



Wednesday, December 6, 2017

What's Up With Wagering?

Moderator:

J. Curtis Linnell: Executive VP, Thoroughbred Racing Protective Bureau

Speakers:

Todd Buckingham: CEO, TopBetta Holdings

Bernard Marantelli: CEO and Founder, Colossus Bets

Jason Neave: Founder & CEO, Punt Club Pty Ltd.

Liz: Okay.

We'll kick off the afternoon with What's Up with Wagering?

I gotta say besides Curtis I think these gentlemen probably came the farthest of any of our panels because two came I believe from Australia, and one came from the United Kingdom.

We're glad to have them all here.

Panel is sponsored by Racing and Gaming Services, Limited.

I wanna thank Curtis Linnell who's the executive vice-president of the Thoroughbred Racing Protective Bureau for helping me find some of these people and for moderating the panel.

Curtis.

Mr. Curtis Linnell: Great.

Thank you, Liz.

Let me see if I can break things up here.

Okay.

Just first of all, another good shout out to Racing and Gaming Services, to John and Kirk Brooks and John Sullivan.

Thank you very much for sponsoring this panel.

This is the after-lunch-on-your-own panel.

[Laughter]

Curtis Linnell: Okay.

Sorry one queue.

Let's put up the What's Up with Wagering PowerPoint.

It has JCL tagged at the bottom.

Just as we queue that, so what does lunch on your own mean?

Generally that's code for you can go out and drink alcohol.

[Laughter]

Mr. Curtis Linnell: Because we know that, we have a laser pointer up here which I'll be using for the complex spreadsheets that I'm gonna take you through one cell at a time for about the next 50 minutes.

If anybody falls asleep we'll hit 'em with the laser pointer.

No, I think we've got a really exciting panel.

I'm not gonna talk a lot cuz we have three gentlemen who are at the forefront of encouraging wagering, trying new approaches and new innovation to wagering.

I think it's a great segue.

The good news — and we do have some good news — is the U.S. leads the world in exciting applications for wagering.

Does anybody know that?

U.S. leads the world.

Unfortunately, it's bitcoin futures.

Bitcoin futures are on the Chicago Board Futures Exchange starting 5:00 p.m. Central time.

This is something in the domestic market that seems to be creative, innovative.

We can take a cryptocurrency that nobody knows how it came into existence with a founder that nobody's ever heard about and they speculate who may have a corner on bitcoins.

We don't know. You can mine bitcoins.

That takes 18 percent now of the world's energy, and China leads the world in bitcoin mining.

I don't know how that process works.

You can have bitcoin lockers and securities which get hacked all the time.

There's transactions versus assets.

This is not even the product itself.

It's a virtual product.

It's a derivative of a virtual product.

It'll be on the NASDAQ next summer, and shortly after that on the Tokyo Financial Exchange.

This is innovation in financial markets.

This should be innovation in horse racing markets and betting markets.

That's what we see in the rest of the world, innovation in horseracing and betting markets.

Who in the hell wants to play bitcoin futures?

I don't know.

Okay.

Let me do a few quotes to show you how well I prepared for this.

This is quotes from yesterday's panel Handle Stagnation.

I even put the date on, December 5, 2017.

This was the four main themes that I picked up from that panel.

Excellent panel.

Thank you, Mike, for hosting and moderating that panel.

He did a lot more preparation than I did for mine cuz I drew from it.

The points. "All the innovation is being done internationally and outside the U.S." Ed Comins said that.

I think he's correct.

The wagering product is overpriced and stale.

Horizontal pools do not promote churn.

Absence of wagering tools for new players.

There's an absence for technically astute new players.

Okay.

The fact is — and this is a quote.

I'm not sure who it's from, but "there's nothing new".

It's happened other places or at other times.

What our challenge is — is to replicate it or adapt it and make it work domestically and then make it work internationally as product is exported.

These are three shining examples of people who can adapt to different markets.

I think that that's so important to take a product that's successful and that works and you're innovative and adapt it to different markets.

Okay.

Here's the four themes of today.

You'll be tested on this later, so please write them down.

Peer-to-peer, that's a theme.

Social networking, data acquisition and of course data analytics and artificial intelligence.

The future of technical interaction involves all of those to some extent.

Think amazon.com for wagering.

We have three gentlemen that I will now introduce starting with Todd Buckingham.

I will do that from my seat, so I can get out of the way.

Todd Buckingham is the CEO of TopBetta Holdings.

It's an Australian stock exchange listed entity, went public last year, that recently launched a new company which I thought was very innovative, a bookmaker launching a tote company.

