

INDUSTRY INSIGHTS

Members Only Monthly Report (page 1 of 4)

Sportsbook and Online Gaming

Insider's Insight

from TribalHub's Executive Officer, Mike Day



In this first TribalHub Insights of 2021, we are focusing on the growing disruptive change facing the entire gaming and hospitality industry within Native American organizations. Specifically, the fast moving opportunity and business disruptor known as online gaming and sports betting.

As I write this, I am in the TribalHub offices in Michigan and we are a mere two days away from the full legal launch and go-live of both online gaming and sports betting sites across Michigan. I would like to share with you some thoughts and observations from the past few months in Michigan.

Point #1: New online or mobile customer acquisition cost can be very competitive and costly. For the past two months, billboards, online ads, news stories, and seemingly every other commercial has been broadcasting one of the established brand's new online casino and sports betting sites and apps. Each of them dangling between \$50 and \$200 a person in free money for signing on the dotted line with them as a customer. Each of the well known brands understands well that they are not restricted by State geography, and they can acquire new customers just as easily from any urban or rural part of the State of Michigan. This is a great opportunity for every online brand/provider that could not be achieved by traditional "brick and mortar" casinos. The early big "free money" spend has worked to get me to create an account with each separate brand, but now what will they need to do to retain me against the competition? I will be "testing" each of the new sites, and have close to \$1000 in free play bets available to me.

Point #2: Downloading online gaming and betting apps outside of the normal Apple or Android app stores is a bit clunky and slightly scary for customers in a world full of online cyber security threats. Any organization looking at online gaming/sports should spend a bit of time to fully understand that process from their provider/partner.

Point #3: Well, perhaps this is more of an observation and comment than a "point". I am wondering why I primarily see the existing big name brands competing for early customer acquisitions? Where are all the Michigan tribes and their own brands in this early media and acquisition blitz? Now, I know that some of the State's tribes have signed on with these big brands,



providing those well known brands with legal entry/access to the State, and in return getting their own existing customers access to an online gaming/sports system as well as some piece of the "revenue pie" from Michigan. No judgement, that may be the smart move in the long run. I still wonder.... Are tribes missing a financial opportunity here by working individually with third party providers rather than uniting under their own brand? Just a thought, but I wrote an article about this a few months ago that you can find here: [Think Big Now](#).

In summary, online gaming and sports betting seem to be on a much faster march towards approval in a large number of States in 2021. The Covid pandemic accelerated anything online or remote, and each State seems to be prioritizing tax revenue generating opportunities after a difficult 2020 year. If you have not done your homework, you may be left scrambling to sign with a partner/provider(s) to be able to offer this new service to your customers, without considering all of your possible options. There are numerous new business, operational and technical considerations to these new products and online platforms. See tips below for help.

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Industry Information Portal

CLICK HERE to login to the TribalHub Industry Information Portal now!

Tips on Maximizing Your TribalHub Membership

At TribalHub we have created an online gaming and sports betting RFP document available to all TribalHub Members. It is for anyone interested in some of the best practice questions you should be asking and considering. You can download that from the TribalHub Member portal or feel free to request it via email at contactus@tribalhub.com.

