

A Closer Look: Sports Betting Operations at Tribal Casinos

Please stand by. The webinar will begin at 1:00 p.m. ET.









Brief Technical Overview



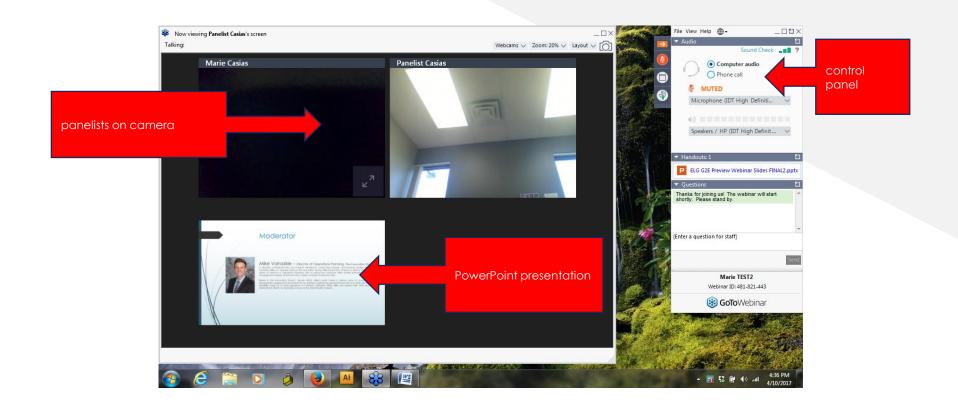
Marie Casias

Manager, Marketing & Administration
The Innovation Group

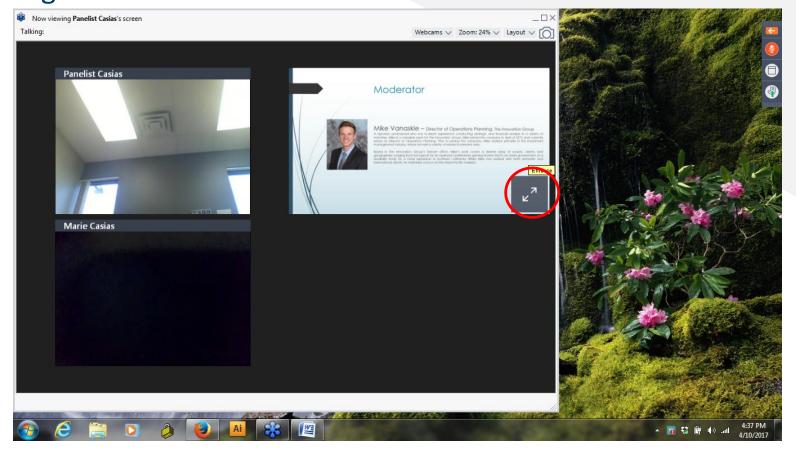
Windows & Control Panel

Need Help? Call 877-582-7011

Once we are broadcasting, your screen should show the pane sts' camera windows and a PowerPoint presentation window, as well as the control panel on the right.



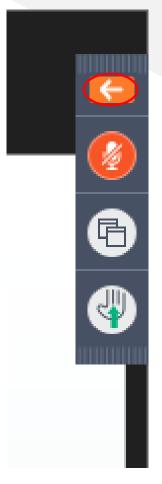
Hover over the bottom right corner of any window and you'll see the "enlarge" option with two pointing arrows. Click on that, and you'll go to full-screen for that window. To get out of full-screen, hit ESC or the double arrows again.



Minimize/Maximize Control Panel

Need Help? Call 877-582-7011

Your control panel starts in an automatically maximized setup but you can minimize it by clicking the orange arrow at the top.



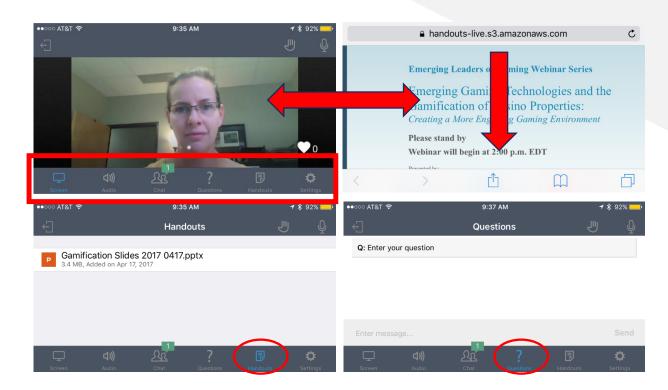
We will field questions throughout the course of the webinar. Please make sure your control panel is maximized and type yours into the "Questions" field towards the bottom, then hit SEND.



Attending via Mobile Phone?

Need Help? Call 877-582-7011

Your menus are at the bottom. Toggle between cameras and the presentation ("handout") by swiping left & right. Continue through the presentation by swiping down. Although you won't be able to see our live presentation, you can follow along at your own speed in the "handouts" section.