I thought that was great.

The Global Tote.

Global Tote is positioned as a B2B tote solution.

It's licensed in Alderney in the Channel Islands.

Since launch has already secured tote licenses in both the UK and the U.S.

For the U.S. it's a North Dakota Racing Commission license.

Prior to entering the wagering industry Todd was a sports guy.

Ran sports management companies with Craig Pearce and has lots of great stories about rugby guys and other sports things.

With no further ado let's bring up Todd Buckingham.

[Applause]

Mr. Todd Buckingham: Thanks, Curtis.

Just before we start I'd just like to thank a colleague of mine for the really good picture that we've got in the symposium brochure here.

When you see the top hat and the name Buckingham I don't think you'd expect what you've got.

Also, I'd like to thank Curtis, Bernard and Jason for putting Year 12 photos in here to make me look even worse.

[Laughter]

Mr. Todd Buckingham: We're here to talk about what's up with wagering.

It's a challenging market here in the U.S. as we know, and as everybody has mentioned the turnover is not increasing.

The ADW account wagering is just starting to grow and take hold.

Sports betting is coming.

Whether that's positive or negative use of the racing industry we'll see.

How do we attract new and younger players?

The change in competition sometimes is scary, but most times it's good.

Other markets such as the UK and Australia have been through this process before, and the results have been quite positive for a better user experience.

They have increased marketing.

There's more engaging products, and that results in more significant growth and turnover and obviously revenues.

Just gonna touch on a couple of recent innovative products that have been released in the market in Australia.

We're in a situation now where it's a product rollout from all of the corporate bookmakers, and it's a bit of a battle to keep up.

We've had things released in the last 12 to 18 months such as BetBoost where actually get your bet increased.

If you have a \$100 bet, you get \$110 put on the runner.

We have Odds Boost where you actually get your odds boosted.

With Fold where you can halfway through the race or 400 meters into the race if you don't like where your horse is running you can hit the Fold button and get your money back.

We have Double Downs in the same situation, 400 meters into the race if you think you're traveling well you can hit a button and double down your bet.

Flexi Betting which is an interesting one that's been around for a while in Australia, and something that really needs to happen here in the U.S. especially across your exotic products.

Things like Cash Out which I'm sure Bernard will talk to you about in detail.

Also, with the promotions which are quite engaging which work quite well in Australia.

Things like Money Back if your horse runs second or third.

Double Winners so you get paid if your horse runs second to a favorite.

Double the Odds, for a certain amount of your stake you can actually get double your odds if you back a winner.

Things like No Lose Saturdays which we run at TopBetta.

Where all your bets on a Saturday, add up your losses and we'll refund your bets at the end of a Saturday.

There's Lead and Get Your Money Back and even Boosted Odds.

Sports betting, if or when, there's negatives and there's positives.

The negatives obviously there's a lotta kind of focus would go to sports.

There's global bookmakers which would come into the market that if we don't innovate with the racing products here, that they'll come in and just swallow us up.

There's better technology because it's been around for a long period of time with in-play betting.

The access to vision for sport is huge here in the U.S. in comparison to access to your racing vision.

The positives though for racing is it'll create a brand new audience so that when the sports punters are betting on their apps you can then promote your racing product on those apps.

There's increased marketing around all of the betting which will take place.

I think you guys would appreciate with the fantasy sports, that was for the last couple of years were quite significant, the advertising picked up.

I think you couldn't watch an ad break without seeing a number of fantasy sports ads.

This would obviously increase the handle for racing.

How to get new customers.

Some of the things that Curtis just touched on with artificial intelligence and data analytics, having accounts enables you to be able to re-target those users and target users in a way that it creates more personalization.

You make it easier to understand as well.

I think mobile betting which has really taken off in Australia and obviously in the UK, we probably do over 60 to 70 percent of our betting now on a mobile device.

Those are just a couple of points I wanted to raise so that we can have a chat about when we have the questions.

[Applause]

Mr. Curtis Linnell: Okay.

That was excellent.

Our next speaker Bernard Marantelli is the founder of Colossus Bets.

Bernard is a transplanted Aussie to the UK now.

Is a founder and CEO growing up in Australia who has a father in the horse racing business.

That's strange for somebody in Australia.

He developed a strong understanding of the betting markets from an early age.

During several years in the corporate and banking sectors — and we won't hold that against you Bernie — Bernard ran betting models as a hobby before deciding to focus full time on professional gambling and building Colossus.

