

THE **iGamingFuture**

MAGAZINE

SERIES

April 2023

THE FUTURE OF
**USA AND
CANADA**

GiG

+

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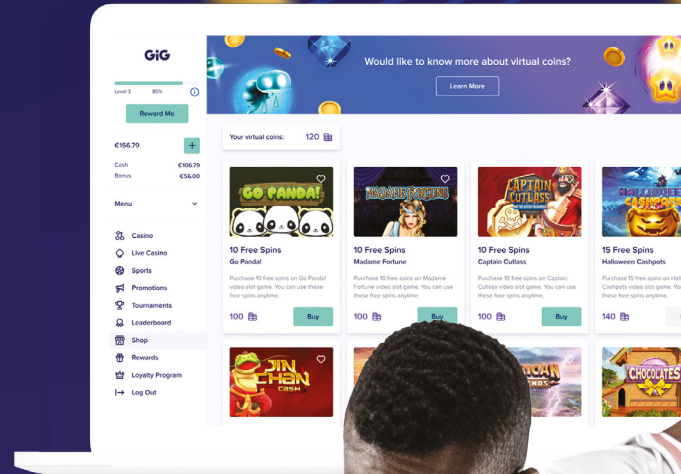
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MARKET OVERVIEW

It is now legal to gamble in more than 30 states in the US, while the Canadian province of Ontario went live with sports betting last year.

The **North American iGaming market**—most specifically the **sports betting** scene—has been **building significant momentum for five-years** – ever since the Professional and Amateur Sports Protection Act (PASPA) was repealed in 2018.



The **journey to this point has seen operators battle it out for very expensive licences, hastily built cross-pacific partnerships** and meant they have had to **contend with eye-watering cost per acquisition (CPA) figures amid all the noise and frenzy of a massive new market feeding frenzy.**

This year is expected to see more considered decision making, more states going live, and more workable CPAs as the market begins to settle and mature.

Gross gaming revenue (GGR) reached a total of US\$60.42 billion in the US last year, and some projections suggest it could rise, exponentially, to US\$146 billion by the end of this year, 2023.

According to the American Gaming Association (AGA), gambling revenue in the United States in January—from traditional casino games, sports betting and iGaming—**reached US\$5.5 billion**, equating to a 21.1 percent, year-on-year, increase; **marking 23 consecutive months of growth.**

US-wide sports betting activity in January was up 10.8 percent year on year, driven by a busy sports calendar, as well as the launch of legal retail and online betting markets in Ohio on January 1 and retail betting in Massachusetts on January 31. The **total amount of money Americans wagered on sports for the month reached an all-time high of US\$10.9 billion.**



Curtis Roach

HEAD OF CONTENT
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ANIKA HOWARD
CEO

Wondr Nation



WILLIAM WOODHAMS
CEO

Fitzdares



BEN CLEMES
GENERAL MANAGER

GiG (Gaming Innovation Group), North America

OUR EXPERT SPEAKERS

INDUSTRY INSIGHTS

As the market landscape evolves and adapts to new trends, our industry has now been compelled to react accordingly.

IN THIS SECTION iGamingFuture explores the responsible gambling landscape, attempting to understand what the tech driven future looks like. We ask how some of the leading operators in the space expect the market to evolve, in regard to identifying cases of problem gambling and creating a sustainable future for players.

