

Supporting Racing's Core Product and Players

Pat Cummings
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If you could change one thing in racing, what would it be?

*The best horse bettors are very intelligent people who should be esteemed. **When we start working for our customer (the horse bettor), our business will grow.** We have found the enemy, and it is ourselves.*

Duncan Taylor – President, Taylor Made Farm
Thoroughbred Racing Commentary – July 24, 2018



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Perhaps the most fundamental thing
this industry should be doing

Breakage

Antiquated tote

Breakage

Course condition reporting

Distance inaccuracies

Equibase chart errors

Free data

Gate placement issues

Harmonization of rules

Information access

Jackpot bets

Late odds changes

Morning line inflation

New gelding reporting

Overlapping races

Post time drag

Questionable race times

Run-up

Stewarding inconsistencies

Takeout inefficiencies

Varying track biases

Workout falsifications

Xcessive qualifiers in race conditions

Yo-yo form cycles

Zooming camera shots



Albany Times-Union
photo gallery

July 24, 2013

Skip Dickstein

Breakage is the difference between what winning bettors should receive on a winning bet and what they actually receive.

2018 Win Pool Breakage - Triple Crown

Race	Actual Payout	Pay Without Breakage	Total Breakage	Published Takeout	Effective Takeout
Derby	\$ 7.80	\$ 7.86	\$264,413	17.5%	18.17%
Preakness	\$ 2.80	\$ 2.88	\$355,755	18%	20.69%
Belmont	\$ 3.60	\$ 3.68	\$384,863	16%	18.12%

Justify WPS - 2018 Preakness

	Win	Place	Show
Raw Return	\$ 2.88	\$ 2.94	\$ 2.64
Actual Return	\$ 2.80	\$ 2.80	\$ 2.60
Total Breakage	\$ 355,755	\$ 86,860	\$ 19,556

Over \$462,000 retained as breakage

**Our research estimates approx.
\$50 million is retained as breakage
annually.**



ADWs keep breakage, and don't have to share it like breakage retained via traditional brick-and-mortar play.

As ADWs obtain greater share of the betting dollar, breakage to traditional sources will decline.



**Mandatory minimum payouts
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negative impact to tracks.**

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Switch to penny breakage & eliminate minimum payouts...that risk is eliminated.



Track	Years	After-Tax Breakage	Minus Pools	Net
Yonkers	2014-2017	\$ 433,251		
Vernon	2014-2017	\$ 81,290		

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Yonkers	2014-2017	\$ 433,251	\$ 682,728	
Vernon	2014-2017	\$ 81,290	\$ 263,650	

Track	Years	After-Tax Breakage	Minus Pools	Net
Yonkers	2014-2017	\$ 433,251	\$ 682,728	\$ (249,477)
Vernon	2014-2017	\$ 81,290	\$ 263,650	\$ (182,360)

Tracks	Year	Pre-Tax Breakage	After-Tax Breakage	Minus Pools	Net
NYRA	2017	\$3,061,894	\$ 1,948,392	\$1,846,438	\$ 101,954

**Switching to penny breakage would be the equivalent of a massive stimulus package to horseplayers...
and handle.**

Switching to penny breakage would...

- Render playable (**finally**) place and show pools to “professionals”
- Eliminate minus pools (**direct benefit to bet-takers**)
- Reduce effective takeout (**currently breakage can cause effective takeout to rise nearly ~15% above published rates in worst cases**)
- Be a positive step towards proper pricing of racing in face of increasing competitive pressure.

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Racing needs massive improvements to be considered a serious betting sport

- North American racing data is a mess.
- Turf rail settings, run-up variance, sometimes missing or erroneous sectional times, errors and excessive variance in charts and running comments, course conditions met with skepticism.
- Details from a 1920 race are more specific than 2018

North American racing's sustainable future requires...

- Competitive pricing
- Increased transparency
- Improved information and access to it
- Modern product development

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Current customers who don't get this from racing will leave

Potential customers won't consider racing without it



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The Idea: Penny Breakage

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