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Making Everything Mobile

MODERATOR:

Vin Narayanan, Editor-in-Chief, Casino City

SPEAKERS:

Hai Ng, Partner, Neomancer LLC

John O'Neill, President, Spark Plug Games, LLC

Éamonn Toland, President, Paddy Power, North America

Mr. Vin Narayanan: Thank you, and thanks, Doug, we really appreciate the opportunity to speak here at the Making Everything Mobile panel. We do have a fantastic panel. We went out for dinner last night. We had a lot of fun. Yeah, we swapped a lotta good stories, some of 'em not fit for consumption in this room. If you bring us some scotch, we might go down the road.

[Laughter]

No, this should be a really good panel. I'm gonna start off from my right and move forward. I have the program in front of me, not because I don't know who they are, but I need their titles.

[Laughter]

We're gonna start off on the right with Éamonn Toland, President of Paddy Power North America. Éamonn is a fantastic veteran of the online gaming industry. He also knows his way around the horse racing industry and has a background in that, and is a real valuable resource when it comes to both iGaming, and mobile gaming, and the horse racing industry. We're happy to have Éamonn with us.

In the middle is John O'Neill. John, I want your job. I really do.

[Laughter]

John has one of the coolest — he designs games. He sits down and he figures out what types of games people wanna play on their mobile devices, and he comes up with these great games and he makes them. He goes, and he gets rights from cool movies and TV shows. He makes those games, too. I played Dungeons & Dragons growing up. I always figured that I would end up designing games and making games. At least, now I know someone that does it. That's really cool.

Then, we have Hai Ng. Hai and I have been friends for a few years now. Hai is a consultant within the Neomancer Group. I got it right this time. Last time, I called it Necromancer and that's just bad.

[Laughter]

Mr. Hai Ng: That's the secret job.

Mr. Vin Narayanan: That's the secret job with Neomancer. Hai is one of these, I mean, great minds, just an all around good resource in terms of information and knowledge about all things technology. He's got a wealth of knowledge when it comes to the mobile realm as well. We're here to talk about — the goal of this panel is to get — to walk through the process of all right, how do you make a mobile product?

I mean everyone knows that mobile's important. You gotta reach a younger demographic. Everything is going mobile these days. There's a good understanding that all right, you need to have a mobile strategy. How do you actually do it? How do you actually go about thinking about, conceiving the product, walking through and ending up with an end result that people can actually use?

That's the goal of this panel.

If you have questions, for the love of God, just walk up to the microphone and ask them. Don't wait till the end. We will answer them as they come. It's a lot easier that way. Usually your questions are germane at the moment. I might not think of the question, or we might not think of addressing that particular point at that time. There might be a really good question that actually we need time to explore.

That happened in the last panel, where we had an interesting philosophical question about stolen money being bet, and how that affects prize payouts, and who handles all that sort of stuff. If we'd had that question asked to us 15 minutes in, we probably would've spent 20 minutes talking about it instead of just two.

Please, if you have a question, please feel free to walk up to the microphone at any point and ask away. If I don't see you, do a jumping jack or wave. I've got three lights that are in my eyes.

Mr. John O'Neill: Just rush the stage?

Mr. Vin Narayanan: Huh?

Mr. Hai Ng: Just rush the stage.

Mr. Vin Narayanan: Just rush the stage, yeah, just do something.

Mr. John O'Neill: Come on up.

Mr. Vin Narayanan: We'll figure it out. Let's start off with just the basic concept of in terms of mobile devices, who are we building this stuff for? I mean who's the demographic we're targeting, Éamonn? I mean who uses it, and who are we targeting?

Mr. Éamonn Toland: I mean we, Paddy Power, we've got into the online space for sports betting interestingly in 2001. In 2010, we were I think the first in the world in the app store with a gambling product for mobile devices. We just saw mobile as a natural evolution of the online customer that we had. That online customer is typically a little younger than maybe the traditional horseracing customer that you see in the States.

They're not necessarily teenagers. You're talking about people who could be in their early 30s for instance. They are tech savvy. They have smart phones. They are on them all the time. When you — we all know this even today, people are checking their smart phones during conferences. You can't go out to lunch anymore with your family without people —

Mr. Vin Narayanan: Yeah, who's doing it?

[Laughter]

Mr. John O'Neill: We see you. We see you.

Mr. Éamonn Toland: You can't go out to lunch with your family without people checking things on Facebook. We felt this demographic, which as you say, they're doing so much of their life online now that to have not have sports betting and horse race betting within arms reach of desire, as they used to say on Coke, would just be insane.

We had to. We felt it was an imperative to — not just to migrate our online desktop customers, but to provide a product that they could use to bet with, and interact with, and engage with as they're watching the game or as they're watching the race.

It's a demographic, which is anybody from the legal age for gambling, from 18 to 60-65. A sweet spot is late 20s, early 30s. Those are the guys who really want to get involved. They really want to adopt the new technologies.

Mr. Vin Narayanan: John, are you seeing the same sweet spot in terms of people playing your games?

Mr. John O'Neill: It's interesting with video games, age range is anywhere from 2 to 90. That's for consumers. It's interesting because as a video game developer, we really have two clients. One is general consumers. We can really target children to elderly. The second is business. We build products potentially for businesses, and understand them as a client, and them as a target audience. The way we approach video game development, it really starts with who is your user? Because you have that wide range of accessibility for smartphones, for tablets. You're moving on all sorts of connected devices. You really have to identify when you're doing product development, who — what segment of that age demographic and what type of user are you trying to develop for?

Because obviously if I develop a product for a two-year old it's not the same thing as a twenty-year old. It's not the same thing as a forty-year-old. We have multiple products that we're constantly evaluating and seeing through analytics how the engagement is carried through.

Mr. Vin Narayanan: All right, so just a follow up on that, in terms of the analytics and the sweet spot that Éamonn was talking about, how are they using their devices?

Mr. John O'Neill: Actually, I'll tell you an interesting story about analytics. One of the products we developed about three years ago, as a small developer, we can't spend hundreds of thousands of dollars on focus testing. We choose countries to do focus testing with. One in particular, we did a product launch in Canada. Canadians are really friendly. They tend to give us good reviews.

We took a product that was focusing on a teenage age demographic. We launched it exclusively in Canada for the first two weeks through the Android marketplace and watched how people were interacting with both the game itself, coming back, what they were buying, how they were reviewing it. Over that two-week period, we released seven revisions for that product. At the end of that period, using 200,000 users from Canada, we were able to tune the product, and then redeploy to the App Store where it launched with five star reviews.

Whereas if we'd done it the other way, going through the App Store, launching internationally, launching the U.S., we would've been doing our testing at live deployment, and probably cost the quality bar that we were shooting for by not going with a live test group.

Mr. Hai Ng: This is something that's actually not new, but is new to the interactive world. It's something that's been used for consumer products for many, many decades. Proctor & Gamble would always be known to test products in small cities in middle of America, where they would brand it with a hypothetical name, sell it in maybe 50 stores, and see how the take is. If it works well, it would go.

Another good example would be Off Broadway plays. You don't open your show right in Broadway, because if you flop, that's your one chance. If you do it in a small place, if you go to Indianapolis, you go to New Jersey, you do it there. You have a chance to poll the audience, improve your show. It's exactly the same with apps.

I have the opportunity as a consultant a lotta times. Recently we've been doing a lot of consulting to start ups. They have neat ideas. Everybody has a great idea for an app. Everybody thinks it's gonna be the next Angry Birds. What we try to do is we try to temper that. As a consultant, we just read something recently from a signature block off a consultant that says a consultant has — the consultants' dilemma is telling your client — let me back that up. The dilemma is having to tell your client that his baby is ugly.

[Laughter]

Mr. Hai Ng: That's what we have to do unless you wanna be nice about it, which is then you're not doing your job. You have to tell 'em the truth. One part of it is that, well, you have to bring your expectations down. Test it in the right location because you can have the best designers in the world, and I used John, so I know. You can't predict everything that your customer wants. Only your customer can tell you what they want.

Mr. Vin Narayanan: It's interesting. Testing's actually become a theme throughout today if you were in some of the earlier sessions in the digital marketing session for example. Testing was a major theme. You have to test your content. You have to test your marketing message. You have to see what works. You have to see what doesn't work. You have to collect that data. Then, you have to tweak your approach based on the test that you've seen.

In order to test something, you need a base concept. Let's start off with a base concept. What types of content works best cuz it's weird — for the purpose of this discussion, I'm using horse racing as content. I'm using the race as content. I'm using things that happen at the track as content. They're all sorts of things that fill up the content well. If you take a look at it, and I'll just segue to an old story.