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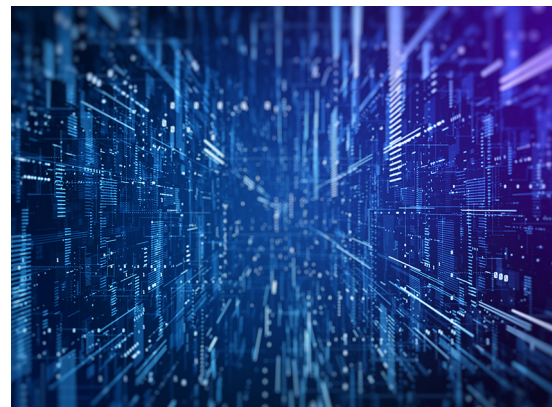
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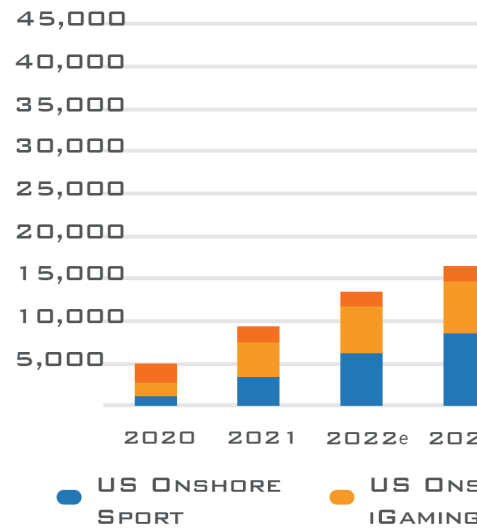
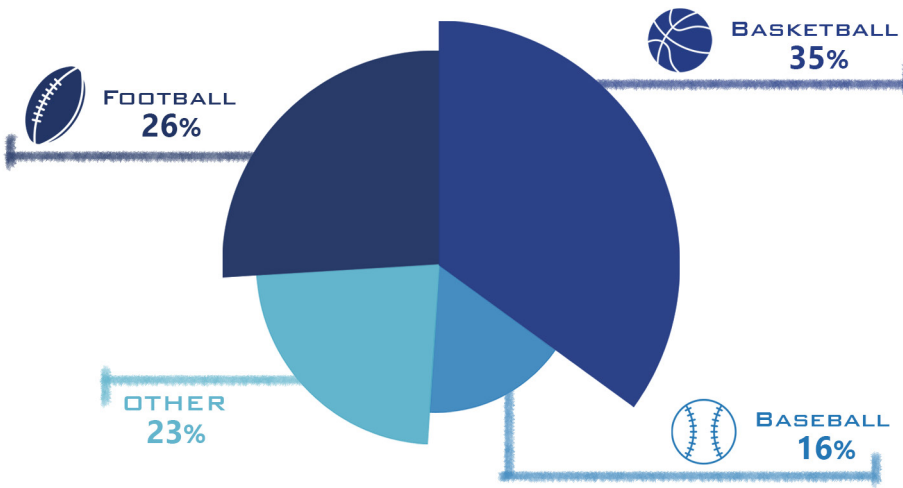


DATA INSIGHTS

US and Canada Market



From **looking at the data supplied** by H2 Gambling Capital, it's **clear to see** that there are **plenty of opportunities for growth in North America, with the value** of the total online market **expected to more than double** in the next four-years.

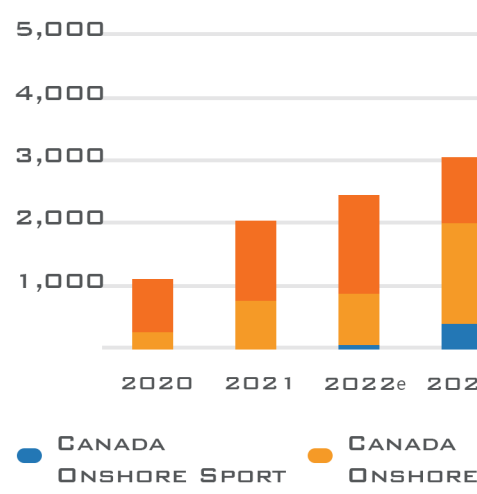
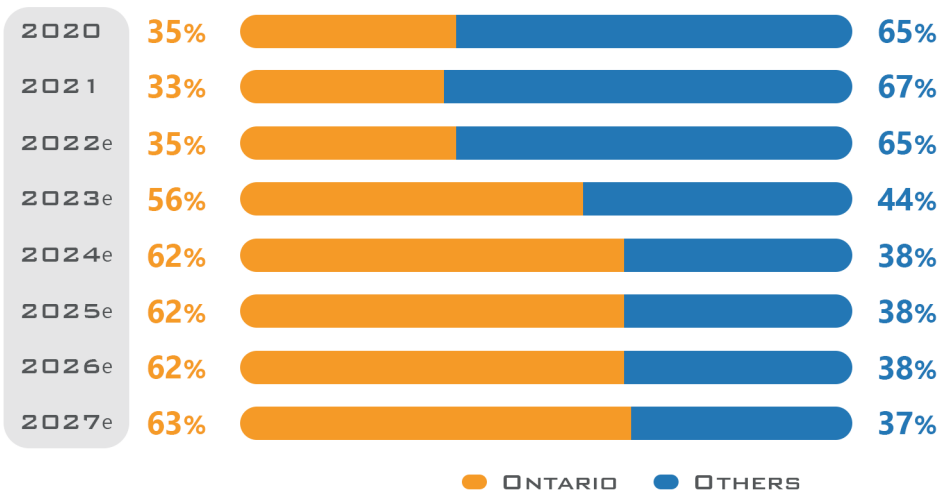