This brought him together with his business partner Zeljko Ranogajec.

I could never say Zeljko's last name, so hopefully I get that right.

Mr. Bernard Marantelli: I don't think he can.

Mr. Curtis Linnell: Yes.

We call him Z.

Who shared Bernard's view that pool betting was a sleeping giant to which cash out and life-changing guarantee prizes would drive betting and unprecedented player engagement.

Bernard holds a First Class Bachelor of Sciences degree, University of Western Australia and an MBA from London Business School.

Lives with his spouse, his wife, and two sons in London. Bernard.

Mr. Bernard Marantelli: Well, I'm gonna be a disappointment after that.

Anyway, I just wanna briefly run through Colossus Bets, what we're doing in Europe and around the world and what we would like to do in North America.

I agree with many of the things that we speak about.

I actually left gambling on horses when I finished university.

My father was a bookmaker.

I said I better go off and get a real job because this industries under a lotta pressure.

We had a few eulogies yesterday about racing, and I think it's not quite dead.

We will try and rescue it with a few innovations here that I'll run you briefly through.

Cash Out from what I can work up beside swap-swap or spot-swap in Vegas doesn't really exist in the USA.

Cash Out in very simple terms is if you get four legs into a Pick 5 you can sell your ticket to somebody.

Of course if you are one step from winning as Marshall was who was on the panel yesterday, he was one step from winning \$380,000 on Arrogate in the Breeder's Cup Pick 6, and he was stuck there with nothing to do.

He said, oh, I could have \$50,000 on Gun Runner.

What if that gets beat?

I could try and sell my ticket.

I could try and walk around to people wanting to bet on Arrogate.

I could ring up a friend on an exchange in Betfair and hedge it or something like that.

None of those options are available to anyone except an ultra or semi sophisticated gambler.

They weren't even available to Marshal.

He sat there, watched Arrogate get beat.

He had \$120,000 worth of equity in Arrogate go to zero during the running of the race.

Cash Out is a package solution to let a retail player exit his bet during the journey of the bet.

We were the first firm in the world to introduce that at all or in a partial element.

You can see in the graphic on the side that you can just use a slider bar, or some firms have radio buttons to determine how much you wanna cash out.

I wanna sell 20 percent after 4 legs of a Pick 6, another 30 percent after the next leg.

This innovation we started about four years ago in March 2015.

Betfair, Paddy Power — when they were separate — and Bet365 all launched Cash Out in the same two-week period of March 2015.

In Europe at least, it became industry must have/industry standard overnight.

What are the benefits to the operator of offering this product to their retail client on a multi-leg pool bet in America or a multi-leg parlay or indeed a single bet on the Patriots or something where you can cash out during the game?

You might back a football team at 2 to 1 before the game starts.

They're 20 points up in the fourth quarter.

They're now 90 percent to win.

You might just wanna de-risk and exit your bet. Cash Out around the world is generally applying for a pre-off bet in running or a multi-leg pool or a multi-leg accumulator.

The benefits are that it increases spend because instead of a traditional person saying I can put 20 pounds into a Pick 6 cuz that's what I can afford, he says I can put 40 or 50 in there now.

Take a wider number of selections in the first two legs. Cash out after the first leg or the second leg, 20 or 30 percent, get my stake back.

It generates a second revenue stream for the operator because the operator can charge, as all of them do to my knowledge, a margin on the cash out.

They value your ticket at \$100 or \$100,000.

We bought a ticket for \$350,000 sterling so about 480,000 pounds. Someone who is one step from winning 1.2 million.

That ticket lost.

A person banked 380,000 pounds sterling on a losing bet.

It reduces your customer churn because the customer is drip feeding small amounts of money back into his account all the time.

Yesterday they were saying that the multi-leg bets lock up handle and it really stagnates the pool.

In these examples if you have a multi-leg bet where after 1 or 2 legs they can cash out 20 percent, they have that money.

They have something back in their account to play again.

They're also back on your website to check their cash out offer and re-invest in another bet or sell them another bet if you have the opportunity.

There're a lot of good PR around this.

There's bad PR as well.

There's the occasional person who sells a ticket for \$20 that goes on to win 5000, but not surprisingly they keep quiet. They don't wanna tell anyone that they were the mug who sold that ticket for \$20 that ended up being worth a lot.

In our worst example we paid 12 pounds for a ticket that went on to win about 1.2 million.

Now he wasn't tweeting his mates that he'd made that decision.

The gentleman who sold a ticket for 60,000 that in the 14th leg got knocked out, he was telling the world what a genius he was.

