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Richard Carter, SBTech

SBTech: from pretender to contender

SBTech has made big bets on casino and regulated markets as it targets a leadership position as a sports betting supplier. Chief executive Richard Carter discusses what is arguably the most successful period in the company's history

DESPITE OPERATING IN one of the most competitive verticals in iGaming, SBTech is enjoying one hell of a winning streak. In the past year it has moved into the regulated Polish and Spanish markets, as well as strengthening its presence in Romania and launching a new brand for Danske Spil in Denmark.

It has also begun preparations for regulated US sports betting through a partnership with GAN. In Luckia and Argyll Entertainment, it has poached clients from competitors. Its core product has also been enhanced by the launch of its gamified live betting feature, Pulse. Most importantly, of course, it secured the 2018 *Gaming Intelligence* Award for Sports Betting Supplier of the Year, its second consecutive win.

Richard Carter is now into his third year as chief executive. Before joining SBTech in March 2016, Carter had spent years as an analyst for Deutsche Bank, helping operators such as 888 Holdings, 32Red and Empire Online raise equity and list on the London Stock Exchange. Industry commentators suggested that he had been brought in to oversee the business's sale. Instead, he has overseen a period of rapid growth.

And he refuses to take any credit: "It's important to recognise that SBTech was already doing great things and had a lot of momentum in regulated markets before I joined," he says. "I was perhaps lucky with timing and arrived at a time when regulators had started to re-regulate the online element

of the industry, having only had land-based gaming legislation previously.

"What the team has done since I arrived is to continue to maintain that momentum, invest in the product and platform, and to deliver increasingly complex projects," Carter explains. "I am happy to say that the outlook continues to be very exciting, as dynamics for sports betting, globally, remain very compelling."

On his watch SBTech has invested heavily in its core sports betting product, with a key focus on features to enhance the betting experience, such as Add2Bet, Pulse and Action Betting. It has also been particularly successful in leveraging its Chameleon360 platform to offer a full player account management system, supported by personalisation and localisation features.

The company has also developed its Casino Hub solution, meaning it can complement its sportsbook with a range of gaming products. These three features would set up most companies for success, but Carter argues that it is SBTech's regulatory focus that gives it an additional edge.

"We've invested a huge amount in regulation and compliance tools, allowing our clients to deploy quickly and cost-effectively into newly-regulating markets," he says.

The company is currently licensed in 15 territories, "More than any of our B2B sports betting competitors," Carter notes. It can point to deals with Danske Spil and Czech lottery



operator Sazka as evidence that the most regulated operators have confidence that SBTech is a reliable partner.

In Carter's eyes, a focus on regulated markets makes good business sense above all else. "When you look at the industry today, especially in Europe, regulation creates a lot of opportunities for companies like SBTech," he says.

Regulation has even been built into SBTech's systems. The company's platform has been designed to factor in "almost any regulation a regulator can think of", making it more cost-effective and less time-consuming for clients looking to enter new territories.

"You'll see the same strategy with the US," Carter continues. "We're investing heavily in our product and on compliance and regulation, so we can continue to maintain our recent success in building market share in newly regulated jurisdictions."

This focus on compliance is supported by scalable software that is built in modular architecture, allowing clients to pick and choose the services they need, rather than a one-size-fits-all solution.

"This is ideally suited for the major operators and 'local champions' who are looking to expand beyond their home territories for growth, and find it difficult with their historic incumbent suppliers."

Deals with Danske Spil to launch the new youth-focused Yobet brand, and to power Sky Betting & Gaming's German site suggest that operators are starting to take notice. However, Carter admits, the incumbent suppliers have often worked with operators for a long time,

and have long-term contracts in place. This means it is a case of using smaller deals to build trust and show what SBTech can do.

"It's unlikely that major operators will want to have a lot of different suppliers, so it's a case of proving ourselves and our capabilities, and then challenging for the existing contract over time," he says.

In the deal with Danske Spil, SBTech's Casino Hub solution was key to it securing the contract. And, with single-vertical operators a thing of the past, it appears single-vertical suppliers may soon become less prevalent.

"If you look at all major online sports betting brands, specifically in Europe, you'll find that the majority are generating 25-50 per cent of their total net gaming revenue from casino and other products," Carter says. "You can see that in the UK, Spain, Italy; so not having a competitive casino offering is going to be a huge disadvantage. Many operators make a lot of cash flow from cross-sell, and so the casino offering is always important. This trend of sportsbooks leveraging casino and vice versa has become a lot more evident in the past five years and is a big growth area for SBTech."

The importance of cross-sell is evident from the supplier's latest sports betting innovation, due to go live in time for this summer's FIFA World Cup. Your Bet is SBTech's variant of the service where customers ask for odds on a result or event and have it instantly priced up, as part of a drive to add more depth to the sports betting product and enhance personalisation.

Pulse, where players bet on a specific outcome in a defined period, for a payout that rises as time runs out, is another example

of how it is looking to offer an extra level of excitement. This could be seen as similar to a quick-fire lottery draw rather than a traditional sports bet, and highlights how suppliers are starting to take a bigger role in helping cross-sell players from sports to casino.

While the tournament presents a major opportunity for operators, for suppliers it is more of a testing ground for products and services. "For us it's a case of adding more depth to our sports offering, investing in more personalisation, and improving and refining our bet recommendation engine," Carter says.

The US is more of a pressing concern. With the industry awaiting a Supreme Court verdict on New Jersey's challenge to the Professional and Amateur Sports Protection Act (PASPA), there has been a preliminary flurry of activity.



Scientific Games has snapped up NYX Gaming Group and the market-leading OpenBet sportsbook platform – and a number of states have begun to prepare legislation. SBTech has not been idle, agreeing a strategic partnership with GAN, which will see it launch a sports betting solution for the casino suppliers' land-based partners, regulation-permitting.

This is just the first step in SBTech's plans for the US, however. Carter describes the partnership as "an exciting first deal", but it is non-exclusive, meaning there is nothing blocking further expansion.

And as SBTech looks to make a splash in the US, it is likely to become an attractive target for potential acquirers. Consolidation is well advanced in the European gaming market, and regulated sports betting is

likely to prompt a flurry of M&A activity by US companies looking for expertise and assets in the sector. Will SBTech see itself snapped up?

Carter considers this question carefully: "I am sure if the right strategic opportunities come along, which would add value to SBTech, then the shareholders will definitely consider them. But first and foremost, SBTech's strategy and our mission statement is to be the dominant sportsbook and platform supplier in the industry, and our immediate focus is on making sure we execute this strategy."

In his eyes, SBTech is more likely to be an acquirer than to be acquired. The company is enjoying a remarkable purple patch at the moment. If Carter can keep this going, maybe he will also take some credit for the company's growth. ■

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