



Wagering & Digitalisation is the theme of the first ARC 2020 Plenary Session

Asian Racing Federation (ARF) Chairman Mr. Winfried Engelbrecht-Bresges on Wednesday morning participated by video in the first Plenary Session covering Wagering & Digitalisation which began the business sessions at the 38th Asian Racing Conference (ARC) in Cape Town, South Africa.

The session looked to horse racing's wagering future through embracing digitalisation, 5G and further commingling growth after current global wagering trends, existing commingling status, innovations in world pools plus the levels of casino and sports betting along with the growth of eSports wagering were examined.

Mr. Engelbrecht-Bresges spoke of the importance of commingling, which dominated the presentations, and the potential of 5G. "In my view, the further development of international commingling is key for horse racing as a global sport along with the untapped potential of 5G," he said as he noted that the coronavirus situation had left him no choice but to remain in Hong Kong, supervising a 20,000 strong workforce, and liaising with government in his role as Chief Executive Officer of the Hong Kong Jockey Club.

Mr. Andrew Harding, ARF Secretary-General and Executive Director of Racing at the Hong Kong Jockey Club, chaired and introduced the session, noting that it was critical to review key global economic and wagering trends to provide context for future planning.

Mr. Stephen Wise, Senior Vice President, Consulting, NTT Ltd Asia Pacific, outlined 5G's tremendous potential and the need for the racing industry to embrace it.

"5G is a game changer. 5G makes things happen so much quicker and more often with delivery 1,000 times faster than now and that's really all you need to know. It will aid in providing an immersive customer experience and real-time data engagement," Mr. Wise said as he described advances in virtual reality plus augmented and ultra-reality which will all be enormously advanced by 5G.

Mr Richard Cheung, Executive Director of Customer and International Business Development at the Hong Kong Jockey Club, joined the session by video and outlined the HKJC's "7-step digital wagering journey and introduction of super equine app" developments which "5G will enable efficient use of AI and lower latency and streaming to enable better vision with zoom in capability and live chat functions and data access via our betting applications."

Mr Harding revealed that by the end of October 2019, 50 mobile operators had launched commercial 5G services in 27 countries across all continents and some estimates forecast that by 2024 5G subscriptions will reach 1.9 billion, and that coverage could blanket up to 65 percent of the world's population.

He said: "It was estimated that by the end of 2019, about 45% of sports betting activities happen through smartphones. With 5G coming, that figure will no doubt accelerate much faster. It is important for wagering to unlock that potential made available by 5G."

In a numbers driven session, Mr Harding also outlined several key figures - as the current global wagering landscape was examined - including:

- Since global sports betting turnover surpassed race betting in 2014, that trend has continued ever since, while casino betting continues to grow.
- Global casino yield is expected to rise to US\$133 billion in 2022 at a Compound Annual Growth Rate (CAGR) of +4.9% from 2017 to 2022. Casinos in Asia will sustain an even higher growth rate at +6.1% CAGR.
- Global sports betting is expected to grow at a significantly higher rate than race betting, with the former at a CAGR of 11.8% and the latter at 2.4% between 2017 to 2022.
- Total eSports viewership is estimated to nearly double over a six-year period, from 335 million in 2017 to 646 million in 2023, while eSports revenues reached US\$1.1 billion in 2019, a year-on-year growth of +26.7%. Around 82% of the revenues came from media rights, advertising, and sponsorship.

The session heard that the development of international commingling and world pool betting, with better technologies, is critical to racing maintaining customer interest in a competitive betting marketplace.

“International commingling is so important because of the global nature of our sport,” Mr. Engelbrecht-Bresges said. “It is a very effective strategy to strengthen the competitive position of pool betting in the international arena.”

Mr Engelbrecht-Bresges said that commingling had become an internationally adopted industry aim since 2007, but further development was required. “Global commingling turnover is now estimated to be around US\$15 billion to US\$17 billion a year, representing 15% to 20% of global race betting volume.

“This is a significant portion of our business, but the current wagering protocols which govern this are no longer fit for purpose. They do not comply to standards we see in stock exchanges globally, and we should learn from these best practices.”

Mr. George Irvine, Commingling Development Director at the Hong Kong Jockey Club, expanded on this point as did Mr. Paul Cross, General Manger International Business Development TABcorp Holdings Limited, and Mr. Alastair Warwick, Chief Operating Officer, Ascot Racecourse.

Mr. Irvine, who said that enabling world pool exotic bets marked the future as bookmakers cannot compete, reported: “Hong Kong’s commingling has grown from six customers in five countries to now 61 commingling partners in 27 jurisdictions and the IT protocol is no longer appropriate. There is a need to consolidate to larger platforms as was done with Royal Ascot and the World Pool last year.

“Popular bet types around the world cannot be transmitted through the existing Inter Tote Service Protocol (ITSP) and that’s just one area of information transfer which needs to change. That demands global collaboration which will unleash untapped business potential in racing commingling.”

Mr. Cross also called for a worldwide approach. “The globalisation of racing is well advanced with fans able to watch the world’s best racing. However, the globalisation of tote wagering is still in its infancy and in 2020, there is still a significant gap. Development of a new wagering protocol will assist. Traditionally, the ITSP protocol has been used for international co-mingling. ITSP continues to evolve and is an extremely reliable protocol but is no longer fit for purpose. I hope that meetings will progress that this week.”

Year 2019 did see significant advances in commingling which included the first outbound commingling successfully conducted on five races simulcast from Prix de l’Arc de Triomphe Day, with Hong Kong’s outbound bets commingled with the respective pools operated by Pari Mutuel Urbain (PMU), France.

Plus, in partnership with Ascot and Totepool, the Hong Kong Jockey Club created the first ever pari-mutuel-based World Pool at Royal Ascot in June in which overseas wagers from the UK,

Australia, Canada, New Zealand, Europe and the USA were commingled into Hong Kong's pools directly or via Totepool to ensure maximum liquidity for a growing international audience.

Mr Warwick spoke of the success of the World Pool venture after a four-year journey and the future potential. "With the backdrop of the rise of social media, improved communications, and an increasingly interconnected world plus better speed of delivery, the racing world has changed - moving from regional to global, and the fanbase is doing the same.

"This is an opportunity of unprecedented scale yet is still in its comparative infancy. International partnerships and co-operation within racing will be the key for this proven concept," said Warwick, who added that the Ascot total pool turnover was up 415% year-on-year and that the G1 Diamond Jubilee Stakes, on the Saturday at the end of Royal Ascot week, saw the first-ever £1million plus win pool on UK Flat racing.

He continued: "This is the key to our future as it is going to fund it. There are issues like take-out rates which nobody wants to talk about, but I'm sure ultimately that globalisation is going to occur and it must create a sport for the modern age."

Mr Engelbrecht-Bresges concluded his presentation by saying that "increasing the number of participating countries in international commingling, especially Japan and Korea" was one of the keys to further unlocking the potential offered by commingling and world pools after pointing to the success of the Royal Ascot partnership and plans for a World Pool on Dubai World Cup night.

Mr. John Stuart, Group CEO, Phumelela Gaming and Leisure and one of the pioneers of commingling in 2002, also stressed the need for global cooperation to repel the challenge from betting competitors.

"Given a world-wide move towards fixed odds betting and the growth of sports betting, the only way we can compete is commingled pools around the world. Betting on third party product is a very good business model especially centred on commingling hubs," Mr. Stuart explained.

For more information on the 38th ARC, visit <http://www.arcsa2020.com>