You can argue that if he was so much of a genius he should have made a different 14th leg selection, but he was certainly crowing at that time.

It creates product stickiness as I've covered briefly in some of these other elements.

It really modernizes the multi-leg opportunity.

This is essentially industry standard now particularly on fixed odds multiples around the world.

The calculation engine to do a cash out on fixed odds multiples is very easy.

The calculation engine to do cash out on tote pools and tote pools with constellations within the pool like a V75 in Sweden or a Pick 4 in the U.S. where 25 percent of the pool goes to the Pick 3 is a little more complicated, but it's not overly complicated.

It can be done.

You can modernize even the more complicated pools.

Colossus has also built a product called Syndicates.

Basically, Syndicates is crowdfunding.

Instead of you buying a 20 pound ticket in America — and this kind of goes to Todd's point of saying you should have fractional staking or flexi betting as they call it in some parts of the world.

That's one way to do it because now a person can take his 300 pounds, spend 1.67 cents on each and spend \$20 in total.

What we've done is produce a crowdfunded element where you can suggest a 3000 pound ticket which would cost 6000 pounds.

You put it on a crowdfunding website that sits as a tab on the TwinSpires ADW or the Colossus Bets or the Betfair tab and you crowdfund.

Here you can see that we have a number of examples where on this occasion we have 189 people here have so far bought 90 percent of a \$4100 ticket.

When that ticket is filled it gets placed.

It's owned by the handicapper or the manager or the captain.

He tweets it on social media.

Keep hitting the wrong button.

Again.

We have embedded Twitter, WhatsApp, Facebook sharing.

You end up with lots of discussion and lots of debate on social media.

What should I do?

How much should I cash out?

Come and join my syndicate.

You mix betting with marketing through social media.

Here's just a very quick example.

This is actually a real tweet from London.

This guy had 119,000 pound offer on his Pick 15.

This ended up an hour or two later with about 87 interactions on it.

This gentleman who captains a number of our syndicates he frequently will run a poll, "Hey, guys, we got a 20 grand offer.

The next football game is in two hours.

Shall I sell 10, 30, 50 or nothing?"

He will get 700 retweets and interactions and votes on that system.

Of course, he gets ridiculed when he doesn't sell.

Everyone says, "You're an idiot.

You should have sold."

He goes, "Well, why'd you join me, you mug?"

Like there's a real bit of banter there.

When he cashes out the bloke goes, "You're a fool.

Like we should have stuck in.

I bought into this syndicate to win a million, and now you're selling out."

All of that is essentially good publicity or no such thing as bad publicity.

Here we have this is what you could end up having in America.

A syndicate captain saying, "We've got Arrogate for 180 K," or whatever.

I can't read that.

"These are the remaining units, and this is our cash out offer.

What should we do?"

Just very quickly we have an API for this is any sort of central tote wants to take this solution.

Now HPI Woodbine have already done this.

They've been live for about six months as our partner in Canada.

It's been a slow rollout over the provinces.

We've already seen — and its last leg only because the joys of ITSP the data's not available centrally to price the tickets accurately to give cash out on every leg.

We've found that in Woodbine already we're seeing a nine percent increase in — well, a nine percent churn in handle churn through cash out volume.

That's last leg only.

In Europe we see about a 12 percent churn on last leg cash out and a 40 percent churn in total.

If we were to put cash out on every leg in North American racing we think we'd see about 40 percent growth in pool handle and — not in pool handle, but in pool churn.

If you have a 100,000 pound pool with all the players in this room in it, by the time you get to sort of leg two or three you lot are out, you all back losers, you lot are still in, you cash out five or ten grand, you cash out five or ten grand.

Another leg all of you are eliminated.

We've got the last three or four people in here who are now getting offers of 10,000 and 15,000 each.

They're selling two or three or several thousand each. In total all the cash out volume on 100 grand handle pool would have about 40,000 pounds in churn. If you put a 10 or 15 percent margin on that you get about a 4 or 6 percent essentially new rake on the product.

That's before you consider the increase in spend through syndicates, through social marketing or the increase in spend by a person saying I can buy a 100 pound Pick 6 and take my stake out after I get through the first leg.

He'll stack his Pick 6, 6 by 3 by 2 by 1 by 1 by 1 in the belief he'll get through the first leg and take out his stake which he doesn't always do.

Colossus racing, historically we've been a sports betting firm in the UK where we're based for a couple of reasons.

One, I believe the Ed Comins school of thought that racing is almost dead. Two, because there, there was a monopoly situation with racing.