I pitched a former employer of mine, that will remain nameless, that they should buy the IMDB. This was back before Amazon bought IMDB, and we were gonna buy it for a song. It went through the various levels. Finally, it was not allowed or the pitch was ultimately rejected. They said we weren't in the process — they said, we weren't in the business of buying websites. It was a terrible decision cuz the IMDB wasn't a website. It was content. For the purpose of the discussion, everything that happens in horse racing, whether it's the bet, whether it's the call to the post, whether it's happening in the paddock, whatever, it's content.

Mr. Éamonn Toland: Yeah.

Mr. Vin Narayanan: In terms of content, what types of content work best in a mobile situation?

Mr. Éamonn Toland: It varies depending on, obviously, what you're trying to get out there. I mean for us we are a real money online gaming company. We want people to be betting. We do have our Facebook, and our YouTube, and our Twitter feeds. Particularly with mobile, it comes down to something very simple. It has to be easy to use. It has to be use all the time. It's the number one reason people use our site.

You cannot squash content into that and just hope that all of this stuff you've mashed in will work on a smartphone or a tablet. It actually varies. I mean John was talking about things being different. It's not just different by type of content. It's even by type of device. I mean if you're using an iPad, you could play — for instance, you could play poker. You could play several hands of poker on an iPad. You really would struggle to do that on an iPhone. It just doesn't have the same design — size, scale to be able to do it properly.

For us, our challenge was our content was horseracing races. There were dozens, if not many dozens of them every day. Also, then sports. I mean we offer even in-play in sports. Our dream is to have somebody sitting down watching a screen, using their mobile to place a bet. At the same time, not having to take their eyes off the screen. The process should be just very intuitive. Our challenge is we offer 12,000 games in running every month.

We have — on an NFL game, we offer 100 different markets to bet on before the game, and 70 during the game. How the hell do you do that on an iPhone? The answer is, it takes a lot, an awful lot of work to make it easy to use. It is about focus groups. It is about user experience labs. You just take the people through the process. You get surprised by how people interact and how they want to interact, until you can distill it down to the core elements that the need to see.

When you've got such a limited inventory, what's on page one becomes very, very important, the first thing you can click on. You also want them to be not more than one or two clicks away from anything else that you want. One of the things that we would do to stop that disruption is for instance is in soccer games, you can actually one of our devices and just wave it at the screen, it'll pop up the odds on the games. You don't have to think about how do I navigate. You just wave it and suddenly, okay, it's there. That's the bet. It's done.

Mr. John O'Neill: I've gotta use that.

Mr. Vin Narayanan: Yeah, that's cool.

Mr. Hai Ng: That actually reminds me of a great interaction tool that the Major League Baseball uses in one of their apps that involves game for in-play. Obviously for fun in the U.S., but it's an in-play game. The interesting thing is when it needs your interaction or when it's time that you can interact, it just vibrates the phone.

You're watching the game. You don't have to watch the app. It just vibrates the phone for a decision. You can click it. Then, now you're back watching the game again.

Mr. Vin Narayanan: A lot of this depends on what they're using the phone for, right?

Mr. Hai Ng: Yes.

Moderator: Whether they're using the phone as a second screen —

Mr. Hai Ng: Sure.

Mr. Vin Narayanan: — which I mean I'll confess during hockey season, I use my tablet as a second screen. I've got the game on my TV. I'm sitting in my easy chair. I'll get my tablet out, and I'll have NBC has what they call Star Cam. That Star Cam is actually focused on one player or focused on two players. The camera goes wherever that player goes. If the player's sitting on the bench, the camera's on him watching him sit on the bench. If he's out there skating, then you've got him watching skating.

I'm watching the game in real time, and I'm paying attention to my tablet on the Star Cam. Then, on my phone, I've got my Twitter going. I'm actually three screening for one game. I'm light on screens in comparison to other people my age and younger. I mean they do a lot more than that. They look at my setup. They're like, "Yeah, dude. You need to get more equipment." That's the way it works. Part of it is figuring out how people are using it. That's part of this testing process.

Mr. Hai Ng: Vin, it brings me to a good point here. I think that John would be able to answer this question quite well. Everybody knows — or eventually, now, everybody knows about sizing your content. You can't play five hands of poker on an iPhone. That's not gonna work. Will work on a tablet. Will work on a computer. That has trickled down.

Four years ago, everybody was clueless. Say, oh, you can zoom in. no, doesn't work, right? We've already learned that. One of the things that people haven't totally learned yet is the modality or what do people use that device for? Because a phone and a tablet may be both considered mobile devices. How a person typically uses a tablet versus a phone is very different. I'll let John talk about that.

Mr. John O'Neill: No, that's absolutely right and one thing to add as well, when you're thinking about an application on a mobile phone, it's very different than thinking about developing a product that you ship on a computer or a console. It's even more interesting when you think about a website development and the content that you're generating. You're engaging with an audience. You're not just firing once and forgetting it.

It's not a typical development cycle where you ramp up, develop, launch, and then support. A development project on a mobile phone, mobile devices, tablet devices, you're thinking about the engagement that an audience is going to have. It's a continuous engagement so that you retain your users. When you're thinking about what content is best served, it's not about one piece of information. It's about what's ongoing as the pieces of information to get people going back.

Because it's a Twitter generation. People are so scattershot when it comes to information. If you're providing a resource that allows them to continuously return to your app or your suite of apps, that's what makes the engagement so high. That's what keeps the eyes on your target. Now when it comes to engaging with the application, you're absolutely right. Thinking about what is someone doing with one hand holding a device? How are they interacting quickly, the flicking—I love the idea of just gesturing. You have to think about the interactions or what the human element is, and not just the content itself. A one-handed device versus a two-handed tablet versus a harmonica.

[Laughter]

Mr. Vin Narayanan: Well, it's interesting cuz one — I mean I like poker, and I like to play poker and one of the more interesting things I've seen from an online poker development is when it's played on the tablet or on the phone, the use of a folding gesture, the same folding gesture you would use at a live table. That same folding gesture folds the cards on a mobile device. That's actually really nice. That's a nice way to integrate the technology and the user experience into something like that. It was really well done.

Mr. John O'Neill: That's a developer thinking about that to keep it consistent.

Mr. Vin Narayanan: That's a developer thinking about that, and it's a developer thinking about all right, how are they gonna use this on the phone? Let's just say you're walking around, and you're using technology. Let's just say you decided to develop an app that's going to work at your track. People, when they walk around the track, you wanna present them with offers. When they walk by the betting window, you send 'em a push notification that says, "Hey, post time's ten minutes away. Do you wanna place a bet on the race?" How do you want 'em to interact with that? Or they're walking by, say you have a restaurant there, and you're walking by the restaurant. Say, "Hey, we've got 20 percent off. Hit this button to redeem the special and go in."

Mr. John O'Neill: Something quick about that. It's really important. We did a small 5,000 person — well, relatively small study, with a fairly large client, Salesforce.com, where 5,000 people were interacting in a very confined space. The initial idea was to have them going from place to place and scanning a code when they went there. That was a horrendous failure because you have thousands of people all clamoring in trying to scan the same thing. Using location based services as much as possible, or gestures, or near field technology, taking advantage of

what most phones, not all of 'em, but most phones are allowing you to do now, less about the camera integration, and more about just the point of presence.

Mr. Hai Ng: Also, don't forget, it's not just the modality and the screen size. It's also what can potentially happen to that device. One of the things that a lot of developers and people who are hiring developers or game designers forget is that phones ring.

[Laughter]

Mr. Hai Ng: If I'm playing a poker game, and I have a royal flush, and I'm about to — they're about to ask me whether I'm gonna raise, bet, or fold, and the phone rings, what am I gonna do?

Mr. John O'Neill: You're not gonna be happy, that's what.

Mr. Hai Ng: Exactly. I'm not gonna be happy.

Mr. John O'Neill: No.

Mr. Hai Ng: How is the developer gonna deal with it? The developer has to realize that doo doo happens. How do you recover from it?

Mr. John O'Neill: Right.

Mr. Vin Narayanan: You better be able to reject that call.

[Laughter]

Mr. Vin Narayanan: Even if it's your mother. Let's you just say you figured out. All right. You've got your content goin' on. You figured out your content. You figured out how you wanna interface, swipe gesture. You figured out the content you wanna deliver. How do you get people to find it? Cuz to me, this is one of the central questions of mobile development is it isn't just all right, we built it. How do they find you? Because that App Store, it doesn't matter whether you're on Android or in the Apple App Store, there are a gazillion apps.

Mr. John O'Neill: Yeah, the App Store, think of the App Store as your deployment system. An app store is not for discovery. You're relying — that's app store, generically, it's Google. It's Android.

