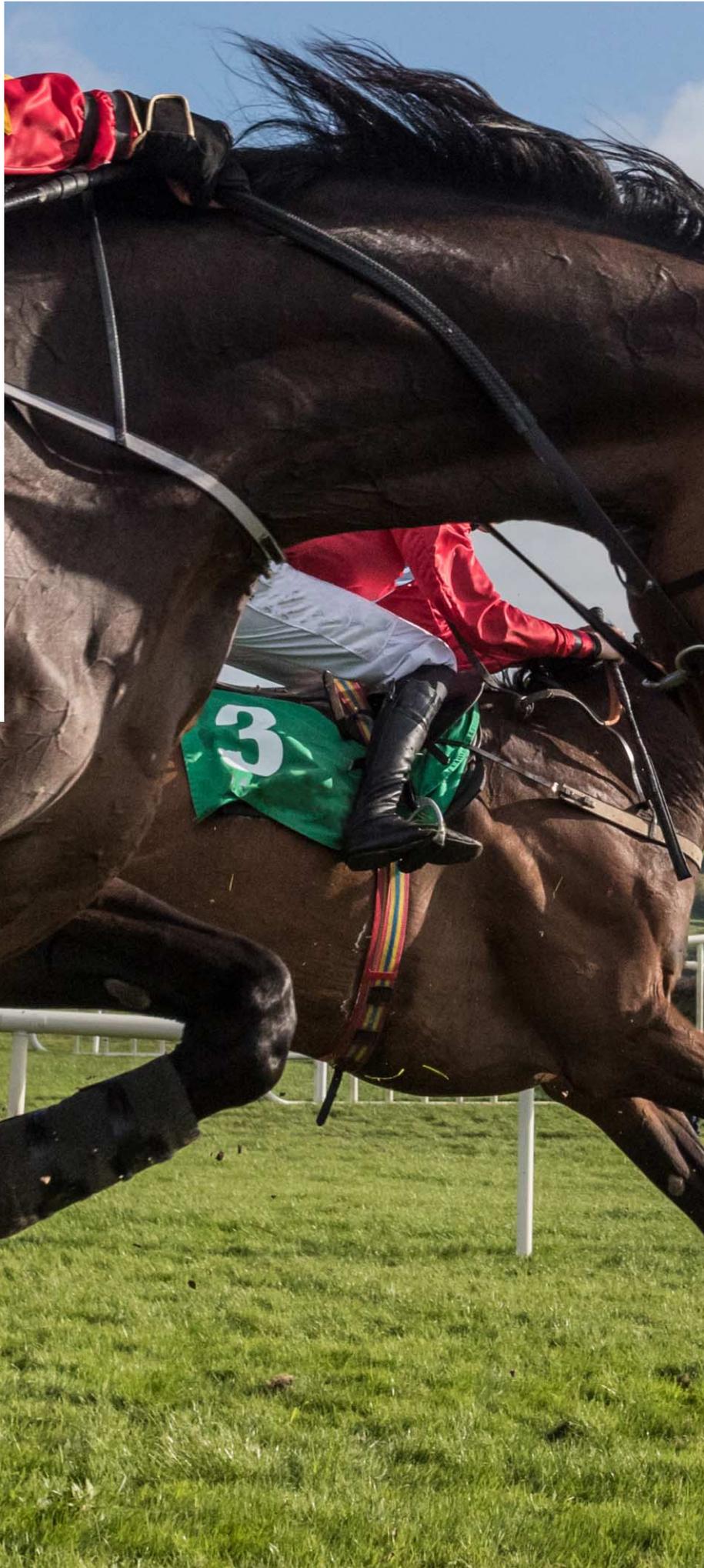


Racing Uncertainties

The future of betting

Horse racing is one of the oldest of all sports, but what does its future hold within the modern-day sportsbook? Experts from Pronet Gaming, SIS, Aspire Global, and Betegy discuss whether racing products have become a must-have for operators in emerging markets and consider the clamour for fixed-odds betting options in the United States.





Morten Hauge,
Head of Sports,
Aspire Global

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Horse racing is betting and betting is horse racing, but can modern sportsbooks thrive without a racing offering?

Morten Hauge, Head of Sports, Aspire Global:

The answer is yes if you are outside of the UK and Ireland. If you are operating within those countries, then it becomes very difficult – as can be seen by the fact that there are no large brands in the UK and Ireland that do not offer horse racing. The situation is different when it comes to other markets, particularly in those regions where racing does not carry so much cultural weight.