Frequently Asked Questions

Need Help? Call 877-582-7011

Technical Issues? Call Customer Service at 877-582-7011 (or internationally, +1 805-617-7370)

A recording of the webinar will be provided within a few days of it, and available on our Emerging Leaders page.

Moderator



Sue Schneider

Vice President, Growth & Strategy/Americas

Sports Betting Community (SBC)





Sue Schneider is one of the world's leading experts on the internet gaming industry which she began monitoring in 1995. Starting as an owner of a leading gaming consumer portal from 1995-1999, she then launched River City Group, which produced the largest iGaming events in the world (GIGSE and EiG) as well as key industry trade publications, such as *iGamingNews.com* and the *Internet Gambling Report*. In July 2006, River City Group was purchased by Clarion Events, one of the U.K.'s largest event producers, and Schneider remained as CEO/Americas there until June 2009.

She recently became VP Strategy & Growth/Americas for Sports Betting Communities (www.sbcevents.com) in their efforts to launch a sports betting show in the U.S. Until September 2019, she served as Editor-in-Chief for Liebert Publications' *Gaming Law Review*. Until 2016, she was a partner with the U.S.-based conference (www.igamingnorthamerica.com) which was sold to iGaming Business, a division of Clarion Events Gaming. She's a former partner in the www.maltaigamingseminar.com and, in addition, works with the G2E event as a consultant for the iGaming Congress.

Sue was a founder and served as Chairman of the 120-member Interactive Gaming Council (IGC), a trade association, from its inception in 1996 until 2004.

She is a frequent speaker at international gaming conferences and has testified to the U.S. Senate and the U.S. House of Representatives.

Speakers



Neal Atkinson

Director of Table Games

Pearl River Resort





With over 18 years of gaming experience, Neal Atkinson held leadership positions in gaming operations at Pearl River Resort, including Poker Room Manager and Table Games Administrator. He began his gaming career in southern Indiana, and he held gaming operations leadership positions in the Tunica, Mississippi gaming market. He was responsible for the overall operation and administration of table games, poker, bingo, and sportsbook departments at Silver Star, Golden Moon, and Bok Homa Casinos.

Speakers



Staci Chafins

Player Development Manager, Marketing – Players Club

Isleta Resort & Casino





As Isleta's Player Development Manager, Staci Chafins oversees the Players Club, the executive hosts, and Sports Book. Having grown up in San Antonio, Texas, she went to San Jose State University on a full scholarship playing tennis, after which, she graduated from the University of Nevada Las Vegas in the school of hotel administration.

Staci started her casino career opening Bellagio Hotel and Casino in the security department as an administrative clerk, and then worked her way up.

She joined Isleta in 2016, and her prior experience includes working in Las Vegas for 15 years at Paris, MGM Grand, Bellagio, and Mirage, mostly as an executive host. After moving to Albuquerque, she worked at New Mexico Gaming, LLC, and at Nambe Casino. After years of being in the casino industry, she can't imagine doing anything else, and is grateful for the opportunity to be part of the Isleta team.

Speakers



Seth YoungChief Innovation Officer
PointsBet





Holding a successful track record of continuously being at the forefront of new online gaming technologies and strategies, Seth Young brings nearly 15 years of relevant experience to his role of Chief Innovation Officer at PointsBet.

Prior to joining PointsBet, Seth served as Executive Director of Online Gaming at Foxwoods Resort Casino, where he was responsible for the strategic development and oversight of Foxwoods' existing and emerging interactive gaming initiatives. Prior to joining Foxwoods, Seth served as Chief Operating Officer and Board Member of Flower City Gaming LLC from 2013 to 2016, where he was responsible for the strategic development of Star Fantasy Leagues' technologies, and oversight of all aspects of the company's development. Seth also ran his own consulting firm, SY Ventures LLC, from 2009 to 2012 where he offered clients in the iGaming vertical a full range of services, and served as the Director of Strategy for TexasHoldem.com from 2005 to 2009.

Most recently, Seth won the 2018 Emerging Leaders of Gaming Award and was named to *Global Gaming Business* magazine's 40 Under 40 list in 2018. Seth holds a Bachelor's degree in Political Science, with a double minor in Internet Studies and Legal Studies, from Brandeis University, and he attended Harvard Business School for Mergers and Acquisitions, strategy, execution, and post-merger management.

Panelist Questions

What are the challenges of Indian gaming in sports book expansion?

Myth-busting: Cannibalization?

What's the range of legislative/regulatory structures depending on state compacts (or going commercial)?

What research has been undertaken?

What are our options?

Describe the RFP process.

Integration:

What are the best practices for planning what to build?

Hiring: How to attract talent?

Final Thoughts?