Mr. Hai Ng: What's the latest stats now? How many new apps ever week?

Mr. John O'Neill: Oh, thousands. Thousands every week. I mean you're not gonna be — don't' rely on Apple or Google featuring you. You need to do fantastic marketing outside of the app, which you all are experts at.

Mr. Éamonn Toland: Sure, well, thanks John, thanks for the set up.

[Laughter]

Mr. John O'Neill: I'm there for you.

Mr. Éamonn Toland: No, I'll throw you one back in a second. No, I mean I think you're right. The App Store is not the place for people to browse and find you. You need them to seek you. They need to seek you because they know who you are, and they have a real desire to do that.

Mr. Vin Narayanan: I'm gonna interrupt. We got one question here.

Audience Member: You didn't have to interrupt, but you were talking about something that you never really — you don't just do an app and expect to be found in the App Store. How did you or do you suggest getting it out there? What did you do, or what things seem to work to get the knowledge out there that it even exists so people would download it and try it?

Mr. Vin Narayanan: Perfect.

Mr. Hai Ng: Marketing.

Mr. Éamonn Toland: It is marketing, and that is across all media. Ideally, you integrate them all. Yes, we would run press ads. We run TV campaigns, which were hilarious in fairness. We riffed off some perfume ads, then just — you'd have to see them to see funny they were. You do all that piece, but we also wanted to make sure that we did stunts and PR things. We have a guy called our Head of Mischief. That's a job title. His job is to think up stuff that's crazy that you can do.

In the last Ryder Cup, not in Europe, in the U.S., in Brooklyn, we were inviting people to send in tweets of support for the European Team. What would happen would be we would — we actually have footage of Rory McIlroy on his cell phone taking pictures of what happened. They would tweet. It would go into a central processor. There was then a team of people painting smoke signals in the sky with an airplane. The smoke signals were last year twice the height of the Empire State Building. It would have #Come On Rory, which it did. Rory McIlroy was taking a picture. Then, the next one was Tiger Likes A Bit of Rough. That didn't go down so well. It raised a huge amount of awareness.

People were like well, what the hell is this stuff? We had a guy in soccer, a guy called Nicholas Bendtner. He's a striker for Denmark. He scored a goal against Portugal in the European Championships. He pulled up his shirt. He had Paddy Power underpants. Then, people were like what the hell is going on? He got fined 100,000 for showing his underwear. I think Croatia got fined 25,000 for racism. Twitter went nuts. Facebook went nuts. People wanted to find out who Paddy Power were. He actually became a gay icon in the U.S., which we weren't realizing he was a well-ripped guy. You can see in the blogs, it's like who the hell are these

Paddy Power people? Somebody was going, "Oh, I think they're like the Calvin Klein of Europe. They're just underwear manufacturers."

Mr. John O'Neill: Good title.

Mr. Éamonn Toland: Yeah, I thought so. You see that these underpants were hideous. You do that. You have to have a bit of an edge. You want to be not just advertising in the conventional way, but you want to be on the front page as well as the back page. You want to use the conventional, and you want to use Twitter and Facebook as one campaign.

I mean a final one I'll leave you with would probably be we were talking about Lance Armstrong and the big scandal we had there. I mean we had a situation where the Giro d'Italia starts in Ireland, Even though it's an Italian bicycle race, it just started in Ireland. We decided as a public service it was important to have a stall offering clean urine samples for the riders, just as they were going past.

[Laughter]

Mr. Éamonn Toland: In fairness, none of them took us up on it. All of that marketing stuff, while it's wacky and wild, and we'd have some insane promotions and insane stunts, it's all pointing to the same place. It is that Paddy Power app. It is getting people enthused, getting them excited, and making them curious enough to go on to go to the App Store and find it. Where is this thing? What can I find out more about?

Mr. Hai Ng: Interesting.

Mr. Éamonn Toland: If you can sell that to them, and you don't necessarily have to offer clean urine to do it, then you're gonna be up there.

Mr. Vin Narayanan: I'll add one thing to that is I think there's conceptually. It's hard because you wanna embrace snark. This is something that I've been trying to get people to do because your customer base right now is of an age, and their use of social media, and all of that sort of thing, they're snarky people. This is what they do.

They're snarky about things they shouldn't be snarky about like Bill Cosby memes. They're snarky about things they should be snarky about, which is just completely irrelevant stuff. This is what they respond to. If you're able to embrace that snarky attitude and actually bring it out into your digital campaigns, into your social medial campaigns, that's something people respond to.

It's not something that comes easily. When you tell people to embrace snark and be snarky about it, the natural reaction is this stuff is never gonna work, and we don't do this. That's actually a big part of it is actually embracing the strength of the medium, what people respond to, and being able to go down that route.

Audience Member: Just as a follow up, not so much a question, but I'm curious of your opinion. I get it, and I think that's how Go Daddy built — I mean they're just selling a commodity server, rack space, but they come to mind because they built that brand. I even forget what their commercials are. In what you guys did at Paddy Power, do you think that what tends to happen is that by being snarky, by doing things that are memorable, whether good or bad, and people get fined, that there's a small percent of people they love that, so they jump to it. Everyone else is a follower. They're lemmings and they follow those people. I'm just curious if that's how it works?

Mr. Éamonn Toland: There's some of that. You want big passionate advocates. You want them to be enthusiastic. You want to look after them. As we said in the previous panel, I mean you're also trolling your Facebook and your Twitter fans. You're making sure that if they say something positive, you respond. If they say something negative behind your back, you're giving them a free bet. You need them engaged to help move the market.

It's also not without risks. We talked about it. We were betting on the last pope and indeed the previous pope, and we got chased out of Saint Peter's Square. We accidentally misled CNBC into thinking that a fictional TV character from a U.K. sitcom had a 500 to 1 chance at being the next pope, Father Dougal Maguire. That was fine. We met Dennis Rodman through that process. He was a great guy. He helped us in Saint Peter's. Then we said, "Why don't we sponsor your next tour to North Korea? That'll be a hoot."

Then, it turned out not to be. That's one of the few examples, I know, where we actually just — we had paid, but we weren't sponsoring any more. It doesn't come without risks. The point is you try to make 99 percent of people laugh. You know you're gonna have one percent who absolutely love it. There's always gonna be one percent who hate.

I mean we had a commercial for a soccer team, a blind soccer team in the U.K. that they play soccer using a ball with a bell in it. That's how they do it. We were actually trying to promote the blind soccer league. We had a commercial with a cat running onto the pitch with a bell around the neck. Suddenly there's a scream, and the cat's up a tree.

[Laughter]

Mr. Éamonn Toland: It was the most complained about commercial in the U.K. that year. It got hundreds ad hundreds of complaints. No cat was harmed in the making of this commercial. You know what? You have to take the rough with the smooth.

Mr. Hai Ng: I would totally encourage — some of the ads are probably online?

Mr. Éamonn Toland: They're all online.

Mr. Vin Narayanan: They're all online.

Mr. Hai Ng: I would totally suggest everybody when you have a chance, go Google it. You'll find some of it, and not something new either. I mean today if you watch TV today, you'll see Verizon has the ad.

Mr. Vin Narayanan: Yeah, the Half Fast ad.

Mr. John O'Neill: I love the Half Fast ad.

Mr. Hai Ng: Racing is no stranger to that. There's a horse named Hoof Hearted, and if you read that fast, you see why it's funny. Things like that, when people laugh, people remember. These ads, I mean not all of them will cost a lot of money.

Mr. Vin Narayanan: No.

Mr. Hai Ng: It's being creative. It's using — going viral. Yes, going viral is engineered, but you could do that. It's not expensive to put together a bunch of people to shoot a 30-second ad that has a funny theme. Let the market do it for you.

Mr. John O'Neill: That's also a very good point cuz we're all talking about what we've done. As a small company, I don't do the majority of our marketing because I can't afford to try to do something that we're not good at. I work, and very shortly I'm gonna call you up, with very talented groups who specifically create these marketing campaigns. The cost of development for most video games, we'll double that cost to account for marketing costs that we know we need to have.

You build it and they will come is not an attitude you can take with video games. You build it, and then you hire a great firm to promote it. If you can't do it, you hire someone who does. It's also with partnerships. Again, small studio, but we partner with Fox Movies. We partner with Sony Entertainment. We go out to very large corporations who are fantastic at marketing content that they can get behind and believe in. That makes them look good because we're providing great content that they can help attach their name to. We get a fantastic marketing engine with Fox and Sony, in particular, that we never would've been able to do by ourselves.

Mr. Vin Narayanan: Don't forget earned media. For those of you who don't the phrase earned media is, it's free media coverage. It's media that you earn by reaching out to the local TV news, to the local newspaper, to the local radio station, and getting them to come out and cover things. These are your — this is your target audience. It's actually easier to get earned media coverage than you think. I've been in journalism for a long time. I mean more than 20 years. That's sick.

