How a dentistry student's trip to Monte Carlo spawned a new gambling giant

Jonathan Harding on the rise of William Hill's new owners 888 – and what we can expect next

AARON SHAKED had little knowledge of gambling back in the mid-1990s when he attended a dentistry conference. Had the event taken place anywhere other than Monte Carlo, that might still be the case – and what has become one of the giants of global gambling would never have existed.

Instead the Israeli dental student's experience of Monte Carlo's famous casinos sparked an idea. He recognised the huge potential of a virtual equivalent in an age when companies all over the world were jumping on the burgeoning digital bandwagon with the broader dot-com boom, a stock market bubble caused by major investment in internet-based businesses.

Shaked enlisted his brother Avi and, notebooks in hand, they visited a casino in Eilat on the south coast of Israel to study the mechanics of the games. In 1997, they mortgaged their homes and founded Virtual Holdings Limited with Ron and Shay Ben-Yitzhak, software experts who played a key role in designing their products.

The company, which was rebranded 888 Holdings, followed a rather unorthodox route compared to traditional UK bookmakers, which built their reputations on racecourses and through betting shops.

Yet it has grown from a scrappy outsider to a big industry player, and 24 years on from its origin 888 is preparing to take its first major step outside the digital arena with the £2.2 billion acquisition of the non-US assets of one of its big rivals, William Hill.

So how did this online casino reach the point at which it was able to buy a chunk of one of the world's most recognisable and historic gambling brands – and will it be rewarded for this bold decision?

Digital focus and acquisitions

UNLIKE its competitors in the UK, 888 had the critical advantage of starting out as a digital operator at a time when internet access still required a dial-up connection and online gaming was in its infancy.

In 1997, 888, based in the British Virgin Islands with an Antiguan licence, launched its first product, Casino-on-Net, and the following year it founded Random Logic Limited, based in Tel Aviv, which became one of the world's major tech hubs outside of Silicon Valley.

Its commitment to developing its own technology gave 888 an edge in an increasingly data-rich industry. Much like a house builder capable of constructing its own estates rather than having to rely on contractors, the company had complete control over its products.

"How many people were gambling online in 1997?" says Paul Leyland of strategic global advisory business Regulus Partners. "There wasn't one single factor behind 888's growth but there's quite a short list.

"It was an early mover with a deep understanding of the value chain, assisted by controlling its own technology, and an awareness of the high-value casino customer and the importance of its brand."

888's focus on data and product development was noted by Vaughan Lewis, who joined the company as chief strategy officer in April but followed it since 2004 as an equity analyst at Morgan Stanley.

"888 was really one of the first digital gambling businesses," says Lewis. "It grew alongside structural growth in the industry and the company positioned early as a digital, technology-led operator."

From this running start, 888 steadily grew and in 2002 it launched two new casino brands: Reef Club Casino and Pacific Poker. The following year, it relocated its administrative centre to Gibraltar.

When the company was floated on the stock exchange in 2005, 888 was one of the world's largest casino companies with a market cap of £700 million. The Shaked brothers pocketed almost £150m and Avi ventured into politics, describing himself as a "socialist millionaire".

In the same year, the name 888.com was first seen on a British racecourse through the sponsorship of four Haydock races on June 4, since when the company has cemented its online gaming position with the acquisition of several bingo brands, including Costa Bingo.

Expansion has been the order of the day in recent years and one of 888's most notable investments came in 2019, when it bought BetBright – crucially including its sportsbook technology for £15m – which narrowed the gap between online gaming and sports betting.

"The company did an incredible job developing 888sport, especially in the UK, which is one of the toughest sports betting markets," says Leyland. "The BetBright deal demonstrated its use of technology to deliver products – but that didn't provide a brand like William Hill."

Rolling the dice

Speaking this month, 888's chief executive Itai Pazner highlighted mergers and acquisitions as a strategic priority and the company's steady growth to a market cap of £1.5bn has helped this ambition.