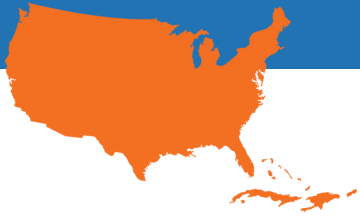
SPLIT OF US REGULATED ONLINE SPORTSBETTING GGR

US ONLINE SPORTS AND IGAMING

CANADA ONLINE SPORTS AND IGAMING

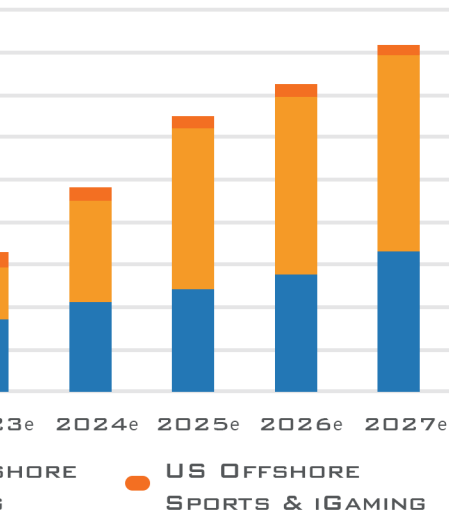
CANADA ONLINE SPORTS AND IGAMING



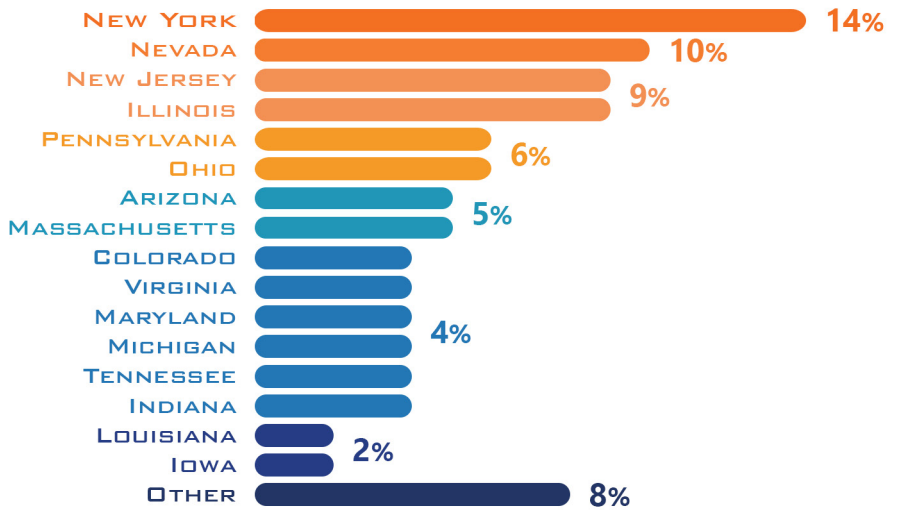


In the United States, sports betting, with basketball the most popular product, is currently the market leader. Yet this is expected to change quickly, as onshore iGaming is forecast to almost quadruple within the same period. As early as next year, iGaming revenue is expected to surpass sportsbook revenue.

Canada tells a similar story, on a smaller scale. With the country not having as many domestic sports betting events as the USA, iGaming (defined as online casino, in North America) already dwarfs the sports book sector. It produced almost triple the revenue last year – a trend forecast to continue well into the future.

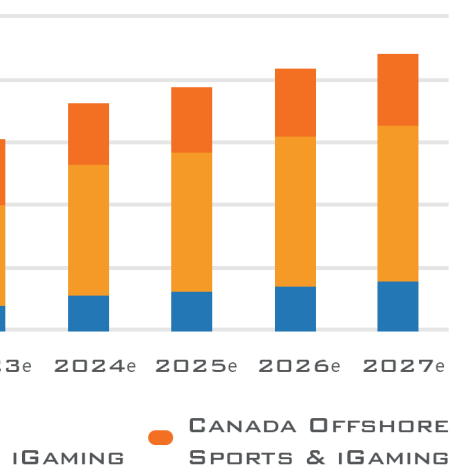


US ONSHORE IGAMING GGR (\$M) AND US OFFSHORE SPORTS & IGAMING GGR (\$M)



SHARE OF MARCH MADNESS HANDLE BY STATE 2023e

CANADA ONSHORE IGAMING GGR (\$M) AND CANADA OFFSHORE SPORTS & IGAMING GGR (\$M)



*CANADA'S FISCAL YEAR ENDS 31 MARCH



Do you have to enter a market via a partnership, or is it possible to enter as a standalone company?