Earned media works. You call. You pitch 'em a good story. You pitch 'em an interesting concept. You pitch 'em an interesting product. They will come out and cover it. These are news organizations that are desperate to fill their news hole.

They're desperate to put something on the air. They're desperate to put something in the newspaper. They wanna put cool stuff out there. If you have a good mobile offering that does some funky and unique stuff, it's gonna be really good.

I sat in a presentation and watched what the Hong Kong Jockey Club did yesterday with their 4K cameras and stitching together stuff. I was like all right, wow, that's really cool. At some point, in the next two or three months, I'm going to write about it. If you have a cool — that's earned media. They earned their coverage. It's not something that they came and pitched to me or anything like that.

Mr. Éamonn Toland: I was just going to say, I mean I know we talked about it last night, but we had a Catholic priest phone us from Newmarket, which is the home of flat racing really in the U.K. He said, "I need to build my confessional. I can't get any funds. Will you guys sponsor a confessional?" We're like, "Dude, are you really sure you want us to be sponsoring a confessional?" "Sure." You can get the earned media. You can get the press coming down.

I was like, "Are you sure you don't want ask somebody?" He was like, "Well, I have learned from past experience, it's better to seek forgiveness afterwards, than ask permission first." We build this confessional. We painted it green. We called it the Sin Bin. Frankie Dettori, the jockey, came in and he was the first guy to have his confession heard. Sky News, which is like Fox News, came down to talk about it and here it precisely for that reason. This was just a bit of fun.

Mr. Vin Narayanan: Yeah.

Mr. Éamonn Toland: I think we did repaint it afterwards in fairness, but what's that? It's a lick of paint. It's a story.

Mr. Hai Ng: Yesterday, if any of you were here and sat through the Pac-12 presentation about group sales, something that he said would totally apply here as well. If you're trying to build an app, trying to address an issue, it's not your issue that's gonna bring customers to the app. Find out what your customers wanna do, and find out what you can add to that process to make them want — to enhance their process, thus they will use your app because you've enhanced their lives.

Mr. Vin Narayanan: All right, so let's get back to the building of the app cuz if we start talkin' about commercials, we will go on for a long time. Let's go back to the building of these apps. There's a concept of when you're in the app development business of HTML5 versus a native app. A native app is basically an app that's built for Android or built for IOS, customized to work most efficiently and optimized for that environment.

HTML5 is more generic operating environment. You can build it and it will work over a large cross-section of devices. There's a very real question from a development standpoint of all right, we've decided to build this app. How are we gonna do it? Are we gonna do it? Are we gonna do it in HTML5, which is the standard that you can use over a cross — and it's a lot less expensive to develop in

HTML5, or are you gonna put the resources and the money into developing native apps? John, we will start with you.

Mr. John O'Neill: Well, I think you always get what you pay for. We've always been native mobile app developers because we're typically pushing a device to its limits. We like to know exactly what the capabilities are, and the compatibilities are. Plus, even though it's a mobile device, you do lose connections. If you're relying on web technology, and you have no Internet connection, you have no app. If you're creating a native application, you can put contingencies in place so that should you go offline, the experience continues.

A seamless experience is critical to us because you have such a small window of time when a user is engaged with your app as opposed to making a phone call or shaking at a screen, that you have to keep them engaged. Any interruptions are gonna be basically a lost user. In our experience, we avoid HTML5. It's a great technology for the future, possibly something we'll look at in five years when it matures, but it's not there yet.

Mr. Vin Narayanan: Now Hai, you're involved in developing mobile apps for all sorts of industries and applications.

Mr. Hai Ng: Right.

Mr. Vin Narayanan: Which direction do you lean in going?

Mr. Hai Ng: Well, John is absolutely right. The best way to go is a native app, because it pushes your device. It's suited for the device. It can best accommodate for the handicaps of that specific device. That said, HTML5 has its place today. What we use HTML5 a lot is for prototyping, very rapid prototyping, cuz it's cheap. It's a quick way to do it. It can be used to prototype on a vast variety of platforms.

Your initial test, if you wanna launch a test that you wanna reach as many people as possible, HTML5 is a quick and dirty way for you to do it, to gather what we call, in the industry, first contact, which means the first time an unknown outsider uses your app. They can give you feedback on it because you're gonna adjust. There's the wash, rinse, repeat, wash, rinse, repeat. HTML5 can be cost-effective in doing that. It is not the ends. It's only the means to the ends because the moment you gather enough information, and you're ready to launch version 1.0, that's the time you go native.

Mr. Vin Narayanan: Éamonn?

Mr. Éamonn Toland: I mean I'd have to bow to the expertise of John and Hai on this. I think our experience has been when we launched, I mean the first thing we were worried about was speed to market. Did we have the expertise in house to help to build things? Frankly, nobody had the expertise five years ago in the industry. Initially, we chose to use a third-party provider to help build our mobile solution. We used an app wrapper, but we didn't have a native app. That worked

fine for the time. Actually since then, what we have done is build our own in-house capability. Then, start your own native app development cycle. Our latest iPad app, it's a native app. It's done in-house, done by ourselves, which I think is the way to go. I do think —

Mr. John O'Neill: Éamonn, would you have taken that same path again if you had to do that over again?

Mr. Éamonn Toland: I think the dilemma that most people have is if you don't know where to start and where to begin, a) one dilemma is do you try bring the expertise in house? I just think we didn't have the speed — we didn't have the time or the luxury to do it at the time. I'm not sure we have the luxury now. We needed to create a solution fast. Therefore, we needed expertise that wound up being from outside our business.

Although, we needed to have some very heavy understanding of what they were doing and heavy active management in that process. There is also the risk of using a third-party and finding that they delivered something completely unfit for purpose.

Mr. John O'Neill: Exactly.

Mr. Éamonn Toland: You do need to keep very close tabs on them. I think given that the speed that we would've had, we had to go down the route of just having a wrapper. I think if we'd had a little bit more time. Now, even if we were doing it third party, I think we'd have liked to have go down that native app route, if we could've done it from the beginning. We're doing it now.

Mr. Hai Ng: Yeah, and Éamonn touches on a very good point. Management is important. If you don't know anything about the technology, you really shouldn't be going into the technology. You need to find somebody who understands it because you need to be able to manage your resources. Whether you're hiring or whether you're farming it out, you still have to manage them. You don't wanna micro manage them, but you want to manage them.

Because there are people out there that will take you for a ride for sure. There are also people out there who will do a very good job. How do you tell the difference if you don't know the first thing about what you're developing? That's the challenge.

Mr. Vin Narayanan: Yeah, I mean ultimately it's a question of, I mean, do you go with a partner, or do you say, all right, we've gotta do this. We've gotta do this right. I mean either way you wanna do it right, but do you go with a partner, or you commit the resources to hiring the right people to do it in house. There are challenges and weaknesses to both.

Mr. John O'Neill: Yeah, I really think if you'd asked me this years and years ago before I said what I did a little while ago where it's not just a launch the application and you're done. Now it's a continual engagement. It's changing in some ways

because you don't necessarily have to do all of it, but you should do some of it. You have some expertise. You have some talent in house. You don't have a full-fledged development staff because you won't keep them committed, potentially not committed full time.

You might have one or two people who are technologists, who are experts, who can navigate the storm and can be your conduit between your development staff and call BS. It's like nah, that shouldn't be that much, or ooh, that's way under. If someone's under bidding, something's wrong. If they're over bidding, well, then you should be able to sniff that as well.

Mr. Vin Narayanan: John brings up an interesting point from an internal management standpoint. One of my roles in the various companies I've worked with, one of the jobs I've held is to be that actual bridge between the product and the developers. In newsrooms, I have a technology background. Even though I'm a journalist, but I have a technology background. When we had — well, we had our own internal development staff developing apps and products for us, we would go through a product gathering, or a requirement gathering phase. Then, we'd go through, and then they'd build a product. There would be feedback. The whole system was ultimately broken.

The reason the system was ultimately broken is because when the developers met with the editorial staff, they went through, and they outlined exactly what each side wanted. They outlined all right, we agree. They'd come up with their 12 things that each side wanted. They got the requirements, and they got the timeline, and things like that. Then, they walk out of the meeting, and both sides walked away with fundamentally different impressions of what happened in that meeting, even though they just agreed to 12 different things.

As a result of that, the entire process was broken. What you need, and this was my job, is you need a bridge. You need someone that understands the language the developers are speaking. You need someone that understands the product and the language that the product side is speaking, and you need to be able to bridge that gap. As long as you have someone in house that can bridge that gap, you can go with in-house developers, or you can go with a third-party developer.