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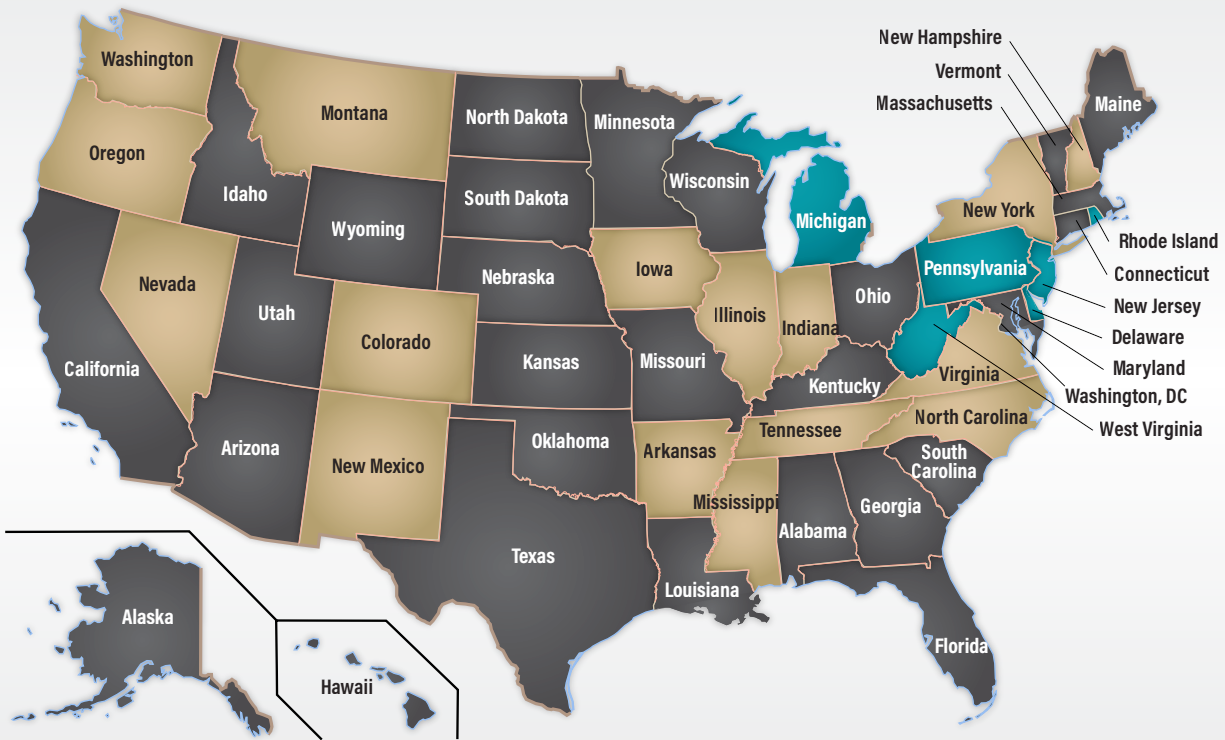
According to the American Gaming Association (as of 1/28/2021) and PlayUSA.com, sports betting and online gaming is live in the following states:

U.S.A. MAP KEY

States that **DO** Offer Sports Betting

States that **DO** Offer Sports Betting & Online Gaming

States that **DO NOT** offer Online Gaming or Sport Betting



PEER TO PEER- TribalHub caught up with a few tribally owned casinos to see where they were at in the process of implementing sportsbook or online gaming at their properties.

Legal / Not Yet Operational

WARREN MILLER, Director of IT,
Coushatta Casino Resort



We checked in with Warren Miller, the Director of IT at Coushatta Casino Resort (owned by the Coushatta Tribe) in Louisiana, to see if they had plans for implementing sports betting or online gaming at their property. As of November 2020, Louisiana has been approved for sports betting and they are currently waiting on the governing bodies to write the regulations. They do not anticipate approval until late 2021 at the earliest, but more than likely it may be 2022 before they have approval to launch sport betting services at their site. Coushatta Casino Resort plans to partner with IGT as their sports betting provider.

As of right now the biggest challenges they are facing are mostly with the regulators understanding the platform. Outside of that, the other foreseeable technology challenge that may be an issue is how they will Geo-Fence the application for their location, if allowed by the regulators. So far the role of the technology team has been mostly in communicating with the vendors and management team, to understand their role and to gain a better understanding of the technology involved, in order to ensure a successful rollout.

Coushatta Casino Resort is looking forward to having an additional offering for their customers that can keep them engaged on and off the property.

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Legal / Taking Bets

TRAVIS GARLICK, Assistant General Manager, Sky Ute Casino Resort

On June 9, 2020 Sky Ute Casino Resort (located in southwest Colorado) announced the launch of Sky Ute SportsBook, a new mobile sports betting app. The app, available on IOS and Android mobile devices, is now live and will allow anyone 21 years-old or older in the state of Colorado to place legal bets on sporting events. The casino is currently closed due to the COVID pandemic and plans on opening a retail brick and mortar sportsbook once the property is reopened.



The Sky Ute SportsBook mobile app gives players the ability to place bets on the most popular sporting events, including football, basketball, baseball, golf, NASCAR, and most college sports. The online app experience offers a wide range of betting options, including points spreads, money lines, over/under, parlays, prop bets and a list of live in-game wagers.

The venture is managed by Sky Ute Casino Resort in conjunction with a service agreement with professional sportsbook betting and odds management company, USBookmaking, based in Las Vegas, NV and the only Native American-owned sportsbook company in the United States. In addition, Sky Ute selected Sightline payments as the funding platform for the mobile app in conjunction with Stadium Technologies as the mobile betting platform.

The Sky Ute Casino Resort is owned and operated by the Southern Ute Indian Tribe. The Tribe's IT division known as Southern Ute Shared Services (SUSS) division has a team very experienced in the casino industry. All of the servers for the sportsbook are located on the Southern Ute Indian Tribe and managed by the Tribe's IT division.

There are numerous challenges venturing into the mobile sportsbook arena; challenges include regulatory, gaming-compact, legal opinions, technology, funding source and so on.