Audience Q&A

1. Do you outsource bookmaking?

- From Neal Atkinson: I would not say we "outsource" our bookmaking. Our structure as a truly "independent" sports book is similar to many of the historical smaller books in Vegas. We have a platform provider that is the software and hardware that is the "engine" of the sportsbook. We have a data provider that we have established preset limits and parameters for various settings based on our risk profile. We have found that with local interest teams, it has been greatly to our advantage to take over pre-match line management (turn off the auto feed for that game) to mitigate the risks on those games. The advantage is that we are able to take a position on a game based on our books position vs. being at the mercy of the global market that is not taking into consideration local games with one-sided action. In my opinion, outsourcing bookmaking would be in the realm of a "management contract" in the view of the NIGC.
- From Seth Young: PointsBet owns its technology end-to-end, which includes in-house trading and risk management services. In contrast to many groups in the market, PointsBet does not outsource the core functions of what makes a bookmaker a bookmaker.

2. Have Neal and Staci integrated Casino Loyalty programs into the Sportsbetting offering?

• From Neal Atkinson: Technically, no. Our gaming management system is pending an upgrade and we hope to incorporate sportsbook "ratings" similar to what we do for bingo and poker. We are also looking at feature in development for our mobile on property app that will do deposit bonuses with mechanisms to require play through of the "free play" to prevent churn. The volatile nature of the different types of sports bets makes coming up with a formula for a "theoretical hold" based on play challenging to determine proper reinvestment using the systems in place for slots and table games.

3 It is known that mobile generates the most revenue, but at the expense of associated incremental for a land-based, geo-fenced to property. Can you discuss this more?

- From Neal Atkinson: Mobile will generate the most revenue if you can do it statewide. At Pearl River and Bok Homa, we only have on property mobile because we did not have the geo-fencing and logistical obstacles the commercial casinos in the state currently have due to state regulations excluding parking lots and garages. Many of the state's casinos have attached or built in parking structures so the regulation would require substantial investment in hardware to be compliant. So depending on your regulation restrictions of your mobile boundary, geo-fencing expense can vary greatly. Ours was minimal in that we only had to exclude a state highway that split two of our properties. FYI 20% of our overall handle is from our on premise only mobile app.
- From Seth Young: Having mobile available on premises is important, as taking bets on in-play (over the counter) is very difficult. A geo-fenced mobile experience would allow a customer to engage in the full spectrum of sports betting.

I touched on this at length during the webinar, but here is some further information:

(Seth Young continued)

In 2016, Atlantic City casinos turned around from a decade-long decline in gaming revenue, and the overall AC casino market grew by 2.2% from 2016 to 2017. Since its introduction, online gaming has grown significantly as a percentage of land-based revenue in New Jersey. In 2013, iGaming made up 0.3% of NJ overall net gaming revenue. In 2017, iGaming made up 10% of overall NJ NGR. Year to date in 2019, iGaming and sports revenue collectively represent 25.5% of total NJ land-based gaming revenue, the iGaming market alone growing at a compounded annual growth rate of roughly 25% since launch. iGaming net revenue as a percentage of land-based casino revenue in NJ has grown from 5.4% in 2014, and now projected to reach nearly 18% in 2019. This revenue growth has occurred without cannibalizing land-based revenues.

Just look at the total numbers. Atlantic City land-based revenues have grown every year from 2013 to 2019, and since the launch of internet gaming and sports betting, New Jersey has generated \$1.4B in new INCREMENTAL revenue, with nearly \$250m in taxes paid to the state, in addition to Atlantic City casinos stabilizing and growing YoY since 2015. The iGaming market is projected to reach \$450m in 2019 alone, a massive increase after the addition of sports betting, which is clearly engaging a new customer. In fact, based on the current trajectory, the NJ gaming industry – as a whole – is projected to generate over \$3B GGR by the end of 2019, the first time since 2012. iGaming was introduced in 2013. Food for thought.

Further, iGaming engages a new kind of customer, something that will be vitally important to the continued success of land-based casinos. In testimony, a Caesars representative – David Satz - relayed to the Pennsylvania Democratic Policy Committee that 91% of their online players are new customers that were not in their total rewards program prior to the launch of iGaming. That sentiment was echoed on the record by other New Jersey operators like the Tropicana, Golden Nugget, and the Borgata. Anecdotally, during my time managing the Foxwoods Resort Casino social gaming vertical, we saw similar trends in customers we onboarded directly to the digital platform. No matter which way you cut it, online gaming has been accretive to land-based casinos in terms of engagement and real revenues.

In addition, an economic impact study released by the iDEA group has shown the iGaming industry has generated over 6,500 jobs, directly or indirectly, paying over \$400m in wages to employees. Robots aren't taking anyone's jobs... these iGaming jobs need people.