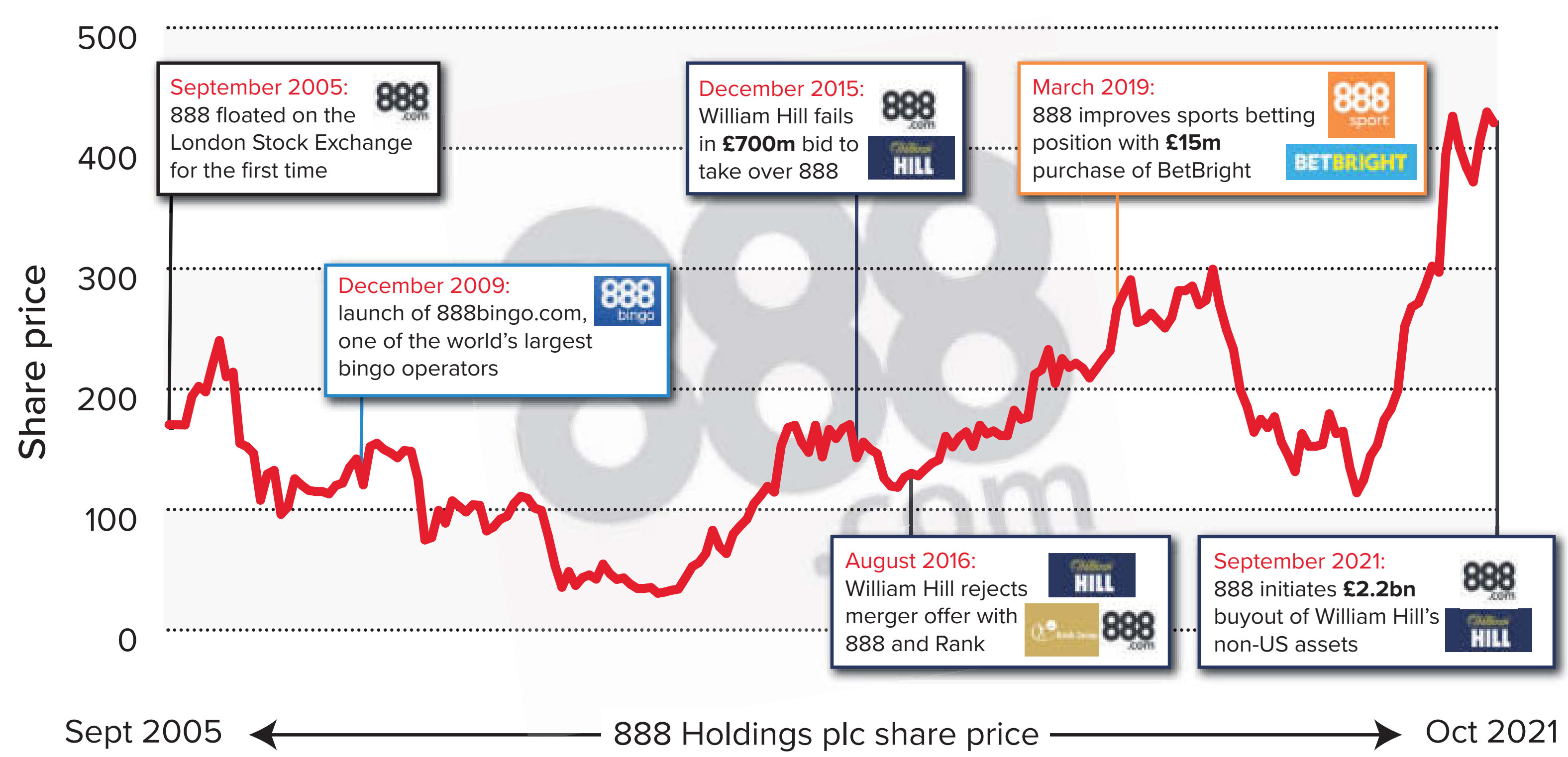
The William Hill deal is by far its biggest and boldest investment. It grows 888's market share roughly fourfold, according to Regular Partners, which says the deal sees 888 overtake bet365 to become the UK's third-largest group operator behind only Flutter and Entain.

This has not been a case of hastily jumping on an opportunity. The deal was brewing for a long time and there have been years of brinkmanship. In 2015, William Hill failed in an attempt to buy 888 for £700m and the hunter became the hunted the following year when 888 teamed up with Rank in an attempt to forge a merger.

An agreement was reached last month between 888 and Caesars Entertainment, which completed its acquisition of William Hill for £2.9bn this year but was primarily interested in the US operation.

"It's not unknown for smaller

The rise of 888



companies to take over big ones but it's fairly unusual," says Ralph Topping, who was William Hill's chief executive between 2008 and 2014. "William Hill showed interest a couple of times and the two sides were like a long-term couple.

"You questioned whether they were going to get married. It looked like they were ready to go down the aisle but a deal never came off. I'm not surprised it's happened as William Hill has reduced its scale and it was a sensible target for a progressive company such as 888."

The move could be viewed as a meeting of the old and new school, an established sports betting brand with an 87-year history and high-street presence being bought by a tech-savvy, streamlined operator, although this does not take into account William Hill's digital ability.

"It was lucky timing as Caesars bought this massive business but only wanted a small piece of it," says Lewis.

"It will help us grow in the markets we're targeting and has led to a huge influx of talent."

The combination of teams not only brings an influx of talent but at least £100m in operating synergies, according to Regulus Partners, but the move is not without dangers and success may hinge on the stability of retail and the outcomes of the UK Gambling Review.

"I think it's a great deal," says Leyland. "The fact things could go wrong is not what's relevant here. If you look at any activity with the prospect of significant growth, there are always risks involved.

"So the fact there are risks, outside the control of the management team, should not stop them from doing it. The underlying logic of the deal is enormously sound. Of course, that's not the same as saying it's guaranteed to add value as it does still require execution.

"William Hill on its own was going nowhere, while 888 was tending to a certain sort of consumer serviced by a monobrand in lots of markets. They've broken free of their particular problems. William Hill has broken through its operational malaise and 888 out of their strategic box, which is extremely positive for both sides."

Can 888 make retail pay?

It is one thing to secure a large-scale acquisition but quite another to make it a success and there is no getting away from the fact 888 is still attempting to break new ground with no experience in retail betting, although it will retain the expertise of William Hill's staff.