WILLIAM

UK operators have 200-years of experience in taking bets. We understand it. **It doesn't take long to understand the sports market.** Frankly, **iGaming**—as they call it in Canada—or casino as we call it, **is going to be 50 percent of the market**, which is our bread and butter anyway.

It's good to have some local knowledge. Remember that the **markets have just legalised, so brand awareness isn't as strong** as people think it is. **There are tons of opportunities for operators**, if you've got a defined proposition that's distinctive.

Ours is a premium, luxury service. **It is all about service and experience.** So, we feel like we have an interesting niche currently in Ontario, and hopefully in other states and provinces.



But if you're just another look-alike brand, then probably you **need to partner with someone.**

It's a lot of paperwork. So, **working with a local operator can help** to get through that.

The other challenge is the cost,

whether you're doing it yourself or doing it with someone else, **these costs are enormous.**



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Online casinos seem to be progressing at a slower pace than sportsbooks. How will this impact future growth in the market?

BEN

We always knew that **online casino expansion** in the US was going to be **slower** than sports betting.

We had early adopters.

Delaware was early and regulated years ago, then New Jersey, then Pennsylvania. There's been a few surprises, like Indiana not going through recently, **but eyes are on New York and Illinois now.**

There's **still opportunity for growth** in the market.

We've seen massive states like New Jersey, Pennsylvania go live and we've seen the growth as the markets mature. **These markets are relatively immature compared to jurisdictions** that have been **live in Europe** for many years.

We're also seeing **CPA in these markets starting to normalise** and come down.

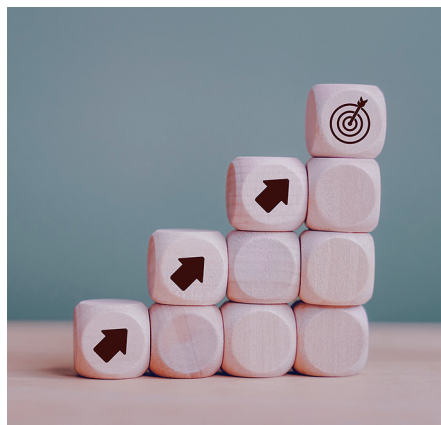
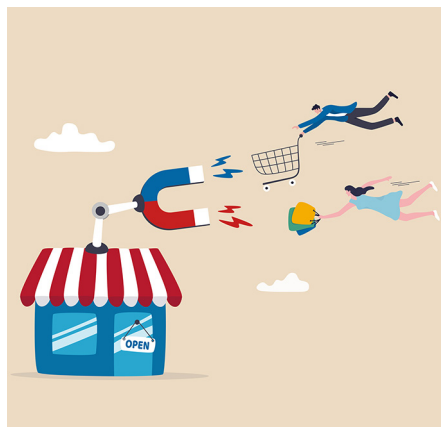
This is a **[great] opportunity for new incumbents to get into these markets** and grow their brand.

ANIKA

There's a lot of fear around this sense that **iGaming will cannibalise** some of the **land-based operations.**

And so **[we need to] shift the thinking to this being more of a complementary role to gaming and an expansion** – as opposed to a competitive one.

We've also seen this trend toward **responsible, sustainable play,**



and making sure that the **regulators are comfortable as you expand gaming** and that there are the **necessary controls in place.**

Those **two things** are **limiting the push forward.**

Once we get a bit more on the same page with those opportunities and how those are going to be addressed, **it will help.**



In the meantime, I think **it gives land-based operators the opportunity to start being more strategic about how that growth happens**, and what partners they want to use.

They **should also decide how they want to approach gaming expansion so** that you have something that is **more of an overall experience, as opposed to it seeming fractured**, [i.e.] something for land based and something for online.

WILLIAM

Everyone talks about sport because maybe it's the sexier of the propositions [out there].

I'm not sure it is. But,

it's probably **easier to communicate with consumers through sport**.
Currently **in Ontario, 70 percent of our business is what they call "iGaming Casino"**.

I would say that having looked at the handle and the numbers, and speaking to the regulator, **that's not changing until they've got always-on sport**.

In Europe, particularly the UK, France and Ireland, we **have racing from one o'clock onwards, all afternoon into the evening**. They don't

have that. **They have these big sporting events, which normally don't generate much money** because they're pretty binary.

Remember, **some of these markets are very mature because people have been gambling in the US and Canada illicitly**,

people have been betting with *Bet365* for 10-years via a VPN. **They know what they're doing**.



How can a customer's omnichannel experience be maximised?

