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26th February 2024

Senator Ron Watson
121 James Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Senator Ron Watson,

Playtech is grateful for the opportunity to provide a written submission supporting Senate Bill 603, which would legalize online casino games and online poker.

Introduction to Playtech

Playtech is a leading technology supplier to the gambling sector and one of the largest global B2B software and services suppliers. We are an FTSE 250 company regulated in over 40 jurisdictions, working with 180 global licensees. We employ more than 7,300 people in 20 countries.

Playtech provides operators (our licensees) with gambling software, data-driven services, and platform technology across the industry's most popular product verticals, including casino games and live dealer entertainment, sports betting, virtual sports, bingo, and poker. As well as being a specialist in online gaming and betting, Playtech is a key supplier of player management systems in land-based casinos and the largest supplier of self-service betting terminals (SSBTs) in the UK.

In 2020, Playtech entered the US market with a transactional waiver in New Jersey and has since launched casino games, our leading IMS platform, and Player Account Management (PAM) system. We have launched state-of-the-art facilities and live dealer game studios in Michigan, New Jersey, and most recently, Pennsylvania. In addition, we have entered the land-based sector with our retail kiosk terminals.

Playtech is also an active member of several North American trade associations, such as the Indian Gaming Association, the American Gaming Association, iDevelopment and Economic Association, and the Association of Gaming Equipment Manufacturers.



Playtech's Submission

US Regulated iGaming sector

The US locally regulated internet gaming (also known as iGaming) market collected gaming revenues of over \$6.15 billion in 2023, despite the total population of where iGaming is allowed being less than 40 million. The iGaming sector witnessed a significant growth of over 22% year-on-year in 2023, indicating its increasing popularity among consumers.

Even in a mature market like New Jersey, which first opened over ten years ago, gaming revenue continues to impress, with market growth of 16% year on year in 2023.

VIXIO GamblingCompliance, a leading intelligence provider to the global gambling industry, forecasts that the Maryland market iGaming revenues will be worth more than \$700 million by 2027.

Live Dealer Studios

Playtech is a world leader in cutting-edge Omni-channel live casino software, content, and services. Playtech has three studios in New Jersey, Michigan and Pennsylvania in the US.

We have vast experience opening studios worldwide and are among the most experienced in the US. As with any new studio, there is a significant initial investment in constructing and developing a local studio and hiring and training best-in-class personnel/dealers, who often grow into other opportunities within the business.

Although live dealer games are sometimes dubbed casinos without players, the studios are not the casinos but are suppliers. A gaming supplier would only receive a low percentage of its license holders' net gaming revenues from these games, often classic casino low-margin table games, such as blackjack and roulette.

Once built, live dealer studios have operational costs, such as security, IT, and equipment, to ensure operations can run 24/7 and our staff is trained and invested. In contrast to RNG slot games, for example, while there is a lot of initial cost invested in the game's creation, there is much less operational cost post-production besides certification.

For the above, we would encourage an overall iGaming tax burden to allow live dealer studios to appropriately invest and develop employees, innovate games, and invest in new equipment.

Online Poker

The success of Internet poker in the event of legislation will be helped if the state would join the multistate poker compact that would allow Internet poker players in Maryland to compete against players with compact members, such as Delaware, Michigan, Nevada, and New Jersey, with West Virginia recently joining the compact. This will enable Maryland poker players to play against more players and bigger poker prizes.

Reasons for iGaming

Playtech believes that legalizing iGaming in Maryland would have several advantages for the state. It would help to reduce the illegal offshore market and safeguard the interests of Marylanders. The offshore market provides online casino games, but with low standards of player protection and responsible gambling. Players are at risk of playing on untested websites and games that are not monitored or reported.

As society has become more digitalised, introducing local iGaming has been a natural addition to numerous markets worldwide, including some major markets in North America. Legislation has allowed the competent regulatory authorities to set the high standards they expect, and rules for operators, on the market. This is also for the benefit of their residents. In today's online environment, when an individual seeks to play online, they will do so beyond borders. However, where a regulated environment is provided, most individuals will play online in a more controlled manner.

Playtech welcomes a legalised iGaming framework that expects high standards from the gambling industry. We believe that this should encompass robust means of proactively preventing harm. Best practise examples in North America, in our view are New Jersey and Ontario. These require that operators employ player analytics and technology to spot problematic gambling patterns early on. This is a data-driven approach that allows for personalised interventions based on actual observed behaviour. It is an approach that protects all types of players and can be part of Maryland's iGaming legislation.

Legalizing the iGaming sector brings benefits to the players and the local government. Some of the benefits include the following:

- **Protection of players** – Offering a legal sector will mean players can play with local licensed and verified gambling companies. In addition, players will be kept safe by the regulatory framework designed by local regulatory authorities.
- **Creation of new jobs** – numerous new jobs that would be created if Maryland approved iGaming, notably with the opening of local live dealer game studios.

- **Government revenues** – As shown in the early days of sports betting, the iGaming sector will contribute both meaningful licence fees and tax revenues for the state government.
- **Greater accountability** – The state regulatory authority can set high standards and hold operators accountable by bringing the industry under local licences. This can include adequate security, game testing and software development, among other things.
- **Existing licence holders** - The introduction of iGaming could benefit existing sportsbooks that suffer seasonal effects when mainstream sports are in the off-season. This will allow operators to secure more recurring revenues.

In Canada, recent research by Deloitte estimated that in its first year, Ontario's new open and regulated iGaming market sustained more than 12K full-time equivalent jobs across the province despite the state not requiring live dealer studios to be within the province. It contributed nearly C\$1.6 billion (\$US1.18 billion) to Ontario's Gross Domestic Product (GDP), including over C\$900 million (US\$667m) in employment income.

A recent investigation from Eilers & Krejcik Gaming, a boutique research and consulting firm, showed that online gaming helps boost revenue for operators' brick-and-mortar properties instead of harming the sector.

In addition, pre-COVID, several European land-based markets in Italy, the UK, as well as New Jersey all experienced growth while having a growing online market.

Player Journey

If the legal market model is chosen, then to provide the best possible player experience, the financial burden, in general, should allow operators to offer games at a competitive return to the player (RTP). As business costs increase, some operators may use lower RTP slot games, impacting the player experience. RTP is the theoretical payback a casino player will get back when playing casino games over a long period of time. The higher the RTP the casino game has, the higher the chance the player has to win over the long run, and vice-versa.

The RTP also affects the length of the game session, as games with a higher RTP provide more minutes of entertainment and more value for the player's money.

Conclusion

As shown by the availability of data on retail and online sports betting, consumers prefer to wager online and are protected by the availability of local online sportsbooks. Much of the great work done in Maryland to regulate sports betting, such as licensing standards,



responsible gaming, consumer protection, and anti-money laundering practices, can be extended to the iGaming sector, meaning that a robust market could be launched quickly.

A well-designed regulatory framework will ultimately protect players from playing with offshore websites.

We welcome this chance to submit our views and look forward to future opportunities to share them.

Sincerely,

Charmaine Hogan
Head of Regulatory Affairs