"The growth we've seen in UK betting and gaming has been online," says Lewis. "However, retail betting has been broadly stable in absolute terms and betting shops have a loyal customer base.

"Financially, it's a pretty attractive proposition because betting shops have fairly steady trading and predictable costs – they generate a reasonable amount of cash that will help us invest in digital. They have a good future but we don't see them as a huge growth driver."

William Hill is synonymous with horseracing, and Lewis adds: "The skew 888 have towards the UK and Ireland means racing is really important. On our side it's a strong product, but on William Hill's it's another level. Our goal is to become a go-to for racing customers."

A little more than 20 per cent of combined revenues will be from the retail estate but one of the major selling points for 888 was the rare opportunity to obtain an instant, recognisable high-street presence.

Still, the timing of the deal is not ideal, especially as the industry recovers from the devastating impacts of the coronavirus pandemic and the prospect of major legislative upheaval looms on the horizon.

Faced with the prospect of regulatory change, scale is important; so too is a greater balance between sports betting and online gaming, which made up approximately 67 per cent of 888's 2020 revenue.

As demonstrated by Flutter, which comprises several big brands including Paddy Power and Betfair, there is strength in numbers.

"Scale gives us more ability to absorb any regulatory changes," says Lewis. "It's becoming more challenging for operators globally, which means it's important to be in the top tier. Whatever the regulatory framework, the combined business is in a strong position."

To command a greater UK market share, 888 must maximise the potential of the William Hill estate to increase its presence in sports betting, an important driver of new customers. The use of technology could be the answer to modernising those betting shops and bridging the all-important gap between revenue and ever-increasing costs.

"888 may not feature in the top five UK providers but it has bought a very well-known brand," says Topping. "In essence, 888 has bought signage with a trusted, long-established brand in William Hill and I'm sure it will milk that as hard as it can, certainly in the UK.

"It has a strong background in gaming and technology, and alongside sports betting recognition with William Hill, it has a chance to really motor on. There's a big upside for the company if it gets it right.

"The performance of the estate relative to its competitors has been poor, which points to what's wrong with that business. It lacks capital investment and its technology needs to be strengthened.

"888 will fancy itself to tie in retail to what it's good at – marketing, gaming and technology. The management team will take a long look at what it's bought and where the weaknesses are."

The future of 888

The UK, Italian and Spanish markets made up 61 per cent of 888's revenue in the first half of the year but it also has ambitions in the US, where the promise of riches after the ban on sports betting was lifted in 2018 has led to several firms investing in the country.

888 is no exception and will offer sports betting under the Sports Illustrated banner, which has launched in Colorado. It is aiming to command at least a five per cent market share in 15 states by 2024.

"I'm not sure gold rush is strong enough," says Lewis. "I started out on the banking side in betting and gaming and there's been a few of these cycles but nothing remotely like what's happened in the US. The values these businesses trade at is totally unprecedented."

However, before 888 can properly follow in the footsteps of Entain and Flutter with a larger-scale US investment, it must first make a success of the William Hill deal and Topping is confident it can.

"There's no reason why 888 can't continue to grow and expand but first of all its got to make a success of the takeover of William Hill, which it's capable of doing, moving from an online company with a focus on gaming to a retail and online company. On balance, it's positive for William Hill to be developed under the wings of 888."

While there are obvious risks to any big-money deal, some of them outside of 888's control, the company's acquisition of William Hill brings with it the prospect of significant growth in the UK market.

"If retail is possibly reinvented, the gambling review is not as bad as everyone thinks and there are revenue as well as cost synergies, then this was a phenomenally cheap deal and it will go down as a work of M&A genius," says Leyland. "If two out of those three things are positive, it's a good deal; if one is positive, you probably look like a resilient company that has overpaid, but you can cope with that.

"If it all goes wrong then it's far too expensive but that's the nature of agency. Sooner or later a management team has to back itself to deliver something significant, which 888 has historically not done. So we should at least applaud their bravery and hope they have a tailwind of luck and maintain their strategic operational excellence."

It certainly represents a brave step for a digital-only business to break ground in retail and invest so heavily in one of its big competitors. Only time will tell whether it proves value for money, but either way the company born in Israel, conceived at a Monte Carlo dentistry conference, has already come a remarkably long way.

THE COMMENT PAGE

Pushing casino gaming on sports punters is a bad bet for bookmakers

JONATHAN HARDING
The Tuesday column

YOU might imagine bookmakers would be treading on eggshells as they stare down the barrel of the long-awaited UK gambling review, but that was not the impression they gave during the Cheltenham Festival when attempting to lure sports bettors into online casinos.

The government will outline its proposed reforms to the outdated Gambling Act – which came into force in 2007, long before betting on smartphones – with a white paper in the coming weeks, although specific dates appear to be unfashionable in the corridors of power.

There has been plenty of speculation about its possible ramifications for the gambling industry and British racing, but few people expect this process to be anything other than bruising for both of them.