ANIKA

The **brand affinity and player database** that **land-based casinos and operators** have been able to **amass will inspire brand loyalty. This is the first and biggest opportunity** that they have to take advantage of.

For me, **I define Omnichannel as a way to engage players in multiple channels.** So, whether that's the website, social media or direct mail, it will **improve player interactions, increase retention rates**, or whatever your key performance indicators are.



Omnichannel, depending on the partners that you put in place and what preparation you've done in advance, **can be a challenge.**

It starts with making sure that you have **a sound strategy and you have a multi-channel offering**, or approach, **to say that I understand what online players want versus land-based players**, and this is how I communicate to them and make sure I'm giving them the things that matter most to that specific audience.

BEN

We look at things a little bit differently from the omni perspective. We look at **integration of the player account management system into the retail system.**

We had our first experience of that with Hard Rock in New Jersey.

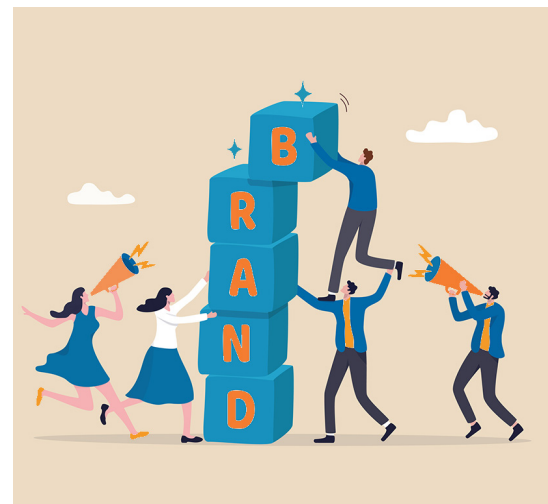
Essentially you use the property as an acquisition tool. Then of course, **through digital marketing and that**

sort of **Omnichannel acquisition, you can acquire from online and then put that back into retail.**

Recently, in some new states that opened up, **we've seen restrictions on advertising.**

In Europe, Belgium for example, they have basically banned advertising.

So, your acquisition channel is your brand awareness or that retail property where you have that footfall coming in.



We've had huge success with being able to integrate joined-up registration, joined up loyalties, **not only in the US, but also in Europe. So, you can see the benefit of an Omnichannel experience**, not only from a technical perspective, but also from a marketing and acquisition perspective.

How do back-office integrations impact an operator's speed to market?

BEN

It comes down to planning.

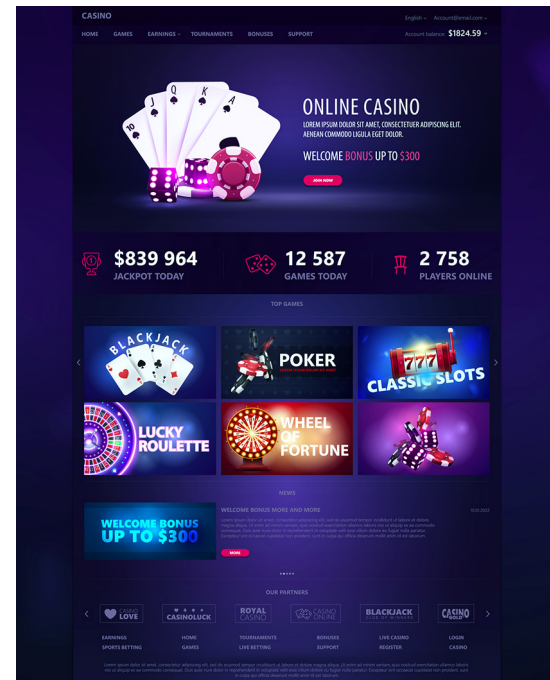
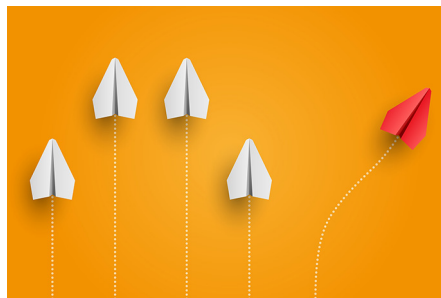
We look at this in two different ways. You have suppliers that are already integrated into the tech stack. Generally, those are configurations. Then we have partners who want new integrations, which generally take a little bit longer.

On average, you've probably got 35 suppliers' programmes, so that's 35 contracts, that's 35 relationships and also with game suppliers, payment suppliers, from that company's perspective, they assume it's just ready to go and [only needs to] flick a switch. But it's never as simple as that.