Paul Witten, Commercial Director at SIS: While modern sportsbooks can offer markets on an array of sports across the globe in different time zones throughout the day, there is no doubt that horse racing continues to play an integral role amongst bettors and operators. In fact, in more than 30 years of creating and distributing betting events for horse and greyhound racing on a global scale at SIS, we have never seen such a strong demand for racing content. Sportsbooks want to be in the best position to offer the most immersive sports betting experience to engage and retain customers, which often includes providing a compelling horse racing offer.

From Latin American racing to high-profile events in the Middle East and North America, bettors are engaging with the range of horse racing on offer, if the quality of content is there. As a result, it's more important than ever for

operators to provide their customers with content throughout the day, at times which suit them, to capitalise on this opportunity. The demand is there – it's about meeting it with the required quality of content and delivering it at the right time if sportsbooks really want to thrive.

Thomas Molloy, Sportsbook Product and Trading

Director at Pronet Gaming: It depends on the market and more specifically, the appetite for racing within that market – horses for courses, you might say. Generally speaking, while you find there's an element of racing heritage to draw on in LatAm, across Africa that is not necessarily present.

In the case of most regulated markets, racing is certainly an integral part of the sportsbook mix. On any given day, the number of events is huge and from an operator perspective it is a very attractive proposition: the margin is high and the product is sticky, offering punters a highly engaging experience that they want to come back to time and again. Finding the right partner is key and that's what we were striving for when we teamed up with BetMakers earlier this year.

Alex Kornilov, CEO of Betegy: In the UK it is essential, and in certain European markets with horse racing scenes, such as Germany and France, it is important. For emerging markets, this can be a wholly different kettle of fish. LatAm is a good example of this, Colombia, or Peru for example, do not have a huge racing heritage.

Of course, it offers plenty of potential for conversion as part of the content mix, along with Esports and virtuals, and is arguably a very good way to monetise extra traffic. At the end of the day, it's all about cultural heritage, and this really will vary from country to country. Compare Peru and Colombia to Argentina in this case, and given Argentina's strong polo culture and an acceptance of equine sports, and you're always going to see more popularity than further north on the continent, which does not have that heritage – meaning that you'll see far more sportsbook offerings without racing as the demand simply won't be there.

What factors are considered when deciding whether to offer racing products in emerging markets?

Alex: The key aspect for this is as simple as the popularity of the sport in the market. Horse racing should work hand in hand with betting, as it is specifically designed to work with bets. We can see this with regulation of racing tracks and of course the desire to be associated between betting brands and major events in the calendar. However, if there isn't a culture of horse racing in a market, it can be difficult to convert large swathes of the populace to enjoy the intricacies of betting on horses, as the tradition just isn't there.





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Pronet Gaming

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Popularity of sports should always be the first factor to consider. If that exists, then there is an opportunity to grow popularity of events like horse racing to fill gaps in the calendar, and in many cases – this can be very lucrative.

Australia is a good example of this – look at the Spring Carnival, where they have successfully cultivated a huge following during the traditional lull period between football and cricket seasons, carving out a key place in the sporting, and thus betting, calendar for racing. It becomes easy to promote and enjoy, and given its prestige, it can strongly appeal to all generations and demographics.

Paul: A different approach is required when offering horse racing content in emerging markets, particularly if the region has little racing heritage. From our experience, it boils down to closely supporting operators who are new to the sport and making the content more relevant for their specific audience.

In markets across Eastern Europe, we have seen that bettors with little knowledge of horse racing can still find the betting experience enjoyable. It means placing a greater emphasis on offering markets that are easier for newcomers to understand. This has proven to drive betting engagement in areas across the globe that traditionally have not been associated with horse racing.

Thomas: Rights holders play a crucial role in ensuring that racing is funded properly. We are seeing a very similar movement emerge in racing to what has played out with sports rights data

across other sports, often leading to litigation. As we see it, racing needs to be funded properly to become sustainable. The margin that race betting offers allows for fees to be paid back into the sport while still allowing the operator to make a healthy profit.

Morten: Naturally, commercial factors are a major consideration. You also need strong information on the race card to inform betting decisions and the availability of live streaming so that punters can watch the action.

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What drives demand for racing betting outside of markets with an established appetite for the sport?