Either way, you need someone on staff that's able to bridge that gap, that's able to say yes, I understand the technology. I might not be able to program it, but I certainly understand the technology well enough to convey exactly what needs to happen from a technological standpoint. I understand the product well enough to say yes, this is what needs to go when you're going off on the wrong direction. If you have both of those components, then you can go either way. You need to make sure you have someone on staff.

Mr. Éamonn Toland: I was gonna say I mean one thing we discovered, as we've become a much bigger company, and this is extraordinary to us, was we had our own in house product development team. We always had and it helped to manage the process when we were using third parties. Now we had this build and capability

as well. Our technology team, heavy lifters, and even with them, in the same building on the same company. You'd wind up having these disconnects. We actually found — this sounds ridiculously simple, but by physically seating them together, you suddenly wound up getting rid of so many misconceptions that these guys had. Because instead of it turning up at the weekly meeting or the daily meeting, they were actually going, "Bob, when you said — was that right?" Then we go, "Yeah, yeah, yeah, that's fine," or go, "God, man, you haven't seen a word of what I was saying." You've got a huge productivity leap just by clearing up all the chaff and the nonsense that otherwise really can slow things down.

Mr. Hai Ng: It's like on your earlier panel, Éamonn, one of the presenters was talking about listen. I'm sure everybody is familiar with the thing that they're listening, but are they hearing? That's a very important thing both on the front side, while you're developing the app and on the backside, when you're testing and evaluating its effectiveness. You wanna listen, but you wanna listen with open ears. Because if you're looking for a particular result, if you listen hard enough, you're gonna hear that. That's not what you should be hearing. You need to hear what the people are actually telling you, not what you want them to say to you.

Mr. Vin Narayanan: That's a really important point. That's why that bridge is important because on the technology side, people are listening for certain buzzwords. They hear the buzzword. They catch it. They think they've got it and move down. That buzzword means something completely different in the context of the conversation. For them, they've caught it. They understand it, and they move on. Then, the same thing, on the technology side, they say something and it's a buzzword. The product side thinks they understand it. It's not at all what they understand. That's the language barrier that has to be closed up.

Let's talk a little bit — earlier session when we were talking about ADW and fraud and that sort of thing. How does payment-processing work in the mobile space?

Mr. John O'Neill: Ah, so you can rely on Apple and Google for the most part and pass the buck to them.

[Laughter]

Mr. John O'Neill: For the most part. It's interesting. There's a product we're just about to deploy, and we're relying very heavily on cross-product buy between — which is kind of a grey area when you have a cross-product promotion where you're buying a feature that's available on another platform. You're in those 96 page of Apple's Terms of Service where you have to be careful.

Mr. Hai Ng: You can't sell, yeah.

Mr. John O'Neill: Yeah, so but purchasing and supporting the native in-app official purchase system by Apple means you have a transaction verification receipt where the funds never come to you from the consumer. You're paid by Apple. You always have a bill of sale. You're safe. The application gets wiped out. The phone

gets destroyed. The Apple account still has a record, so they reinstall. You're safe. Google, exactly the same.

Where it gets interesting is when you're trying to promote, not just between mobile, but potentially between web and standalone PC or any other platform. Then, you have to figure out how do you integrate those services? Do you extend the Google API? Do you extend the Apple API? Do you try to leverage a service, which has been established and focus on the content development, which in our case is what we do, or reinvent the purchasing solution?

Mr. Hai Ng: Does something like Apple Pay or Google Wallet facilitate that transaction?

Mr. John O'Neill: It does. It does very much so. Then you only have to worry about how do you avoid the very grey area where you buy something on Google, and you make it available with Apple.

Mr. Vin Narayanan: Right, and Éamonn, how hard is it taking an Apple or Google solution and applying it to gaming?

Mr. Éamonn Toland: For us, I guess, just somebody said, it depends on whether you're paying for the app or you're paying for a product that is facilitated by the app, if you know what I mean. Our guys are downloading something for free. Obviously, it's not free ultimately when it comes to them being a customer and doing sports betting. For us, we have to think about this customer as if they were not just a mobile customer, but also a desktop customer, potentially a retail customer.

They really need a payment solution that allows them to go into any channel and actually, basically make a deposit, or make a withdrawal seamlessly. For us, a lot of the processes we use in the desktop environment, we apply to mobile and try to make it as straightforward as possible for them to deposit and withdraw.

One of the positives, which I think I alluded to in the last panel session was the presence of mobile devices has allowed us actually to really reduce charge backs as well. Because particularly in Europe, we use a company called Iovation, they allow you to paint a device ID, which actually allows you to know whether a smartphone has ever been used historically in fraud.

While our payments is a little bit clunkier cuz we have to do the desktop, and the mobile, and the retail thing all in one, at the same time, it's a wonderful tool. Because if somebody comes up to you and you see that iPhone has been used historically in fraud or that Android device, suddenly you're wiping out the vast bulk of your charge back issues because it's the same people doing the same stuff again and again, but thankfully, using the same devices.

The one thing they're not doing is going out to buy a new iPhone just so they can try and take your pants down. They'll use the same thing. Actually, we have found

that while it's been a heavy lift for us, our charge backs have almost disappeared. It's been a big —

Mr. Hai Ng: I guess, well, since Paddy doesn't have any app in the U.S., no operations, right?

Mr. Éamonn Toland: No, no. You got me.

Mr. Hai Ng: Yeah, so I guess it's only time to tell to see if the same problems will exist with things like Apple Pay with 7995 or any gambling transactions.

Mr. Éamonn Toland: I think one of the challenges — and I mean there's different challenges here. Arguably, one of the big problems is not just whether Apple or Visa as a card issuer will accept payments, but actually will Wells Fargo or Bank of America, the card issuing banks. I know I've even talked with people in the ADW business here, that even as a well-established business, it's a struggle to get some of the bigger clearing banks to work.

You look at New Jersey with online gaming, why isn't it as big as it should be? What's screamingly obvious is for a generation that want convenience, they want brilliantly designed apps, like the kind of stuff that John is doing where it's split second — but it is. It really is about split second engagement and hooking them into something which they find compelling without them having to spend even two or three minutes working out what to do.

Then, suddenly you go, well, first of all, let me ask you your social security number. Okay, fine. Now, let me ask you for your Visa. By the way, that's been rejected. Once people — you're just not gonna get the mass market coming into a business where they cannot interact in the same way they would in any other part of their mobile life.

Mr. John O'Neill: Right.

Mr. Hai Ng: The user psyche is also an important thing to consider. It's different. The same user will have a different state of mind sitting in front of a browser versus using their phone. They may be more tolerant to answer 101 questions in front of their computer. They won't have that kind of patience if they're answering 101 questions on a phone. They will just quit. Same person, same mood, everything the same, different device. They will have different levels of tolerances in terms of what you wanna do.

When you go mobile, you may have to ask them less questions, but be more creative when you ask them. You can stage that out our you can put most of the pain up front, and then skew everything later. It has to take a different approach psychologically compared to other devices.

Mr. John O'Neill: That does open up one other area where if you want to avoid in the U.S., the legalities of what Apple and Google and Microsoft with the phone and

the three percent market share you know to avoid those, I know on a Blackberry. We're not talking that. If you wanna avoid those completely, you can't go with just a pure mobile solution. You have to provide a mobile service that doesn't take any money as a transaction through the mobile device.

You have an account where you've set up something through a website. You've done all of your registration, verification, and funding. That account is then used as a secure log in to a mobile free application and they can do everything they want on the mobile app. All the transactions have to be done outside of the mobile app.

Mr. Vin Narayanan: It's actually the horse racing industry that's in a really good position to do that because those services already exist and are fully mature. In the app environment, one of the keys is building engagement. Whether—I mean the goal is to get 'em, whatever your goal is. Whether it's to get 'em to wager, to get 'em to play a game, and do an in-app purchase, to get 'em to buy, to go into walk into a restaurant. Whatever it is, the goal here is engagement. What are a couple of key tips, tricks, concepts that you have to think about in terms of building an engagement level?

Mr. John O'Neill: Give 'em free stuff.

Mr. Vin Narayanan: Free stuff?

Mr. John O'Neill: Well, when you attach — I was saying before, attaching analytics, you can look at anonymous information about a device, and see how frequently someone is running the application, how long they're in the application, what are they doing, and reward that behavior. If you want them to come daily, a lot of games, what we'll do is we'll detect if you've been here within the last hour, 12 hours, 24 hours or longer, and do positive reinforcement by giving you stuff. If you're a frequent and regular returning subscriber, we'll give you more things to do it for free. We'll reward you for good behavior. It's like we're treating kids.