I would suggest [it's key] to have good planning and an excellent gap analysis of what you need to have in the market.



Figure what's nice to have and what's critical. Payment suppliers will do due diligence and certification on the platform prior to going live and then you need to schedule around that, because it's a human resource at the end of the day. That's what's driving a lot of these things. It's not so automated. It's really hard when somebody comes on Thursday and says we need this on Friday, because sometimes you don't have the resources to do it. People take days off, people fall sick and these uncontrollable events must be accounted for.



ANIKA

For me, it's really understanding the strategy and planning upfront, also understanding that in many cases, you're not going to have every single thing you want on day one.

So, it's [essential] to have a roadmap once the product launches. [An important] part of this is negotiation and having a conversation, a strategy that asks: what is the minimal viable product for launch that allows us to be competitive in the market? And then what is the roadmap based on our suppliers or partners?

What do you think we've learned about what you need for a minimum viable product?



You have to **have a multijurisdictional approach**, but be able to **localise your product**.

In the past we hadn't seen this before. You had different tax rates, you had different reporting, like that's kind of easy, but **now you've got a case where you have to geofence your marketing campaigns, and be very good at it**, because these fines are not messing around.

ANIKA

You see that **multijurisdictional partners have a competitive advantage because they have economies of scale.** They can very easily learn, adapt and shift to make those changes.

So, when you look at *FanDuel*, for example, I think **one of the opportunities that makes them so competitive is that they have this breadth of experience in multiple markets, so they can very easily shift.** They have a solid process for how to get this launched.

BEN

I think **your ability to do due diligence gets easier every time** because you just have this huge amount of documents that you can ship over.

Everybody always says **the US is like 50 small countries.** But **the different rules in each market have always been down to self-exclusion** or things like that. **Now** you're getting into a situation where there's actually **rules coming out** from a state with things like advertising, the messaging on banners, **causing massive fines to be incurred by those not fully prepared.**



ANIKA

I think **localisation is important.**

That's one of the things that we learned. **You can't necessarily operate in every market exactly the same, especially when it comes to marketing and messaging.** The consumer in New York, is not necessarily the same as in New Jersey; **although in some cases there is overlap** in terms of feeder markets.



So, **being able to be very specific**—and have a very localised and regional approach to some of that marketing and messaging—**is very important.**

WILLIAM

We got a licence in April; I think we were the first, or second, to get a licence in Ontario, and we launched in February. I was hoping we'd launch for the NFL season. I planned a big party in September, I ended up doing a huge party in February for the Super Bowl. I missed an entire season.

There are **tons of challenges.**

Geo compliance on a desktop

computer or laptop **is still incredibly difficult.** You have to use a widget to know where the laptop is and to make sure you're not using a VPN. There's so much pain and anguish. **In Ontario,** you saw **a lot of operators move into the market and have an absolute nightmare on customer service.** There were 750 people in front of you on the live chat and all that sort of stuff, **because getting that tech right is not easy.**

The problem was a lot of big bookmakers wanted a first mover advantage, which I just don't think exists anymore. The first mover advantage of *Bet365* happened 10-years-ago, 15-years-ago. **So, they're piling-in, looking for high acquisition numbers, having customer service issues, their CPAs are through the roof.**

So, my view is: **Take your time. Get it right.**



Which states, or provinces, do we expect to be opening up next?

BEN

I was in New York last week and **the consensus** was **New York and Illinois**, look most likely. **Then Colorado** was mentioned.

Operators are starting to focus more on responsible gaming and coming up with their own policies. So, to be able to **show the general public and regulators that you care about the customer**, and you've got protection mechanisms that go beyond what the regulations suggest, will help.

The **second thing is reverting back to the first question asked earlier**, with regards to states opening up and licensing and going in on your own.



When states first opened up, there were a **lot of retail operators giving away their skins, market access deals**, that sort of thing. There **has been a shift**. **These properties are looking to do this on their own rather than having a third party**,

so **then you can probably start to remove that barrier**, than blocking the legislation to have online gaming, because they're **actually going to be able to benefit from this and utilise a database**.

ANIKA

You're seeing a lot of **operators wanting to own the ecosystem**.

I don't necessarily want to **be a platform provider**. But I want my **brand to be ahead in that and** I want to make sure that I **own the entire player experience** and I think we're going to see more of that.

That **combined with** a lot of discussion around **responsible**



gaming and sustainable play, and being very much of the mind that **we want to self-regulate and create these policies before it becomes a bigger issue.**

Reinforcing the player-centric approach is key.