Paul: The availability of racing content across all hours of the day is very appealing to sportsbooks worldwide. Operators are constantly demanding new content to meet the growing expectations of their customers. Even those sportsbooks that operate in jurisdictions that have little association with horse racing are discovering the sport is a valuable and engaging betting product, delivering sustained levels of betting activity.

With quality race meetings taking place daily across different time zones, horse racing provides operators with a greater frequency of betting opportunities. At SIS, we have a market-leading range of UK and international racing, so operators can take advantage of our 24/7 Live Betting Channels to help provide an engaging betting experience to their customers throughout the day.

Morten: Looking particularly at Africa, punters love to have the chance to win big. All that is needed is to put together a couple of horses on the same betting slip and they can achieve just that. You also have key factors such as live streaming and fast-paced, exciting action, which drive engagement and ensure a positive experience.

Thomas: It boils down to the number of events that can be put in front of the customer, in what's now a global sport. Racebooks very often feature races from over 20 countries, with up to 5,000 races per week. When we expanded into horse racing this year with BetMakers, we gained access to over 250,000 races every year and live streams of up to 2,500 races per week.

It also allowed us to offer SameRaceMultis, with accumulator bets able to be placed within a single race. That is a particularly attractive option for those markets where customers want to spend little with the chance of winning big.

Alex: It's all about continuous events and fixtures. Racing offers an action-packed schedule nearly every day of the year, and much like esports or casino, these races go off at extremely regular intervals. Races are something you can bet on anytime you want to get in on the experience as it's truly global, whether that's Cheltenham in the UK, Santa Ana in California, or Ellerslie in New Zealand, making it truly 24/7. Streaming has also come in leaps and bounds, meaning that you can effectively have round-the-clock racing TV via your betting operator of choice.

This frequency is exactly what drives the appetite and given its global reach, it is certainly not limited to a specific region. Of course, horse racing has very strong societal acceptance for many countries given its place in popular culture, which easily outstrips other betting event.

Given this history, it's a prestigious sport, and this attracts those who may turn away from the less glamorous side of betting, whether that be minor football leagues or other less notable sporting fixtures. Such prestige is always going to be something that many will want to share and talk about, which creates further brand capital.

What impact has technology innovation had on the provision of racing data? Who benefits – operators, suppliers, or punters?

Thomas: Additional information, readily accessible at the fingertips of punters, helps to drive operator turnover and serves to increase both the confidence of the customer in placing a bet and the social licence of the sport. Every stakeholder benefits from the increased provision of racing data in all its forms.

Morten: At the moment, it is a very difficult customer journey to place a bet once a race has started. We are at the stage now where data and odds movement are more-or-less automatic, so that makes it easier to manage risk. Despite this, I can't see live betting being successful for the wider public unless you can produce a compelling product using pre-set parameters – for example, if my horse is in the lead with 500 metres to go, then the punter can click a box that states a bet can then be placed on that selection. However, I don't think anyone is close to allowing for automatic bets to be placed in-play.

Alex: First, data is what drives this growth. The modern player has grown up with data-driven betting, and they expect a whole array of statistics, and this is what helps study the form, and provide an informed incentive to bet. This data transparency is exactly what allows us to create fixed odds betting, and it has excellent potential.

With data flow, all these aspects (weather, jockey, going, etc) can be considered to drive interest, and in turn, betting. If this data is reliable, then you can build a very accurate picture of predicted outcomes for races. Data transparency also can 'de-fraud' the industry – as it allows operators and regulators to evaluate the data from an accurate picture to ascertain whether a race is ever fixed.

Paul: The advancement of technological innovation has had a significant impact on the racing industry when it comes to racing data. There is some great work being done across the globe, which is ultimately benefitting the entire horse racing world. At SIS, we have boosted our data and trading capabilities through our recent investment in the Australian racing data science company RACELAB GLOBAL.

We are now able to utilise RACELAB's automated quantitative modelling platform that accurately measures runner performance using a globally standardised format for all racing codes, which is then applied with all relevant upcoming race statistics to generate market leading betting prices. Through the partnership, SIS is now able to gain instant access to a complementary suite of next generation technology products and services, which will massively benefit our operator customers, while also ensuring that bettors can access the best odds and prices.