Mr. Vin Narayanan: Hai, I see you nodding your head.

Mr. Hai Ng: Absolutely. I fall for that all the time.

[Laughter]

Mr. John O'Neill: It works. It absolutely works.

Mr. Hai Ng: A lot of games, a lot of casual games out there now would actually reward you if you log in at least once every 24 hours. The price escalates. If you come back today, you get the small thing. If you come back tomorrow, you get something even bigger. If you come back five days in a row, you get —

Mr. John O'Neill: The gold chest.

Mr. Hai Ng: — something that is actually worth money.

Mr. John O'Neill: That's right.

Mr. Hai Ng: That you normally would have to pay money to get. Now even if I'm not playing, I will literally have a calendar alarm that says, "Run this app." I will run it just to get the prize and I'll go back. Where my vulnerability is, is when I run it, there's a chance I will play. In the racing world, it could be — if it's easy, and you've designed your app to be very low friction, that five seconds that I log on, and whatever you pop up in front of me, it could be Giants versus Jets, put some money on it. I'll be like oh, yeah, all right. why not? It's there. It's already there. It's at my fingertips. Or there's post time coming up in the next five minutes, pick a horse. Why not?

Mr. Vin Narayanan: You tapped on something interesting. I'm a sucker for the daily quest. Is that —

John O'Neill: We know that about you.

Mr. Vin Narayanan: I'm a sucker for the Daily Quest. I log into a game. I get whatever super power I did because I completed the Daily Quest. The thing that's interesting is in the horse racing audience, your audience is actually playing these games. They're not just horse racing betters. They're not just horseplayers. These are people that are consuming games and consuming other media. They've gotten used to these game techniques and these game mechanics.

The way I respond to them, the way Hai responds to it, the way you respond to it, the way someone playing Candy Crush — they're gonna respond to the same game techniques. It's actually an interesting twist on things, in that you can go outside the industry to find game techniques that work. Then, bring them into the horseracing world and say, all right, how do we make a good experience out of this in terms of developing a mobile product? That's actually a really cool way to do it.

I mean that's actually a really cool way to do it. I mean there's a reason why Candy Crush is popular. There's a reason why Two Dots is popular. There's a reason why all the games are popular. It's the game mechanics. The game mechanics are really good.

Mr. Hai Ng: We talked about trans media. Yesterday, the Hong Kong Jockey Club talked about trans media. I'm not gonna repeat that again. You know what this is. There's also trans applications. What Vin is saying, if you realize that from your research for your customers that there's a lot of your customers or handicappers that are playing also play Candy Crush between posts, maybe there's an opportunity there. Maybe you could have a cross marketing agreement with some of the intermediary affiliate programs that are out there that say that if you bet a certain number of the handles, you get five lives on Candy Crush. You automatically refresh your Candy Crush lives.

Mr. Vin Narayanan: That would be cool.

Mr. John O'Neill: Yeah, there's fantastic services for that.

Mr. Éamonn Toland: The extraordinary thing is the daters they're often to understand this. If you can understand your customer, what else they're doing online and what they're doing with you on their mobile device, then you get the opportunity to create compelling content. Not just obviously in terms of game mechanics, but even as simple as yes, we will give people free bets. Yes, we will try to predict who's gonna be a valuable customer, and you try to do that early on. It's not just something as prosaic as giving them free money, although that's always welcome.

Mr. John O'Neill: I like that.

Mr. Éamonn Toland: It's knowing this kind of customer likes these kind of things. They're gonna like these kinds of emotions. I've got a reason to click on today because I want to know what the —

Mr. Hai Ng: What the promotion is today, yeah.

Mr. Éamonn Toland: What the promotion is. I mean we would do money back specials. I mean I'd have loved if we were in the U.S. to say money back second. If you come second to California Chrome, you get your money back. Money back all losers if California Chrome wins the Triple Crown. These would've been cool. I mean not possible, really, with the whole pari-mutuel structure. Those kind of promotions, those kinds of deals keep people engaged and enthused and curious. They wanna know what you've got up your sleeve next. It can be more and more relevant and personalized.

Also, to be honest, sometimes there's no harm in even also asking them. We get to a point where we give customers options. We say okay, say here's three specials of the day. We think all of these are tailored for you. Which one would you like? Then, you start getting people reengaging the other way and start building a much more richer interface between them.

Mr. Vin Narayanan: I'm gonna throw out a question that I hadn't brought up earlier, but I think we can handle it. There are online casinos in the U.S. right now who, I mean, not real money, but they're offering virtual currency sites. They're targeting real money players who like to gamble, and who can walk into the casino and gamble, but they're offering virtual currency play.

It works. They're making hundreds of thousand dollars a month. Why is that real money players like virtual currency? I mean cuz that's something that the horse racing industry can do right now.

Mr. Éamonn Toland: I mean I think we touched on this a bit yesterday. I mean look at the virtual currency boom surprised the hell out of me, for one. I just — how is this — I think we were saying earlier, how is that you deposit, knowing that

you've lost the second you deposited. There's no chance in getting your money back. To me, at the very least, it seems like casino customers have a different mentality than some of the other customers.

This is not necessarily the kind of Slotomania customer who's playing some of those kind of games. This is somebody who's willing to deposit \$50.00 or \$100.00 knowing that they will just want to use this over time and who do seem to be very close to that real money demographic. I think the answer has to be what these guys were always seeking is entertainment. I mean if you go to a casino, you know you're going there to be entertained. You don't go out thinking I'm gonna be rich when I walk out of this casino. You think I'm gonna have some fun.

Mr. John O'Neill: Some fun.

Mr. Éamonn Toland: As a rookie, I'm gonna have a few hours of fun. Why not cut out the middle man of disappointment of thinking well, I might've come out rich, and just think oh, I'll just focus on having the fun instead. I think that's what virtual currency is caught brilliantly. Actually, given that so many of the racetracks are also racinos, there is a real opportunity, I think, for them to do a bit on one side, and then work out how that affects their racing customers, too.

Mr. Vin Narayanan: How many people know what we're talking about in terms of the virtual currency sites? We've got a handful. All right, so a virtual currency site is basically this. It's an online casino where no real money is wagered. You are basically spending \$15.00, \$20.00 to give yourself a bankroll of 50,000 virtual dollars. You play those 50,000 virtual dollars and you can win some money. You can lose some money. You just keep playing until you lose all your money. Then, when you lose all your money, you reload and you get another \$50,000 to play whatever virtual games that are created.

People are spending money on this. I say this almost incredulous because it was something that just wasn't anticipated by the gaming industry as a whole. It's something that works really well on mobile devices.

Mr. John O'Neill: The thing is, it's the video game industry.

Mr. Vin Narayanan: It's the video game industry.

Mr. John O'Neill: This is not shocking to me at all because this is the whole reason my industry exists because we make things that are fun that people play for entertainment. They're not looking to make money. It's I paid money to engage with something that I get enjoyment out of.

Mr. Hai Ng: Exactly.

Mr. John O'Neill: We wouldn't exist if people didn't do that.

Mr. Hai Ng: Right. It's totally there. I mean in the video gaming world, that's how it works. It's always been how it works. Right from the first Atari Breakout. It's a quarter. If you're good, it could last 20 minutes. If you're bad, it's 30 seconds. That's the cost of entertainment. You put a quarter in, and you —

Mr. John O'Neill: You keep feeding it. You keep feeding it.

Mr. Hai Ng: — Space Invaders. I mean there was this joke that there was a shortage of 100-yen coins in Japan because they were all in the machines cuz everybody was playing it. It's always been like that. For the gaming world, it's very different. Now so Éamonn, you're in the gaming world, and Vin, you write for the gaming world, so here's a question for you guys. Is that the reason is because everybody's a loser metaphor works very well, that DoubleDown casino is worth 500 million. Big Fish Games is worth 885 million.

Mr. Éamonn Toland: That's a fantastic question because if you look at the — some of the people who have got into the space, the Caesar's and the HG's — I mean I actually think that if you talk to some of those guys, they will actually say there's two very distinct cohorts. That there are the people who are willing to deposit money to get virtual currency and play games. They are actually very much the real money —

Mr. Hai Ng: Women?

Mr. Éamonn Toland: Well, no, if they're willing to put their money in, they can be real money players and that they'll play their casino games. There's then the people who will go into play Farmville or Cityville or Zynga Poker, and while they are playing, again three percent of them will ultimately deposit to get extra credits. Actually they're quite a different customer base.

There are some within the virtual currency thing which you could see a path, well, it'll open up casino by casino. Each casino or racetrack will have its own database. It'll be like coming to Parx Casino or coming to Foxwoods, and you can see that they will make money from their existing loyal customers who also want to play and get as close as they can to real money gambling as possible, but online.