I think the other part of it is that **regulators also need educating.**

For example, knowing that *Gaming Laboratories International (GLI)* has regulator roundtables—and that there are **a lot of different things** that are **starting to be put in place to give regulators a deeper understanding of this**—will help as well.



WILLIAM

What we're seeing in Ontario is that other Canadian provinces are looking at that model and seeing if it works.

The Alcohol and Gaming Commission of Ontario are doing a really good job. They're tough but they're aware, and they don't arrive in the middle of the night and bang on your door. **You are having constant feedback with them.** So, they're picking up on mistakes you're making, you're reporting mistakes you're making, you're reporting when you get it right. They know how much money you're making. **They've got it right.**



I think that the Ontario licence will be respected and will be replicated in other Canadian provinces.

And then I'd say the smarter states that haven't gone live in North America **shouldn't look at the errors of the other American states.** They should look at the positives of Ontario and take a similar start with no offers on advertising. Start **with a real understanding of data and how you share it and start with a framework where you [also] allow grey market people in,** who were previously operating your province. **But now make sure they play by the rules and pay tax.**

iGAMING 2023 Moving Forward with Canada

The **growth opportunities available in Canada are undeniable** and with more provinces expected to regulate iGaming soon, the **market is sure to become increasingly competitive.**

Operators hoping to claim a share of this exciting region **will need to move relatively quickly but not before** being able to **fully understand the dynamic consumer trends and best ways to align your operations to take full advantage** of the expansion opportunities.



Joonas Karhu

CEO
Bojoko



We caught up with **Joonas Karhu**, CEO of leading iGaming content provider, *Bojoko* to hear his thoughts on this blossoming region and how we as an industry can make the best of what Canada has to offer!



1 How has your experience operating in the Canadian market been so far?
What products do you think will be the biggest drivers of growth going forward?

The **biggest driver of growth will be the changing regulatory landscape** that will encourage new investment capital. The **Canadian market** is now **starting to move through its biggest period of change** to date, with provinces shifting to a regulated market model. **Ontario** and the success it

has enjoyed since opening its doors back in April last year has **no doubt been a catalyst for this.** The embracing of **regulatory/licensing frameworks** is also being seen in other markets such as the US and even Finland, and this too is **changing perceptions among lawmakers across Canada** and indeed the world. **Regulated markets provide the stable, predictable conditions** that businesses look for when deciding where to invest next, and **Canada will now be seen as a top priority** for many.

When we first launched in

Canada we could view it as a single market, but now **with provinces regulating it has to be seen as multiple markets** – similar to the state-by-state approach being taken in the US. **In terms of the products** that will be the biggest source of revenue, the **various Canadian provinces might have some similarities, or they might be completely different from each other. Only time will tell** if certain provinces lean more towards sports and others towards casino and bingo. **I had hoped that politically the provinces would have come together and agreed on the same rules and regulations for all Canadian markets**, as this would have allowed for all products to be offered as is the case in Ontario, **but this hasn't come to be, unfortunately.**



2

Many Canadian players will still be very new to the online betting experience.

How important is it to educate your novice community and can it be done through content?

Content can be used to educate players about online sports betting and casino, **but it's more important for operators to make the barriers of entry lower for new players.** My colleague recently [wrote](#) about how operators **should consider lowering their minimum deposit amounts to let players try their sites** without having to spend large sums of money. At *Bojoko*, **we've seen brands in the UK that offer low minimum deposits**



receive a lot more first-time depositors than those that set the limit higher, so it's a **clear sign that players are interested in trying online gambling but in most cases, the payment thresholds are set too high. Another tip** would be to **offer bonus money or free spins so that new players can try out the product before making a deposit** of their own. I'm glad brands are doing this more and there's been a steady line of requests from Canadian operators to be listed in *Bojoko's* no deposit bonus section.



3

As an international affiliate, you have the benefit of experience from the well-established UK market.

How do UK players compare to their Canadian counterparts?

There are **surprisingly few differences when it comes to gambler preferences** across markets, at least in Western countries. Some of the **key aspects that players look for when deciding where to play is a mobile-first product** with a wide range of deposit options, as well as a competitive bonus offering and low barriers of entry. There are **plenty of cross-sell opportunities to explore**, too, and especially between casino and bingo. That's why we



recently took the decision to launch a dedicated *Bojoko* Bingo offering in the UK to complement our casino and sportsbook comparison services. **As the market matures in Canada, I expect similar opportunities to open up for operators looking to engage players across different verticals** and drive play across casino, sports, bingo and more.

