliers have launched in Ontario, with the province set to play host to a land-grab among US, Canadian, and European operators over the coming months.

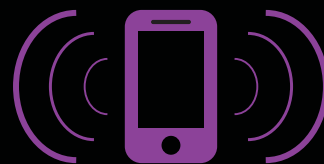
With all the focus on Ontario, Canada's other provinces have moved at a snail's pace by comparison, with prospective jurisdictions including Alberta and Saskatchewan making little progress, if any, on licensing. However, with Ontario set to net substantial revenue from igaming and sports betting, regardless of the financial consequences to the land-based sector, maybe this will give Canada's other provincial regulators the kickstart they need.

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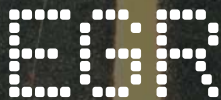
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