Then there's a whole bunch of other people who just wanna play a video game in the purest sense. They're slightly different but overlapping groups. Actually, I think both are gonna be very lucrative. The challenge with the kind of Cityville/Farmville model though has been that if you don't come out with consistent new content all the time —

Mr. John O'Neill: Yes.

Mr. Éamonn Toland: — then you start hitting the buffers. Obviously, you can see how Zynga has suffered because they haven't been able to come up with the next Zynga Poker. We did focus groups of them with real money poker players. We just asked them where they would prioritize different brands on the table. They fought

to keep Zynga off the table. They were like, "Well, that's poker for girls. That's Facebook Poker."

[Laughter]

Mr. Éamonn Toland: It was fascinating to see that but they were still very much adopters of the virtual currency model. They didn't want to play free money poker if there was nothing riding on it. They didn't want to play poker in a Facebook format where they'd be taking from their friends. They wanted to be able to play equivalent to what they were doing with PokerStars, only with their virtual currency. That had some meaning. You don't fold when you've at least got some money you put down on the line. I think actually while the Zynga guys are always gonna be under pressure for the next big game, arguably the land-based casinos and racinos won't be under so much pressure if they can have a Cleopatra style game that's up there, which is engaging, and has the bonus rounds.

Mr. Vin Narayanan: The reason why virtual currency has worked for the brick and mortar casinos in the U.S. is they've been marketing it to their database. They've been marketing it to their customers. They haven't been going after the casual social gamer. They've been going after the real money gamers who like those types of games.

Mr. Hai Ng: They also tie into the loyalty programs.

Mr. Vin Narayanan: They also tie into loyalty programs.

Mr. John O'Neill: It's a marketing system.

Mr. Vin Narayanan: Yeah, so they like those types of games. They're willing to pay money to play those types of games without having to gamble. More importantly, everything's been tied into the player point system. If you play for a certain amount of time in the virtual currency games, you're earning points towards going to the property. What these brick and mortar casinos are finding is they're actually reactivating old customers.

The customers that they haven't been able to reach for two, three, five years that are sitting in their database, they're activating. All of a sudden, they're playing. Then, these customers are actually walking back into the casino because they've been able to reactivate them. It's been actually a pretty incredible tool in terms of reactivation of customers, use of the customer loyalty program in building up that brand affinity.

It's also been a profit center. I mean it's ticked off all four boxes and it's worked out really well. Honestly, there isn't a person in the gaming community that's gonna sit there and say, "Yeah, I saw this coming."

[Laughter]

Mr. Vin Narayanan: If they did, they're lying to you.

Mr. Hai Ng: If you're in the racino, or you have a loyalty system as well, a game like that, a virtual currency game can also be an excellent point sink. In the video game world, we call it a credit sink or a goal sink. What that means is that you have your players that will earn comps and all that. Would you rather they come, and ask for a free dinner, or exchange it for 50 virtual credits online? That virtual credit costs you nothing.

Mr. John O'Neill: Digital I — yeah, that's right.

Mr. Hai Ng: Your graphic artist drew one, and you just hit copy and paste, paste, paste, paste.

Mr. Vin Narayanan: There's actually been a lot of experimenting with the loyalty programs in terms of how you're redeeming the points awarded online. The Tropicana in New Jersey's actually done a lot of experimenting with a lot of really good work with it. When they offer something, they really have no idea whether it's gonna work or not. One of things they offered was they offered a wine tasting at their property. They said play a certain amount, come — we'll draw someone at random out of this group of people that qualified, and you come for a wine tasting at the property. Or you could get the cash equivalent of whatever it is and deposit it into your account.

They assumed everyone would take the cash equivalent. They were wrong. That was their most popular in-property promotion. Everyone played, and no one took the cash equivalent. Everyone wanted to come to the property for the wine tasting. It's really weird. They did not see that coming. To a certain degree, you're in uncharted territories here. People don't necessarily know what's gonna work and not work. They know it is going to build brand loyalty. They know it's going to reactivate old customers. They know it's gonna be profitable. If you take those three things, and then you take the ancillary awards that come without it, you're ahead of the game.

Mr. Hai Ng: It reinforces the point we were talking about earlier. Don't assume that you know. Don't even assume that your experts know. If your experts tell you they know —

Mr. Vin Narayanan: They're lying.

[Laughter]

Mr. Hai Ng: They're lying. We don't know. I don't know. I used the pasta rule. You throw it on the wall. If it sticks, you're good. If you have an operation, that's the best way to test it. Try it out. Let your customer tell you if it works. If the customer tells you it works, it's irrefutable.

Mr. Vin Narayanan: All right, so one of the things that has to be talked about is you talk about what works. There's also a point where you have to figure out what doesn't work —

Mr. John O'Neill: Doesn't work.

Mr. Vin Narayanan: — and when you have to pull the plug. What's the thought process behind deciding we wanna know. We gave it a best shot. We're gonna pull the plug and try something else?

Mr. John O'Neill: I have to go back to analytics again because as long as you're engaged you can still pull the plug and still not lose. If you're monitoring, and we've had hundreds of products that we've been involved with, about 70 that we've developed, all of them we monitor and maintain. It gets to a certain point where it's too expensive to continue maintaining a product that is not generating revenue.

Now if we just relied on the App Store or any mobile marketplace to tell us this, we'd be lost. You can't just rely on the sales numbers that are coming in. You have to watch the data. I can't stress the importance of free analytics. You don't have to pay anything for it. Numerous services that are very easy to set up that'll tell you as much as information as you'd like to know about the way people are using your application.

You have to look at it and decide at what critical point are you going to say we're shutting that service down. We're going to mothball it within a certain number of months. I think in the past, our biggest failure was not doing that, was to hold on thinking, oh, if we just give that app a little bit longer, maybe it'll pick back up, rather than investing in the ones that were showing promise.

Mr. Hai Ng: I think there was a presenter yesterday that had a nice phrase that says, "Hope is not a strategy."

Mr. John O'Neill: That's absolutely right. That's absolutely right.

Mr. Hai Ng: The other thing that I wanna say that is important is what often what doesn't work is more consistent than what works. It's better to figure out what other companies did wrong because it didn't work and avoid those areas, than try to repeat what they did that worked. Just because it works for them doesn't mean it's gonna work for you. But if it killed them, it's probably gonna kill you, too.

Mr. Vin Narayanan: Three things that this audience needs to walk away with absolutely knowing out of this session?

Mr. Hai Ng: Blue.

Mr. John O'Neill: 42.

Mr. Éamonn Toland: We've already got the answers to life, the universe there.

[Laughter]

Mr. John O'Neill: I gotta get that out there somehow.

[Laughter]

Mr. Éamonn Toland: I think if they've never really got into mobile, don't be scared. It's gonna be important. It is tremendously, potentially tremendously important opportunity to engage your customers in a way you're not. I think it's important to understand how you use mobile, whether it is for something like betting, or whether it is as a tool to engage a loyal customer base with other content, or whatever you're trying to do. At least know why you're doing it and understand whether it's working.

I think if you're building a mobile solution, this is the point we made, make sure that you're not asleep at the wheel when they're doing that, so that what you get back is what you expected from the first place. I think those for me would be important.

Mr. John O'Neill: Yeah, three big things, I've touched on analytics. Use the information. If you're going to get into it, you get in what you put in. If you're getting in, it's not just a fire and forget solution. You need to make the investment. If you make a small investment, that's fine. Get into it, and maintain it. There's, like we said, thousands of applications that are launched every week. You will fall into obscurity so quickly if you don't maintain it. You have to, leading into the third, have the expertise. If you don't have the expertise, hire the expertise. Partner with the expertise, but don't try to do it all yourself. Know where your expertise lies.

Mr. Hai Ng: I think mobile is gonna be critical. It's no longer a necessary evil. At one point, it was a necessary evil. Today it's critical. If you don't have mobile, there's gonna be an entire segment of the market that you will not reach. I don't even travel with a laptop any more. The only devices I carry are all mobile. If somebody shows me a product today that doesn't run on mobile, by the time I get back, I'm gonna forget about it. I'm never gonna go there. A lot of people share that. Mobile is important.

It's very critical to know what you're doing. It's very easy to get it wrong and not realize that you're wrong until you've spent a lot of money. Then, it will cost you even more money to get it fixed. Find the right people. Partner with the right people. It's common sense. You just apply standard business common sense. One of the biggest mistakes that I always find with customers and a lot of customers that would be is for some reason when they are shopping for technical resources, they don't use their normal business experience any more. It's as if it doesn't apply because these guys don't wear suits. I can't use my usual sixth sense.