4

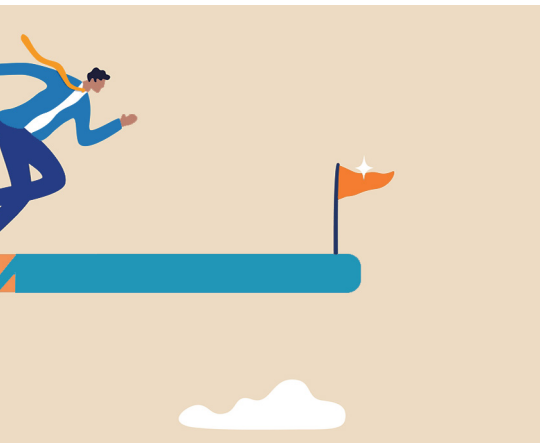
Unlike some US states, Canada does not require affiliates to have a license.

How will these different models impact the market going forward?

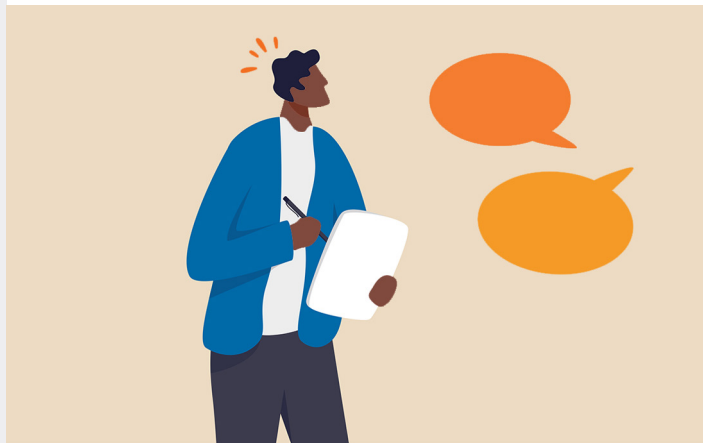
Requiring licenses for affiliates will stifle innovation in the industry. **Professional affiliates** such as *Bojoko* have **first-hand, unbiased knowledge to offer to industry stakeholders** like operators, game developers and payment providers **that can ultimately help them provide a superior customer experience. But this experience and knowledge will be lost if affiliates are required to apply for and secure licences.** This is **certainly the case for smaller businesses** that still have a lot to offer both players and operators, **as the cost of securing approval in states and provinces will be prohibitive**



and they will simply choose to not enter the market. This will create a sort of monopoly where only the largest companies with the deepest pockets will be running comparison sites, **and this is bad for players, operators and the industry as a whole. I'm therefore pleased to see that Canada, so far, has not required affiliates to secure licenses.**



EDITOR'S NOTE



After catching up with Joonas, **it's clear that the evolving regulatory landscape will be a major driver for this market** going forward, encouraging a flood of fresh investment capital, and the **impressive growth of Ontario is a massive testament to this, with more provinces expected to follow suit** later this year.

! Joonas also reminds us that **because the market is still so young, operators must ensure their barriers to entry are not too high.** He recommends **lower minimum deposit requirements and plenty of free play opportunities,** as a way of encouraging more first-time players to try out their products.

We look forward to seeing how this market matures going forward.



EDITOR'S CONCLUSION

Our panellists see **massive opportunities in the US market**. The **teething problems** have **mostly been experienced and resolved** by first-movers and we're **starting to see a more clearly defined market emerge**.

But maturity in a market brings its own set of challenges.

For a start, **regulators are starting to look beyond licence fees and tax rates** to player protection, responsible advertising and stricter geo-compliance.

In Europe massive fines have been levied at operators who don't meet their licence

ANIKA HOWARD pointed out that there is a **lingering fear that online gaming may cannibalise existing retail propositions**. **But as the benefits of an Omnichannel experience become clear, this is also likely to change**. As more land-based casinos launch successful online offers, **there may be a commercial warming towards iGaming that feeds into the regulatory situation**.

BEN CLEMES shared his experience with the Hard Rock casino in New Jersey. **Use of the property as an acquisition tool will become even more important** if advertising restrictions are toughened, **but to grow the market it will need to embrace an Omnichannel strategy**.



conditions. And the **same is likely to start happening in the US** if robust **responsible gambling and anti-money laundering measures aren't put in place** as a matter of basic compliance.

Meanwhile, large states such as New Jersey and Pennsylvania, while relatively immature in comparison to Europe, are **starting to mature by US standards**. They are **continuing to grow**. **CPAs are falling to reach more workable levels**, and **this may be an opportunity** for new incumbents to enter these states.

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