Several stringent measures have been bandied around but the worst-case scenario for racing centres on the introduction of intrusive affordability checks, which could limit the amount people can bet without having to prove they can afford higher levels of losses. It is not an exaggeration to say they pose an existential threat to racing, with an estimated cost to the sport of up to £100 million in lost revenues a year.

Clearly, it is in all our interests for gambling to be properly regulated, and the industry has for the most part made the right noises, calling for evidence-led reform and highlighting its safer gambling record. For example, Kindred Group, the parent company of Unibet, has pledged to make zero revenue from what it describes as harmful gambling by 2023.

Thankfully, the UK government appears to appreciate the symbiotic relationship between gambling and racing, and given racing's role as an employer and major contributor to the Exchequer, it will quite rightly be concerned about the sport suffering too much collateral damage.

However, that does not diminish the vital importance of emphasising the distinction between sports betting and gaming, which includes online casinos and FOBTs. They are different pastimes with different risks and public perceptions.

Sports betting is based primarily on skill, whereas gaming relies entirely on luck, and there is a real fear those who bet on sport may be swept up in severe, blanket reforms aimed at regulating gaming, which has been the focus of the most scrutiny.

So it was exasperating to see the two conflated during the Cheltenham Festival, when new sports betting customers with one bookmaker received an unsolicited email on the third day offering them 50 free spins on an online slot machine. It was a personalised email and the subject line described the prize as an "exclusive gift".

> *'There is a real fear those who bet on sport may be swept up in severe, blanket reforms aimed at regulating gaming'*

This particular firm is far from alone. One bookmaker offered five free spins to customers who backed a winner in a qualifying race at the festival, which was inexplicably raised to ten if their horse lost; and another offered money back as free bets to customers who placed a qualifying stake on the racing, adding in the conditions that a certain amount had to be redeemed in the form of 50 free spins.

The desire to push users to try a number of products is commercially understandable as attracting new business is likely to become increasingly difficult amid moves to restrict gambling advertising and sponsorship.

HOWEVER, active cross-selling of online slots to customers within days of them opening an account, presumably so they can just have a bet on the racing, is frankly short-sighted and is an awful look at a time when the entire industry is under the public and political microscope.

Of course, some people will never view gambling as anything other than a societal ill, but that does not mean bookmakers should gift the most vocal opponents of the pastime with a stick with which to beat them or provide such low-hanging fruit for critical politicians.

It was once neatly put to me that cross-selling gaming to sports bettors is like a young person ordering their first pint and being offered something stronger by the bartender, and it is no less morally questionable to aggressively push customers towards gaming.

While it may not be popular, there is an argument for the mandatory introduction of separate accounts for gaming and sports betting, which would help to make a clear distinction between the two.

It is worth remembering bookmakers contribute a great deal to British racing through media rights and sponsorship deals.

Prize-money, although paltry compared to other major racing jurisdictions, relies heavily on levy funding.

But from a racing perspective, the impulse to swiftly convert people betting on the sport into gaming customers is an alarming trend, suggesting racing is primarily being used as a tool to acquire new customers who are then pushed towards different forms of gambling.

The idea of the sport being used as a shop window to attract new customers, only for them to be shepherded next door to spend their money, will rightly not sit comfortably with the sport's participants, some of whom already have their doubts about how much of bookmakers' profits are pumped back into the sport while they put on the show.

We may only have weeks to wait for the recommendations of the gambling review but the betting industry will indefinitely remain under intense scrutiny, both from politicians and the public.

With that in mind, aggressive cross-selling of gaming products to new sports betting customers could hardly be more ill-advised and it raises uncomfortable questions about the relationship between bookmakers and racing.

JULIAN MUSCAT
Another view

Appleby out to keep flag flying high

AND so, more than two weeks after its turf baptism at Doncaster, the Flat season kicks into gear with Newmarket's Craven meeting. Whether this stuttering start is the right way to anoint a new campaign has been oft debated without a satisfactory resolution, but it still feels disjointed.

Even though Britain stages the first Classics, trials have already been run in Ireland and France. Newmarket hosts three itself, followed by two more at Newbury on Saturday, after which the cast of three-year-olds returns to Newmarket for the real thing less than three weeks later. It all happens with indecent haste.

This is a seminal week for owners who indulged in Classic dreams over the winter and the Rowley Mill will be littered with burst balloons as harsh reality intrudes. Trainers, too, will feel the heat, and none has as much to play for as Charlie Appleby.

Appleby is set to unleash Native Trail, although Coroebus, his other star juvenile colt from last year, was withdrawn from contention yesterday. But with New Science also engaged in the Free Handicap, the Godolphin trainer could have a strong showing in the colts' trials.

For Appleby, the season as a whole is of critical importance. His tangible, year-on-year progress culminated in a first trainers' championship last year and he will be anxious to consolidate those gains, mindful that one swallow does not make a summer. He is well stocked with equine talent but he must translate that into hard currency.

This is a game of narrow margins. Appleby had three strong favourites on Dubai World Cup night, two of them odds-on, yet all were narrowly beaten. With a fairer following wind he might have had a treble.