[Laughter]

Exactly, to judge these guys basically, right. Beards? How do you trust that?

Mr. Vin Narayanan: Yeah, so and a couple takeaways for me is remember that we are in a multi device culture. I got this as a prop out of my bag just to show you, but I've got my phone. I've got my tablet. Sitting inside my room is my laptop computer. Your audience is carrying all three devices. You've gotta figure out how you wanna satisfy your customer across all three devices. This is a multi channel operation. It's not one or the other or you pick one. Yeah, you've gotta give 'em an experience that works across all three devices. To me, that's one take away.

The other takeaway is don't be afraid of the process. I worked in the news industry in the '90s and they were afraid of the process. I can regale you with story after story over the culture wars of what it was like in an online newsroom, what it was like in a print newsroom, and the wars. There were wars that were fought over the process, over what belonged to which part, and how it was supposed to be presented and all of that sort of stuff. That's — you don't want that.

You can't be afraid of the process. You have to embrace the process, and you have to get both sides of your organization working together at the same time. Because if you're organization's fighting each other over this, it's not going to work. One of the reason the news industry is in the state that it's in right now is because of those wars. You don't want those wars to do it, but you're dealing with something that's critical, that everyone's using, that's going to be a big part of the way you deliver your product over years to come. Don't be afraid of the process. Embrace it. Roll with it. I think you'll end up with a good product.

Mr. Éamonn Toland: One last thing just to echo what Hai was saying about how important this is. Four years ago, we didn't have a mobile business. It's now more than 50 percent of our sports book revenues online.

Mr. Hai Ng: One thing I'd like to add last since we're running low on time —

Audience Member: Is that your native, and tablet and —

Mr. Éamonn Toland: Yes, that's all mobile devices is more than 50 percent of our business and growing like a freight train. Where the online—where the desktop business is now flat lining.

Mr. Hai Ng: Don't be afraid to think outside the paddock. All right. It's not just mobile devices that everybody talks about. This is a FitBit. It's a glorified pedometer. It has an API, which means it has an application programming interface that any engineer or programmer that you hire can hook up to this. One good example —

Mr. John O'Neill: I could've hacked that while we're sitting here.

Mr. Hai Ng: One application that Walgreens, has been very innovate in using this tool is that if you walk a certain number of miles a week, Walgreens will give you store credit to reward you for exercising. Some of you guys might be track owners. Track is a great place for people to walk around. You could build an app for this. It could reach a certain point and you can flash a message on this that gives —“Come have dinner here.” or if it’s — I don’t know whether it’s legally allowable, give them some sort of cash back thing or credit thing for —

Mr. John O’Neill: Free money.

Mr. Hai Ng: — or free money for a wager. Get them into the game. Malls today are perfect destinations for moms to walk around and families to walk around. Not just these devices, but embedded devices. Next year, Apple Watch.

Mr. John O’Neill: Wearable solutions.

Mr. Hai Ng: Wearables. It’s gonna be everywhere.

Mr. Vin Narayanan: Yes, sir.

Audience Member: Quick question. John, you mentioned analytic tools. Are there any in particular that you recommend? On the same side, any development tools that you’ve found are better than others given that it seems like there’s a wide variety of cross platform development tools out there now?

Mr. John O’Neill: One fantastic one for analytics would be Flurry. Flurry is free, widely accessible. In some cases, they even pay you, which is wonderful. If you allow Flurry integration to track your analytics, it doesn’t cost you a dime. They use that information for their own purposes as well. You can also turn around and enable the application to use targeted advertising. If users like a certain type of app, and your app fits that category, you integrate the ad component, and they start paying you money every time someone looks at the ad. Plus, you get the data about that user, which is wonderful.

There’s another service that’s growing, which is a lot more all encompassing called KII, K I I .com. They have a great analytics package. Their reporting I would say is on par with Flurry, but they also integrate user data managements, cloud storage, A/B testing and all of those are free up until you have a million users. Then, it’s a nominal fee per application. Those two are big.

Chartboost is another one that works well across platform. The biggest thing is starting with one and seeing how — what’s most important is all of them will give you the same services, but the reporting is what’s interesting because it’s one thing to record the data. It’s another thing to use the data. People start and they go, “Oh, yeah, I’m doing analytics.” It’s like, “Well, what have you learned about your users?” “I don’t know. I just see that I’ve got a million users a month.”

Mr. Hai Ng: Graphs.

Mr. John O'Neill: "Yeah, the chart's growing." It's like you might wanna use that information somehow. Each one takes a slightly different approach. I think they're getting better. The thing that I think is most interesting, if your application gets large enough, and you start hiring in-house data experts, the critical point will be can you extract the data. That's where it gets a little bit more tricky with costs. Because all these services, they want you going to their portal to analyze the data. When you start saying I wanna pull the data out of your service and use it, then there might be a nominal fee. They're all very affordable.

Audience Member: Terrific. Thank you. What about — sorry, just to follow up. What about development side? Do you use a specific development platform for your apps?

Mr. John O'Neill: We do. As game developers, we focus on mobile PC smart devices, wearables, gaming consoles.

Audience Member: Consoles.

Mr. John O'Neill: We're on typically 10 to 12 platforms simultaneously launching all around the world. The platform that we use is a Metaware solution called Unity, Unity 3D, which actually does have a gambling version as well. They go through legalities of using their service.

Mr. Hai Ng: Costs more.

Mr. John O'Neill: It costs more, but again, you get what you pay for.

Mr. Hai Ng: Right.

Mr. John O'Neill: We've been using Unity for 95 percent of our products for the past three years. Our team size has actually shrunk in standardizing to one development platform that integrates with every service that we need across all product offerings going from analytics to high-end 3D graphics to payment solutions; Sony, Microsoft, everyone loves it.

Mr. Hai Ng: That actually is something that we didn't mention earlier, but when you're shopping around to hire people, to hire developers, that's something that you have to be aware of is that religion plays a very big role. Depending on if I go to John and I try to get him to use anything other than Unity, not gonna happen. He's gonna tell me all the best things —

Mr. John O'Neill: I'll tell you the reasons why.

Mr. Hai Ng: — is great. If you go to another shop that uses another tool, they're gonna tell you that that tool is the best thing since sliced bread. Everybody is going to do that. It's very hard to find a group that is oligarchs where they will use everything or polyarchs where they will use everything. They will specialize on one

tool. That's their gospel. That's something that you have to be aware of and you have to be cautious about. You need to do some research on your own to figure out the pros and cons, at least, to a certain level —

Mr. John O'Neill: That's right.

Hai Ng: — before you go out and get basically a shovel by people who are just sold into a particular platform to deploy your solution.

Audience Member: Along that line, John, if you couldn't use Unity, who would you use?

Mr. Hai Ng: We're getting the red light.

Mr. John O'Neill: If I couldn't use Unity and a client came to me asking me if we could do a solution —

Mr. Hai Ng: Oh, we're done.

Mr. John O'Neill: — I would recommend them to another developer because our expertise is in Unity. I won't try to develop something we're not good at.

Mr. Vin Narayanan: We have one last question and we're done.

Audience Member: Okay. Great, I appreciate that. Aside from the development aspects —

Mr. Hai Ng: Doug's not happy.

Audience Member: — a little bit more on the marketing side, what I've experienced and built many mobile apps is that in the gaming industry, it's a little tough especially on the — there's some of the ADWs now have their apps in the Apple Store, which is fantastic. Apple does say they don't want any part of the gambling; so there's no issue with the fees around those types of apps. That's very clear.

However, when you get into the grey area, you can have a free contest. You can have those. When you get into the fantasy sports area, it's a little bit more tedious because you've got the Apple Store piece. There's sort of a fine line between what is gambling and what isn't. There is a sensitivity from Apple around some of those apps either being rejected in the store, or if they have outside pay, then, they're automatically rejected. Unless certain licensures or things like that are provided, if you have a gambling license and so forth. It's an interesting grey area. I think it's pertinent to this audience for that type of a discussion as well, or for thoughts around how you encounter that.

Google, for example, does not allow gambling apps at all. I think it's still — which comes back to the idea of where web apps are certainly simpler. They don't take

as much advantage of the operation system, of the alerts and the things that you want. It's still an option for this particular audience especially with some of the ramifications around gambling apps. Love any feedback there.

Mr. John O'Neill: Yeah, we'll take it offline.

Mr. Vin Narayanan: I think that's a good point. Let's finish this discussion elsewhere because that's actually a longer conversation that we have time to answer here. I'd like to thank our panel for doing an outstanding job today. They provided a lot of great information.

[Applause]

Mr. Vin Narayanan: Thank all of you for putting up with us for the whole hour and 45 minutes. Thank you.



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