Three, because soccer was growing, and racing was struggling.

Now next year with racing having a non-monopoly in the UK any longer we are partnering with the 54 tracks that are forming the British Racing Consortium to produce a new racing tote.

We will run the multi-leg pools for them.

The single pools will be run by the tote firm and tote hub i-neda.

We'll run the multi-leg part of the equation with cash out and syndicates leg by leg. We will look on a Saturday to introduce a Pick 7 with a 3 million sterling minimum guarantee.

It would be nice to sell that product into North America if anybody wanted. That would grow to 10 and 15 and 20 million based on the mathematical arrangement of the complexity of choosing complex races on a Saturday in a Pick 7.

We really come from the school of thought that it's pointless putting up a Pick 6 or a Pick 7 with no guarantee and safely taking 30 percent rake and having a pool trickle, trickle, trickle, grow, jackpot, somebody win it.

Our school of thought is very much put aggressive guarantees, get aggressive spend early, sometimes get a bloody nose because they take your guarantee before it was paid for.

Instead of making 30 percent on 10 million handle with no risk we would rather make 20 percent on 50 million handle with a bit of risk along the way.

Just the final point, we are looking, and we have built an American compliant cash out NFL, NBA game where instead of picking seven horses or six horses you just have to choose the MVP of several sports events.

This is available on our platform as well.

It's just a very easy alternative to, hey, seven horses, seven MVPs.

I don't have to worry about a salary cap or correlation of players or complexity or something like that.

If you look at Draft Kings and Fan Duel and these sites, they're turning over about three billion now from nowhere, but the ecosystem is badly defunct.

The complexity and correlation of players is intense, and the advantage to professional players is significant.

That ecosystem is going to break if they don't do something about migrating the game to a more neutral environment for the retail player.

I think that's all. Hopefully there's no more. Myself here, Paula in the second row who's our chief technical person hasta build and make all these promises of mine work, so talk to either of us after.

[Applause]

Mr. Curtis Linnell: We will have an opportunity for questions after Jason.

Jason Neave, founder and CEO of Punt Club.

This is really an innovative solution.

Jason is the founder, and it's his own startup.

It's a web and mobile platform that lets people run their own punters or better's clubs online without any admin effort.

It sounds like Blockchain in some sense.

Jason spent five years on the board of ADMA, Association for Data-driven Marketing in Advertising which is Australia's marketing industry's peak body.

Owns a digital agency, The Distillery.

I love the name, The Distillery.

I think that you're going to have to explain that.

Is co-founding director of startup incubator the Moonshine Lab.

There's obviously a theme running through all this.

Very good.

Ladies and gentlemen, Jason Neave.

Mr. Jason Neave: Thank you.

[Applause]

Jason Neave: Yeah.

Drinking and gambling it goes hand in hand.

Thanks firstly to Liz and Denise and Betty and the gang for inviting me to speak.

It's been a great couple of days, and I've met loads of people.

I've met many of you in the room.

It's been a very worthwhile trip so thank you.

Punt Club, I'll try and fly through this, so we can get to the question part later.

We'll go pretty quickly.

This'll just be a brief, I suppose, timeline about why we've gone down this path and started Punt Club.

I suspect before Punt Club even existed is where we began an agency called The Distillery which I nearly sent broke stealing all my designers and developers billable resources to build what I thought was a solution for my own problem.

Where we used to always run syndicates with my football club to pay for an end-of-season trip.

That was complex, running spreadsheets and chasing your mates for money and looking after bank accounts and perfectly legally sharing logins for betting accounts and things like that.

We thought that had to be fixed.

The Distillery helped me do that.

We would get a lot of people come to us after building this product to say can you help me with my sports product or my racing product or any startup product they were looking after.

We typically say no, but we said yes to a couple.

It became quickly apparent that I was gonna send the agency broke again doing all these cheap deals to get equity in new startups.

We set up a standalone business that just incubates on a fee and equity for service model startup products.

One of which — and because we got a love of racing and sport we're doing a couple things in the sports and racing space.

This is a business called Racing Republic.

It's gonna be app-based global directory for all racing tracks and all key races plus gamification of attendance at racetracks and scoring points for buying hospitality packages and becoming a global racing ambassador.

Another one we're working on and talking to a couple of the totes and regulatory bodies in Australia is trying to help racing tracks and racing clubs who have members that might bet either onsite or at home have that bet recognized as on track or applicable for on-track racing commissions if done via a racing club app.

Lots happening in the racing space.

It's good fun.