Appleby's fortunes will fluctuate in rhythm with those of Ballydoyle, whose cluster of lightly raced, highly touted three-year-old maidens have not fared well of late. Have we seen the last of Galileo as a supersire? You would be foolish to bet on it, although nothing lasts forever. He certainly wasn't Ballydoyle's cornerstone last year, as he had been for the previous 15 campaigns.

Conversely, Dubawi, for many years the perennial bridesmaid to Galileo, is now in the ascendancy. Appleby will unleash several of his offspring this week, and they will set the tone for the coming months.

The balance of power in Flat racing is in a state of flux, with Ballydoyle's recent dominance under threat. The question now is whether Appleby can reach out and seize the crown.

Letters to the editor

Email editor@racingpost.com

Appeal panel's decision did racing's image no good

JOURNALISTS commenting on the reduced punishment for Robbie Dunne (*March 30*) reached the same conclusions; they were all very critical of the decision and the proceedings, which was like going back in time and so negative for racing's image.

The most damning fact in all of this was the appeal was held without any female representatives to give any true balance.

The aftermath of this decision is still to be seen, but when Dunne returns, I feel public opinion, and the support of trainers, will reinforce Bryony Frost in the future, and ensure all the anguish she has been through will be a thing of the past.

John Hall
Acocks Green, Birmingham

Great result and great photo

WHAT a fantastic result the Grand National was for the Waley-Cohen family and all connected to winner Noble Yeats.

Equally good was the family picture taken by Edward Whitaker published in Sunday's Racing Post.

It is evident the whole family are rightly elated. The look between grandfather and grandson, being a granddad myself, brought tears to my eyes and a lump in my throat. It is something to be treasured.

Well before our grandchildren were born, my wife and I were fortunate enough to stand in Aintree's winner's enclosure, being friends of the winner of the Booker Chase in 1999 – an unforgettable experience of elation.

Well done Edward, the expressions of all in that picture could not have been captured any better.

Ian Stokes
Woking

THE $400BN BATTLEGROUND

. . . and even Disney wants a slice of the American pie

Jonathan Harding on a rapidly expanding market – and what it means back home

IT MIGHT seem incongruous for the creator of family-friendly films such as Toy Story and Snow White to be looking to make a mark in the world of gambling.

However, such is the astronomical potential of the US industry that even a much-loved symbol of Americana like Walt Disney is prepared to gamble on the country's rapidly expanding sports betting market.

And Disney, which has said it will "aggressively" pursue openings through its sports brand ESPN, is not the only global giant trying to win a share of what could soon be the world's largest regulated market.

Since the federal ban on sports betting was lifted in 2018, companies have embarked on a frenzied land grab, spending hundreds of millions of dollars on marketing, promotions and mergers to gain customers and a slice of the pie.

With more states legalising online sports betting every month, the growth of the US market is showing few signs of slowing down and, given the prospect of major regulatory upheaval at home, this gambling El Dorado is viewed as a golden ticket by UK and Irish bookmakers.

It is clear why they are so afraid to miss the boat. According to data from the American Gaming Association (AGA), Americans bet $24 billion (£18bn) with legal sportsbooks in the first half of 2021, which roughly translates into $2bn (£1.5bn) in gross gaming revenue – the difference between the amount punters wager minus their winnings.

But this may only be the beginning, as by 2030 the US sports betting industry is expected to produce $30bn (£22.6bn) in revenues from $400bn (£302bn) placed in bets, according to Macquarie Research.

That dwarfs the industry in the UK, where the gross gaming revenue for the entire gambling sector, not just sports betting but casinos, online gaming and the national lottery, was £14.1bn between April 2019 and March 2020, according to the Gambling Commission.

Given its vast scale and potential growth, the US market appears to be booming, but there are still questions to answer for companies as they eagerly await their significant investments to be returned in profits and keep one eye on any potential regulatory headwinds.

So will the US change the global sports betting landscape forever or is this burgeoning market simply another bubble waiting to burst?

The birth of a global giant

In 2018, the Supreme Court overturned a federal law barring sports betting and opened the door for states to pass their own legislation – before then around $150bn (£113.8bn) was bet illegally every year.

It was a watershed moment. Since the eagerly awaited ruling gambling companies and media organisations – not just Disney but other brands such as Sports Illustrated – have fought to establish a market position, and the competition remains fierce as they continue to spend a fortune on promotional bonuses and advertising around big sporting events.

For example, since its takeover in 2018 by Flutter, the owner of Paddy Power and Betfair, US gambling company FanDuel has received $1 billion (£753m) in marketing investment and £225m in the first half of this year alone. FanDuel's predicted revenues this year are between $1.8bn (£1.36bn) and $2bn (£1.5bn).

However, it is a case of speculating to accumulate as Flutter believes the market for its brands in the US will exceed $20bn (£15.1bn) by 2025, and that could rise to $34bn (£25.7bn) if additional states, perhaps most notably California, regulate and the market grows in Canada. Currently, sports betting is operational in 29 states and Washington DC, although not all states offer a full range of betting.

FanDuel has a slight scale advantage in most states over its fellow gambling company DraftKings, which used to solely be a fantasy sports provider. Last month, the latter pulled out of a £16.4bn bid for Ladbrokes and Coral's owner Entain, which has a joint-venture in the US with casino giant MGM.