Now – today – we're talking about sports, which can also fundamentally change the marketing DNA of a property if deployed correctly. This is an opportunity for groups across the country to provide an entertaining amenity that has not previously existed within our casinos – palaces of entertainment – and can also be a real driver of revenue if carefully considered, with the right partner. So far, it is proving to be accretive in New Jersey, which has a well-considered commercial market structure that makes it easy for operators to invest and re-invest, in interest of recapturing the black market that has been so prolific for decades.

New Jersey's ideal market structure of blended full mobile and retail has created the most efficient market in the country. Since June 2018 last year, New Jersey's total sports betting revenue has totaled just over \$330m. Juxtapose that with the revenue from the same period of \$108m from Delaware, Mississippi, Rhode Island, and West Virginia combined. NJ's adult population of 5.6m is a rough like for like of those combined states, whose adult populations total nearly the same. Yet, New Jersey's revenue is triple. Facts are facts.

(Seth Young continued)

ACCRETIVE TO RETAIL

lowa is the only state with legal sports betting that also releases its overall casino visitation numbers. Limited to casinos that had a running sportsbook from August to October, casinos with a sportsbook saw a 5.5% lift in visitation growth in the three months since sports betting was legalized, versus YTD entries for casinos without sportsbooks decelerated by 2.3%.

PointsBet recently constructed and deployed a world-class sportsbook at Catfish Bend Casino. While Iowa casino entries were down overall across the state YoY from Sept 18 to 19, admissions at Catfish Bend were up 23% in Sept '19 after the PointsBet sportsbook opened. On top of that, we have introduced our mobile product into the market which allows the property to continue to engage its clientele when they're not on premises. It is also heralded as the most beautiful sportsbook asset in the state, and one of the best in the country, reflecting PointsBet's brand and commitment to building on par with the properties that we integrate with.

- 4. What are Points Bets plans concerning the DC Market?
 - From Seth Young: We carefully assess every market.
- 5. What is the difference from a data provider and a platform provider?
 - From Neal Atkinson: The <u>platform provider</u> is the hardware and operating system that runs the sports book systems. It runs all aspects of the book to include making and settling wagers, setting up markets and sporting events, tills, reports and auditing functions to name a few. The <u>data provider</u> is data and feed for all your sports information for establishing lines and managing risk. They provide the content for your system and some are able to also assist in managing the risk based on parameters. Some will even monitor individual player activity for assessment of highly skilled and/or advantage play.
 - From Seth Young: A data provider is a company that will provide odds and pricing for bookmakers to consume. In essence, oddsmakers that have cleverly bundled up their pricing into an easily consumable technology feed. Some bookmakers pass this pricing through directly to the customer, while other bookmakers like PointsBet use information like this as part of its proprietary pricing technologies. A platform supplier may be one vendor in the sports betting ecosystem. A platform supplier may provide you with a player account management system and reporting system, but be unable to provide you with risk management services, marketing services, etc. The underlying platform is one of the key pieces of being able to run a mobile product, but it's not the only piece. This is where PointsBet excels; it owns its platform, written on modern code, and it is linked with other proprietary components of the entire mobile ecosystem.
- 6. Who are the players from a generational viewpoint?
 - From Neal Atkinson: We have found that the majority of the sportsbook play is from the 21-35 range demographic thus far. These are also the primary players who have adopted their preferred wagering method as kiosk and mobile. After that, it follows similar to our table games demographic as far as age groups is our experience. Please note I am not saying that the players are being cannibalized from table games, just the age and demographic is similar to our table games demographic mix after accounting for the highest 21-35 range.
- 7. With the properties, did you all have to adopt technical standards for your gaming commissions?
 - From Neal Atkinson: Our regulatory body adopted GLI technical standards. For Sportsbook it was primarily GLI-33. GLI-20 for Kiosks, and some parts of GLI-19 for mobile wagering. Your jurisdiction may or may not have its own gaming lab and different levels of standards. As an operator, I will say that many problems that several of my colleagues experienced with platforms were discovered in our testing phase and resolved before going live. With Mississippi Band of Choctaw Indians being the first post PAPSA tribal casino to go live, the Choctaw Gaming Commission was very firm on making sure our platform was certified by a gaming lab before we were allowed to accept the first wager.



THE LARGEST DEDICATED

SPORTS BETTING TRADE SHOW
IN THE U.S.



2,500 DELEGATES



200 SPEAKERS



50 EXHIBITORS

APRIL 28-30, 2020

Meadowlands Exposition Center, New Jersey

FOR MORE INFORMATION, PLEASE VISIT WWW.SBCEVENTS.COM



Thank You.

Please take our survey after this webinar, and visit the websites below to follow us on social media or join various mailing lists.

- Marie Casias
- mcasias@theinnovationgroup.com
- www.theinnovationgroup.com



- Sue Schneider
- sue@sbcgaming.com
- www.sbcgaming.com