Everyone wants to be around the horses and the sport.

I gotta talk a little while — this is kind of the basis or the synopsis that Liz asked for for this session was how to use a social experience lair to drive innovation and engagement in racing and wagering.

If you checked twice, I mean, that'd score pretty well on the bullshit bingo meter and exactly what it means so we kind of translate it as just friends with beer, betting, banter and then do it all again.

How it sort of all began, I talked about the football clubs and this is probably true of — and the cultural similarities in the U.S. are pretty stark.

I mean, I lived in Berkeley for a couple of years in my 20s.

The fraternity culture and the college buddies kind of exercise would work really well here I think.

For us we're always just in a football team and instead of just choosing to go to the Melbourne Cup at the end of a particular year with the money that we'd saved in our punters club we went to the West Indies for World Cup.

We had one punters club.

There was 20 of us in it, and we had to put in \$20 a week on a subscription basis.

We did it for two and a half years, but in the end, we had a pot of 50 grand sitting there.

We didn't win any money, but we didn't lose much.

The margins aren't huge for most bookmakers.

We were able to get enough money for the entirety of us to go and have a life experience.

When I added up all the money that we'd spend as a group we kind of figured that I think it was 200,000 grand split between 10 different bookies and 10 different travel agents.

We thought if we could aggregate that spend there might be a business in it when we came home.

[Video Plays]

Ever since the Greeks first oiled themselves up at the Olympics —

Mr. Jason Neave: This is how it works.

[Video Continues]

— people have been enjoying a punt on their favorite sports.

They also enjoyed betting with their mates, and shitloads of people now take part in what is known as a punters club where members chip in some money each week and take turns to bet some and bank some until they're kitty runneth over with savings.

Money they can put towards a trip away, a horse of their own or just a day of madness at the local races or footy grand finale.

Until now there was just one problem.

Whoever started a club was usually also the poor bastard who had to chase their mates for money, let members know what the club is backing and be a spreadsheet ninja to keep track of everyone's coin.

Punt Club fixes all that and lets you set up and run your own punters club online or on your phone without any of the admin nightmare.

Punt Club automatically collects money, sends betting reminders, tells all members who backed what and leaves you to get on with the important business of beer, banter and finding a winner.

Best of all, the service is free.

Start a punters club at puntclub.com today and we'll even match your first deposit of up to \$300.

Even a Scot couldn't resist that.

Mr. Jason Neave: That's the 60-second summary of how it works.

Effectively people take turns to bet, and the betting becomes almost second fiddle to the social interaction.

People just lay into each other when they make a light bet.

If somebody has to have made a bet before their betting window closes on a weekly basis and they do it at the last hour, they get slammed saying, "A bit of research, please."

If you win you're the hero, not the zero.

We've had some benefits out of that, and then we've got low-cost customer acquisition.

We do it for a fraction of what bookmakers spend to get their customers turnover low.

They're social wagering customers, but they're high yield. They do it for entertainment value.

They're not professionals.

They don't send the bookmakers broke.

What it ends up with is people put their money towards, well, it's quite commonly racing tourism.

The glam of the spring carnival.

We've got lots of people that buy shares in horses together with the money they put together.

It's new customer acquisition rather than cannibalized from one bookie to another.

The racing industry at home is much the same as yours.

There's loads of challenges for the tracks themselves.

You've got declining attendance.

With declining attendance comes declining on-track wagering commissions.

Even the people that are there are betting on their phones with their corporate bookmaker, so there's challenges there.

For the bookies themselves it's cannibalistic.

They're constantly offering each customer's higher and higher bonus bets to switch from one bookie to another.

The average bookie membership — I think Todd probably knows — what, two or three? Probably even higher than that now, memberships of different bookmakers.

There's very little loyalty, very little differentiation.

We've all got the same sort of challenges.

The only way you can meet those challenges, and which this panel's about, is with innovation and coming up with new ways to engage new segments of the market and just doing stuff differently.

Because if you keep doing the same old stuff over and over again and expecting a different result the industry's not gonna get very far.

You don't really ever know which of the experiments or the innovations that you're playing with are gonna work.

It is like finding a needle in a haystack or Wally or Waldo or whatever he's called in the States. Attempting to find them, intending to find those little jewels in the rough is — from the rough is very important.

When we talk about a social layer for wagering, and this is applicable to new customers and acquiring new customers to your ADWs and your racetrack memberships and those sorts of things.

Also, existing customers and providing more engagement for them and how things are actually [gelled?] as well as with you as an operator license.