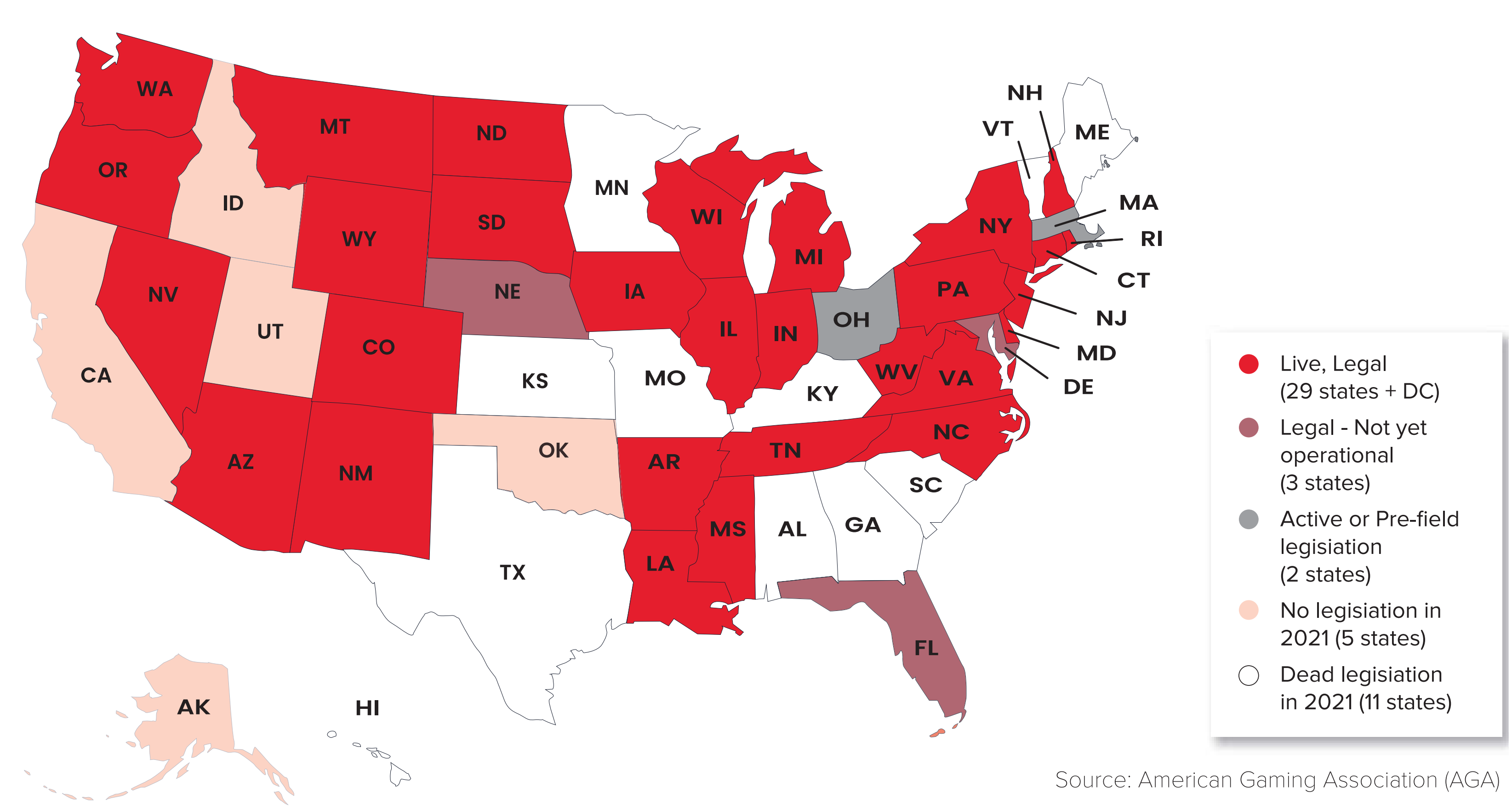
There has been a trend of joint-ventures between US and UK companies, as well as acquisitions and mergers. In April, Caesars Entertainment completed a £2.9bn takeover of William Hill, but was exclusively interested in their US assets.

Joe Asher, who stepped down as chief executive of William Hill US following its sale, believes UK bookmakers, which have long been able to offer online sports betting, were an obvious target for US companies expanding beyond land-based casinos and fantasy sports.