A challenge every new operator will face is selecting a funding source to interface with the sports betting platform. Credit Card Merchant Service Companies and Credit Card companies are being very cautious transitioning into the online sportsbook space. Operators must produce comprehensive network diagrams and commissioning documents proving there is no violation of any Federal or State Law including the Wire Act. The Sky Ute Casino selected Sightline Payments as the funding solution and they were able to navigate their team through this complex environment.

Another issue on the horizon is the major sports leagues role in sports betting. In Mr. Garlick's opinion, one of the significant challenges faced by the major sports leagues is the requirement of Official Data for sports betting. Regardless of the realization of Official Data or passing an integrity fee, the leagues will attempt to monetize on the legalization of sports betting. There is a perception that there are large margins on sports betting and that is not the case. Adding integrity fees or Official Data subscription fees to operators may impede on the feasibility of starting up sports betting ventures for Tribes.

When asked if Mr. Garlick had some words of advice for Tribes who are venturing into sports betting or mobile sports betting he said "You should have a solid understanding of the history of sport betting in the United States. The unique aspect of sportsbooks in the United States is essentially the laws and regulations and in every state these are different. In many cases, tribal gaming compacts are different from one another in regards to gaming. Thus, virtually every Tribe will be in a unique situation as it pertains to the legalization of sports betting based on which state the Tribe resides in and on their gaming compact. I would recommend to Tribes to have their key staff take courses similar to the Sports Betting Certification Course offered through University of New Hampshire."

Originally, the casino expected sportsbook operations would provide an additional and sustainable revenue channel for the property. However, after closing the property during the COVID pandemic, it became their only revenue channel during the closure. They believe a post COVID market will embrace online sports moving forward.

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Legal / Taking Bets Launched January 2021

ANDREW GENTILE, General Manager, *Little River Casino Resort*



We reached out to Andrew Gentile, the General Manager at Little River Casino Resort, one week prior to the launch of their sportsbook and online gaming. Their property is located in Manistee, Michigan and is owned by the Little River Band of Ottawa Indians. Little River Casino Resort just received approval to launch both online gaming and online sports betting effective January 22, 2021. They have partnered with Rush Street Interactive (RSI) for their sportsbook services and their online gaming provider will be BetRivers.com which will be co branded with Little River Casino Resort.

All new ventures present their own set of learning curves. One of the challenges presented by these new products and services was that licensing and State regulation is new to their Tribe and most of the Resort team. RSI has been a great partner in developing internal controls that will exceed the regulations, but every jurisdiction puts their own little variation into the regulations and working through those variations took significant teamwork with their partner. Another challenge moving forward is determining the best way to ensure compliance with their internal controls and the State's regulations, when the system provider and their vendors maintain almost complete control over that compliance. As far as technology challenges, the main issue was determining a methodology to ensure all technology is compliant with their internal controls and the State's regulations. Access to their partner's system is very minimal outside of verifying revenue and certain player information for Title 31 reporting, however they are considered the operator and responsible for validating compliance. If your jurisdiction is still in the development stage and maybe still a year or more out from go live, then the other big issue is determining if you have the technical resources to develop your own system or whether you want to partner with an existing provider.

By partnering with an existing licensed third party system provider, the role of the technology team has been limited to testing their internal control requirements and documenting that their partner and their vendors have acknowledged they are and will continue to meet or exceed said compliance. The bigger workload has been on the Finance and Marketing teams. Finance needed to be trained on the back of the house reporting for revenue audit and tax reporting to the State. Marketing was vital in cross marketing and ensuring our branding standards were properly followed in the cobranding of the site.

Some of the benefits they are hoping to achieve with online gaming and online sports betting is growing brand awareness, expanding avenues for gaming revenues, and providing opportunities for continued revenue if the "bricks and mortar" operation is subject to business interruption or closure in the future.

BONUS!

As a valued TribalHub Member we are giving you free access to the TribalNet 2020 Sports Betting-

Success and Failure Session from the Gaming & Hospitality Track



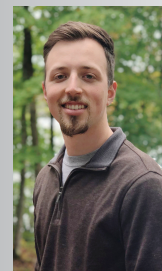
PRESENTED BY

- **Sheila Morago**, Executive Director, Oklahoma Indian Gaming Association
- **Kevin Smith**, Director of Marketing & Communications, North America, SBC-Sports Betting Community
- **Valerie Spicer**, Founding Partner, Trilogy Group
- **Witek Wacinski**, Vice President of Strategy & Development, MGM Sports Books (BetMGM)

Link to video: <https://vimeo.com/504512299>

PASSWORD: TribalNet2020_SportsBet

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