When we talk about a social layer we're trying to replicate what already happens in real life.

Yes, it's a digital environment, but we want people to interact like they would at a pub, like they would at the track, like they would with their friends when they get together to go to the races.

It's specifically not about forcing any of our customers into environments where they'd be expected to do the Facebook of betting or share stuff on Twitter necessarily.

I think there are some people who do that, but it's necessarily rare cuz it's still a sensitive topic.

Look, we've had the experience where we've tried to encourage people to share their bets on Facebook.

Instead of sort of pressing Like they tend to hit a different button and take things amongst themselves.

They're more than happy to share amongst closer friends.

In summary, just in innovation sense making mistakes is okay, but not trying is not.

You've got really good assets between your license and your customer base and establishment in the market, so leverage those assets and encourage innovation wherever you find it.

It could be on your own staff internally.

It could be with startups in your market.

I mean, if the startups are poorly resourced typically connections with corporates like ADWs would be really well received by them, and they can introduce some new thinking to your business.

Invest in APRs, I think Marshall Gramm spoke about this the other day with the notion of handle is give people the tools they need to mess around with the data and the pricing and the wagering themselves and be a platform not just a service provider.

Think about what you're doing.

Test it, pilot it, get some feedback, scrap it if it's dead.

It's all right if there's some promise and repeat over and over again.

That's main. Let's get it done.

[Applause]

Mr. Curtis Linnell: Okay.

That was excellent.

We do have some time for some questions.

If you do have a question, please come up to the microphone.

There might be a free drink in it for you.

I have a question to all three panelists just to start off, and we do have a few minutes here.

Let's do a comparison on, start with betting exchanges.

Betting exchanges have been very successful in the area of multiple and arbitrage bets in the same race.

People betting back on various positions, people coming off those positions and arbitraging against themselves.

Now having said that, a huge success of exchanges is the in-play and in-running mode.

We have all this wagering infrastructure and suddenly during a live race it does nothing.

In-play and in-running mode if you take the money bet through Asian handicaps — method of betting Asian handicaps — on football pools, it may well exceed all betting on everything else in the world. ®

We have in-play and in-running betting.

I want to know from each of the panelists starting with Todd and working our way, have you looked at this market?

If so, what initiatives have you pursued?

Mr. Todd Buckingham: Yeah.

Look, I mentioned a couple of products there with the Fold and also the Double Down.

Racing is a little bit difficult.

It's not like a sporting event where it goes over a 40-minute half or 20-minute quarters to cash out in the middle of a race or to do something in-play.

I know in the UK it's quite popular or it's gaining popularity because the races go for an hour and a half.

There's 5000 meter jumps races.

There is some innovation coming in.

I suppose the cash out, the fold is an interesting one.

We'll see how that works out for the operators in Australia over the next sort of few months.

Mr. Curtis Linnell: Right.

Okay.

Excellent.

Bernard.

Mr. Bernard Marantelli: Look, I think from a horse racing perspective if you do in-running betting on horse racing through something like an exchange, the binary element of the information you have in your pitches and how far they are behind and how much of a delay there is in betting, it's really an ecosystem that is not fair.

I think it's one that that sort of in-running environment in a horse race doesn't work in an exchange-type environment.

If it's an NFL game or something like that it's very different.

You still have individual points in a game where a completed pass has happened or allowed or not allowed that you're gonna have to suspend or something like that.

I do think there are some retail elements that are acceptable like the fold because the mis-pricing you're not really getting shocked by a smart person.

It's a retail person saying I want out.

As long as the retail person is not manipulating or taking advantage of that situation and then it's up to the bookmaker to monitor that and restrict that and make sure he's not using it only in extreme circumstances.

It could work as a little add on, but pure exchange in-running on horse racing is not a fair product.

Mr. Curtis Linnell: Okay.

Jason, any thoughts?

Mr. Jason Neave: Yeah.

I probably agree with that.

It's a difficult thing.

You'd seen it with tennis that they were kicking people out of the tennis matches because they had a four-second advantage on the telecast with what was going on because of the speed of the game.

Yeah, certainly retail offerings are good.

We don't allow in-play betting in Australia.

Certainly, when they require a telephone call to get in-play done, by the time you made the telephone call it's not very live anymore.

Look, I think if it gets there — certainly in Europe I think in-play betting which is predominantly sport focused is now accounting for something like 60 or 70 percent of bet volume because it provides limitless inventory.

You've no longer got the discrete games or races.

You've got any number of events that happen within the game throughout the course of a race or a game that add to the inventory.