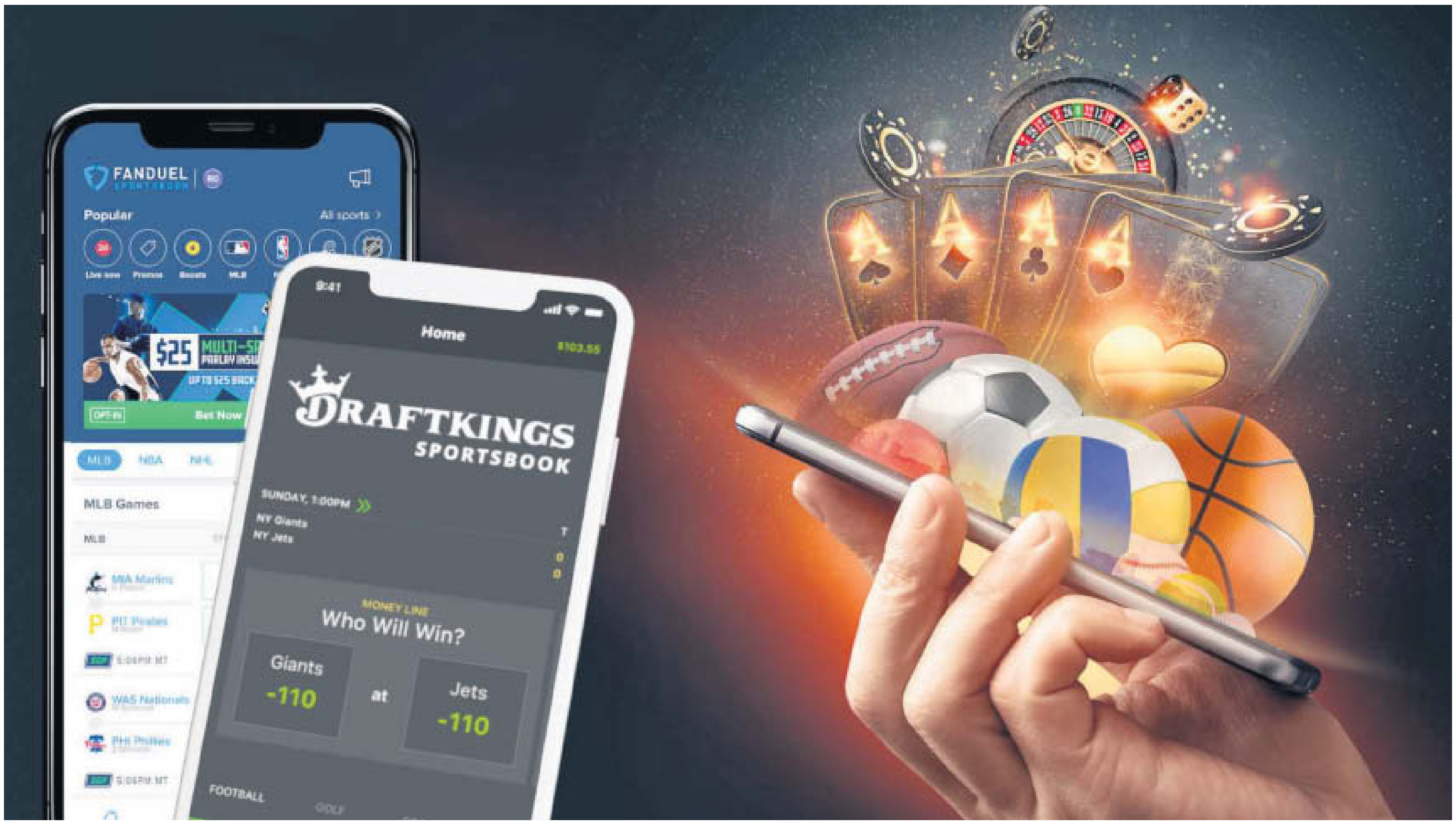
Speaking from a gambling summit in New York, he says: "With the purchase of William Hill US, Caesars were getting an entire business with the people and technology, which was very important to them.

"Similarly, the joint-venture

The betting landscape in the US



Source: American Gaming Association (AGA)



with Entain was a way for MGM to gain knowledge and expertise, which takes time and money to replicate. In a quickly developing industry, where time is of the essence, it was only logical for US companies to try to buy or partner with UK firms.

"The sports betting and online gaming business is mature in the UK but remains quite nascent in the US so obviously learnings from the UK are applicable in the US, but it's not an identical situation. It's possible some of the lessons from the US could be exported back."

Beyond allowing US companies to have a running start against some of their competitors in terms of expertise and infrastructure, buying or partnering with UK bookmakers has added bonuses too, not least a rough blueprint of what works well – and, crucially, what does not.

"Britain has the longest history of online gambling regulation of any major economy – a history full of trial and error. Most operators have taken missteps along the way so there's a lot of merit for US companies in avoiding the same mistakes," says Dan Waugh, a partner at global strategic advisory business Regulus Partners.

The future of US gambling

The customer is king and the first step for companies every time a state opened up to online sports betting – and even earlier through social media and fantasy sports – was to secure an early market presence through advertising and expensive marketing campaigns.

Their next step will be pivotal but it could prove even more difficult as they attempt to translate their enormous investment in acquiring and competing for valuable new sports betting customers into profit.

"It's a building phase and there's a lot being spent on marketing to acquire customers," says Asher, who is now president of sports betting at gambling technology company IGT.

"The big question is, 'What is the lifetime value of those customers?' If you spend $1,000 to acquire a customer who is worth $2,000, it's a good investment. If they turn out to be worth $500, it's not such a good investment. The lifetime value of customers will be important. Clearly the current level of marketing spend is unsustainable if you're only taking into account what customers are worth as online gaming customers.