William Woodhams, CEO of Fitzdares, recently told G3 that UK horse racing is too fragmented and needs a 'benign dictator'. Do



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SIS

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you agree? Is the sport doing all it can to maximise the Levy funds it receives as the number of retail shops taking up media rights continues to fall?

Morten: From a commercial perspective, there are still significant hurdles that are placed before content can be enabled on a sportsbook. If you are a small operator looking to offer horse racing, the costs involved mean that it simply isn't feasible. This means that content ends up being funnelled towards the big operators and leads to less flexibility and a reduction in innovation. If the racing authorities impose a levy on turnover, then they also need to remove the obstacles placed in front of operators to ensure that turnover flows freely.

Paul: SIS is fully committed to supporting the UK market and remains a key component of the value chain. Moving forward, it's incredibly important that the entire UK racing industry, including bookmakers and suppliers, collaborate successfully to deliver quality racing content to bettors across the UK.

For example, in partnership with Racecourse Media Group, we recently announced that we have concluded a deal for the extension of our rights to distribute and transmit audio-visual and data from British racecourses, from 2023 to 2026, to licensed betting offices across the UK and Ireland. Entain became the first company to sign up to receive this content post-2023, ensuring a deeper partnership between all parties and the wider horse racing industry.









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We're expecting many more leading operators to follow suit.

Thomas: I think his comments were likely UK-centric. Certainly, there's change occurring in the UK currently and there's more to come, because the funding model was and is fundamentally broken. Figures from the Racecourse Association (RCA) in 2019 showed that owners paid out £621m in expenditure yet there was only £161m available in prize money. Since then, COVID-19 has also landed a hammer blow to retail. Globally, some markets do things better than others but there's no one-size-fits-all solution at present.

Finally, a brief look at the US - could fixed-odds betting on racing take off?

Alex: In truth, no-one knows just yet. US-based Betmakers are pioneering this space and it's clearly the right move. Time will tell us how it will go, as it is riskier than floating odds, but it is essential, as it makes bettors comfortable as it looks more like a 'fair deal'. For racing, you want to know the odds, as it is in effect telling you the 'chance' of winning.

This shift in mindset makes it easier to understand and get involved, as the price is in effect static. When it comes to setting the narrative, this also enables power rankings and a media conversation around it as it has a predicted outcome, which can further drive hype around the sport as it's a commonly shared story that can be talked about.

Thomas: Absolutely it can, and it will. Wagering

operators going online across the country need product to serve what will become a considerably larger captive audience than racing currently has in the US. Fixed-odds product will fit seamlessly into the sportsbook environment, and I believe that it can be a driving force in ensuring that the overall value of the racing market more than doubles.

Morten: There is no reason why it shouldn't. It is a better experience in that punters know what odds they are getting when they place a bet, but it will be interesting to see how it plays out with smarter customers who will be looking to take advantage of any potential discrepancies. Ultimately, though, it should serve to increase the overall turnover in the market and that is of benefit to everyone.

Paul: There is significant opportunity for horse racing in the US. With state-by-state betting regulations changing, horse racing can capitalise on this by establishing a new self-sustaining model and we believe that fixed-odds betting can be a major part of that framework, benefiting all areas of the racing industry from horsemen to racetracks – as well as obviously attracting a new, younger audience to the sport.

There's been plenty of talk about how the fixed-odds model could bring in a new set of bettors looking for something to bet on between other events, but for fixed-odds betting on horse racing to attract new bettors, it must be presented in a different way to pari-mutuel – such as a one-click bet, with bite-sized information available to help customers make informed decisions and feel more comfortable when engaging with the product. Fixed odds also provide more opportunities to introduce new betting types, such as parlays and propositions, which aren't available through the current tote offering.

Ensuring that the fixed-odds offering is comprehensive, and offering the back-end trading, odds compiling services, and technologies for this to be successful will be critical as US states open up to fixed odds-on horse racing.

We recently launched SIS Content Services Inc., demonstrating our commitment to the US. For sportsbooks, we offer a full turnkey solution of real-time data and video feeds, and trading services on our portfolio of over 30,000 horse races, along with greyhound racing and esports betting. We also offer fixed-odds distribution for racetracks both domestically and globally to maximise revenue and attract new customers to the racing product.

We have experience in other global markets in introducing fixed-odds betting on racing, which has proven to be very successful in attracting new betting audiences and driving operator revenue and profitability. We are confident that it can complement the current pari-mutuel system, ultimately helping to grow the racing betting product in the U.S.