It's gonna be an interesting space to watch.

Mr. Curtis Linnell: Okay.

Great.

Well, that answered that.

Certainly, we've had some raucous debates on how in-race betting would affect harness racing, and I think it would be a winner if it could be positioned right.

Next question is, and this is coming from my own perspective or our perspective, the TRPB.

We have spent a number of years and tremendous energy in data basing transactional detail primarily for associations and regulators for integrity purposes.

The unique product on that is now each bet, both in the tote system and also in the database and available for associations, have exactly the time that that bet is made, and that data is valuable for organizations used for promoting betting.

Yesterday I was thinking when we had some presentations talking about how the cost of betting is too high, that the take up is too high.

On the marking side is there something out there that could use the timing of bets, not just the amount of bets but the timing of bets, of a way to incentivize?

For example, in a fixed odds environment people watch fluctuations.

There's a whole dynamic about betting trying to get their price well before the race.

In a pari-mutuel environment perhaps, there could be some way to look at the timing of the bets, and the earlier those bets are at certain cutoff limits to incentivize or give additional rebates to early bets for example to get liquidity moving in the pools a lot earlier and make those pools stable.

Each one of the panels if you have any thoughts about using something about the timing of bets as an incentive.

Mr. Todd Buckingham: That's close to our heart, Curtis.

We've done deals with professional punters which rebate punters that if they bet early, more than an hour or half an hour before event, we give 'em a lot bigger bonus.

We're testing that as to how that works and how effective that is in regard to what we call pro punters.

We also wanna test that if it works for retail punters as well, so you can have different price points depending on what time the person bets.

The person comes and bets earlier then they'll get a better price as a retail player as well, so it doesn't just go to the pros.

Flipping around the rebate so that you get more of a rebate if you put your money in early then use the liquidity then so that the pro punter then becomes a prize maker instead of a prize taker, so that's been really effective for us early on to get some significant upside in the pools that we're providing.

Mr. Curtis Linnell: Interesting. Bernard, anything?

Mr. Bernard Marantelli: Look, I think economically trying to incur or changing the pricing point or the takeout point for someone who puts liquidity in early is fine.

I think it's probably better to have a professional, let's say, seed these pools early. If they seed one half an hour, an hour, the retail person can certainly pop in.

You have to balance this against if a retail person you reward to bet 45 minutes early he might've bet on 3 or 4 different races in that 45 minutes.

If he's just playing next race, next race, next race.

Balance the two. I think in areas where you need liquidity, differential pricing by the time you bet is certainly an option and probably a good one.

Mr. Curtis Linnell: Yeah.

Interesting.

Jason, any thoughts?

Mr. Jason Neave: We're probably not overly exposed to that cuz 99 percent of our customers already bet well in advance of a jump of a race.

They're doing it as a social experience to share it with their friends.

They tend to get slammed if they put something on 30 seconds before the jump and nobody's even got a notification yet.

Even if they're instant they wouldn't have read it or the chance to get on it themselves.

A lot of our customers if whoever's turn is to bet that week, someone places a bet usually it's with enough time to we'll get a notification, hey, that looks interesting, and they'll piggyback on the bet.

The earlier it is it gives more members of the club an opportunity to copy or jump in on that bet in a fear-of-missing-out sense.

It's like a tip that you got and if it wins you kick yourself for not bagging it when you knew that it was about to run.

All of our betting is pretty early.

We haven't had to offer any incentive.

Mr. Curtis Linnell: Right.

Just as an interest what kind of numbers in terms of punters clubs total player participation?

Mr. Jason Neave: Oh, we've got a few thousand punters clubs, and they participate generally on a weekly basis.

The groups are anywhere from sort of 4 to 100.

The 100 ones are bigger ones.

It's one of those things where we think there's still some pretty steady growth in the Australian market.

That's why we've come to America cuz we think there might be some interest over here from in a cultural sense of doing a similar thing.

We've managed to speak to a couple of the ADWs here this week, and yeah, we think there's plenty of room for growth.

People like to hang out with each other and drink beer and talk about sport and gambling.

It's pretty fundamentally human.

Mr. Curtis Linnell: One last chance for the audience or any members of the panel to ask each other a question.

Please come to the mic if you do.

Everybody seems to wanna take in the last sessions, get some sun and enjoy what is that line?

Beer and what — yeah, that's it.

[Laughter]

Okay.

These three gentlemen, their companies very impressive.

They're doing things to promote wagering and doing it successfully with a lot of innovation.

I'd like a big round of applause for them, please.

[Applause]