"For some companies, it might not actually matter if they ever make any money on sports betting. For example, Caesars are introducing millions of people into its ecosystem of hotels and casinos, and they might have them as customers for the next 40 years. Sports betting is the greatest customer acquisition tool for a big casino company."

Many described the whirlwind of investment as a gold rush, but while customers remain an invaluable commodity many companies have yet to reap the rewards. For example, FanDuel is not expecting to be profitable until 2023, depending on how quickly states regulate.

Investing in potential is a pillar of business and Waugh argues the lack of profitability in the US is not necessarily a problem, provided a company has a clear plan of how to turn its early growth into profit.

"Some operators tried to establish an early presence through legal products, such as fantasy sports and social gaming, while waiting for the regulated market to open," says Waugh. "Incumbent advantage, particularly in the US, can be far more important than first-mover advantage. That's why companies have been so keen to tie up with brands like MGM and Caesars – the US can be protective of its own.

"Engaging in a land grab to get to scale as quickly as possible is fine, as long as you know that once your company acquires customers they're going to stick around. The growth is likely to be ephemeral if you're chasing scale without knowing how to make it profitable."

There is some concern the race to establish a presence in the US market is unsustainable and that many companies will fall by the wayside as the market consolidates, leaving a handful of operators.

Given the vast level of spend, there is also a fear that an attitude of growth for the sake of growth could lead to safer gambling issues, which have long been under the spotlight in Britain, with a review of the Gambling Act. This month New Jersey's regulator put licensees on notice that their standards of responsibility had to rise in online betting and gaming.

But there are grounds for optimism that the US will take a different path to Europe. Online gambling is a state issue, not a federal one, and market entry is far more limited, which in theory means less competition and a more mature, sustainable approach to marketing.

States will not only be aware of the potential tax revenues to be taken from gambling companies but also the fact many of them, particularly the big casinos, are significant in-state employers.

"These things are linked," says Waugh. "If you have an uneconomic business model, at some point it will lead to social responsibility issues.

'Caesars are introducing millions of people into its ecosystem of hotels and casinos, and they might have them as customers for the next 40 years. Sports betting is the greatest customer acquisition tool for a big casino company'

Once you incur the wrath of politicians – and notionally the public too – it becomes extremely difficult to recover, as we've witnessed in Britain.

"If companies pursue growth without a clear plan of how to reach a sustainable position, it's going to backfire. It can lead to customers being treated poorly, which results in regulatory backlash, more aggressive marketing and negative sentiment from the public."

The next key battleground for gambling companies is New York, and last month state regulators approved online sports betting licences for nine operators, including DraftKings, FanDuel and Bet MGM. Mobile sports betting will be operational in time for the Super Bowl on February 13 and the market is expected to be worth $1bn (£756m) in annual revenue, although there is a sting in the tail as the state gaming commission has recommended a 51 per cent tax rate on sports betting revenue.

Alongside the likelihood of more states opening the door to gambling companies – Texas and California are two big ones yet to go live – there is also a desire to increase the variety of options for punters, who had once been restricted to betting on sports in casinos only.

"In-play betting continually grows as a percentage of total betting," says Asher. "I'm a big believer in the future of streaming with an overlay in betting apps that allows people to place bets. There will also be substantial changes to media rights around sports content."

What does this mean for the UK?

The US and UK industries could hardly be in different places. One is just beginning to take off and promises boundless possibilities, while the other is steeped in tradition but finding it ever harder to breathe.

It is unsurprising given the prospect of tightening regulations in the UK, which could include affordability checks and a ban on gambling advertising, that its biggest bookmakers have invested so heavily in the US, which appears to be viewed as a get-out-of-jail-free card.

And what will this shift in focus mean for the UK industry? It exists between a rock and a hard place with regulatory pressures on one side and a demonstrable shift in the public perception of gambling.

Any reduction in investment from bookmakers could equally have major implications for horseracing, which is heavily reliant on the gambling industry through media rights and levy payments.

"The British market is under pressure," adds Waugh. "Looking at the gambling review, there's a sense operators are focused on damage limitation. Nobody expects the industry to come out of it in a better place, at least in the near term. Sensible reform may result in retraction but might put the industry on a more sustainable footing.

"The issue is that some people in the UK parliament don't want gambling to be a sustainable industry and are pushing hardline demands like low-level spending caps and total bans on advertising.

"There is a sense Britain is a bit played out and people are naturally more attracted to growth opportunities. Some operators are possibly even a little bit blase about what's happening here.

"That's partly because it's been running for a long time, but also because they've focused on where they can grow rather than shoring up their business here.

"People seem to be far more relaxed than they ought to be about what's going on, but that's possibly because they view Europe as a busted flush and see more exciting opportunities in other places. But there's a danger the problems just follow you, particularly if you don't learn from the unsustainable practices that got you in trouble."

This supports the view that all that glitters might not necessarily be gold when it comes to this holy grail for UK and Irish bookmakers. Despite the promise of huge returns, the vast outlay by some of the biggest players has not yet been fully rewarded and there are regulatory hurdles to tackle on the way to a sustainable industry.

However, the American dream understandably remains mesmeric given the potential rewards. Nobody wants to be the first to blink and miss out on this unique moment in global gambling history.