



Race Track Industry Program

**36th ANNUAL
SYMPOSIUM ON RACING & GAMING
WEDNESDAY DECEMBER 9, 2009**

**Bringing Cutting-Edge Technology
To Wagering Platforms**

Moderator:

Craig Fravel, Executive Vice President, Del Mar Thoroughbred Club

Speakers:

Jeremy Clemons, Vice President of Marketing, Twinspires.com

Jeff Grosman, Chief Marketing & Sales Officer, youbet.com

Daniel Hubbell, Technical Evangelist, Accessible Technology Group,
Microsoft Corporation

Mr. Doug Reed: some activities and everybody, I hope, got a good night's rest or at least had a good night. Again, welcome to the 36th Annual Symposium on Racing & Gaming and, I think we have a good agenda here for you. It's going to be, starting the day off with a lot of technology. We'll hope it all works. First, I'd like to thank our sponsors, breakfast was good this morning provided in the Sonoran room by InCompass. We have a beverage break, afterwards provided by MIR Caliente. And, we thank TwinSpires.com for their participation as well. Before we start the panel, we have a very brief, special announcement and we have a couple of special guests that would just take a little bit of time to tell you of some exciting news. We have John Harding, the CEO of the *Daily Racing Form*. And of course, everybody knows Nick Nicholson, president and CEO of Keeneland. So, please welcome them for a brief, announcement and I think you'll find what they're up to is pretty interesting. Thank you, guys.

Mr. Nick Nicholson: Thank you, Doug. Thank you all. Thank you on behalf of the *Daily Racing Form* and John and I. Many of you know that the entire archive from, literally the 1890's to, throughout the century, the entire archive of the *Daily Racing Form* has been housed in — in the Keeneland library. Many, many of those copies, through the decades, are the sole surviving copy. None of them have been indexed. None of them have been scanned and so we have been working with the archivist and the librarians at the University of Kentucky to find a way that, as an industry, we can preserve and save our history, that we can make it available to each and

every one of you, each and every one of your fans and — and your patrons, any reporters, novelists, or anyone else looking to, learn more about our history. We have a very short DVD, this morning that we'd like to show you that gives you an idea of how we're doing this. And so, with that short introduction, could we please roll the film.

[DVD is played]

Thoroughbred racing's greatest moments tend to take place on the track. But when the fans file out of the stands and the horses are led back to the barns, how is history written? For more than 100 years, the rich tradition of the sport has been captured with unparalleled style, on the pages of the *Daily Racing Form*. The distinctive newspaper is one of the most popular accessories for a day at the races, tucked under the arm of casual fans, serious handicappers and anyone within earshot of the call to the post. But, the *Daily Racing Form* is much more than a tool to be used at the track on race day. Thoroughbred racing historian and award-winning author, Ed Bowen, says the *Daily Racing Form* has secured an important place in history.

Mr. Ed Bowen: Well, one of the great things about the *Form* is it goes from 1896 and it's still going and, so that it's — it's an ongoing tapestry of all that racing is and was and how it related then to the public and how it relates now to the public. The great horses are captured in a way that, is very difficult to duplicate otherwise because it's, it's what was being said about them at the time and you can sort of trace how their reputations, grew or fell.

Reputations of the all-time great racehorses, such as Native Dancer were chronicled in a way that shaped the industry. Considered one of the biggest celebrities of the 1950's, stories about Native Dancer came to life in the pages of the *Form*.

Mr. Bowen: Horseracing had, statistically was the leading sport in America for years in terms of total attendance.

Evidence of the sport's popularity is reflected in this clip from the *Ed Sullivan Show*. Jockeys were celebrities. The legendary Eddie Arcaro and Ted Atkinson were featured in this act, which, incidentally was penned by a writer from the *Daily Racing Form*.

Ed Sullivan Show: My legs feel just like butter. My tummy all-aflutter. I would rather be at Belmont Park instead.

Thoroughbred racing shared the spotlight with baseball and boxing as the most popular pastimes in the first half of the 20th Century. In this rare footage from the 1920's, you can see how fans packed the stands to cheer for Man O'War. He was the toast of the sporting world and the *Daily Racing Form* followed every move of his illustrious career.

In the year 2000, the Keeneland library acquired the entire archive of the *Daily Racing Form*. Nearly every edition, over 11 million pages dating back to the late 1800's is housed in a secure, climate-controlled vault under the library. These are the only remaining copies of some issues. Keeneland president, Nick Nicholson, says a visit to the *Daily Racing Form* archive is like a trip to the past, every edition a treasure.

Mr. Nicholson: We have an industry that, relishes, almost sanctifies history and pedigree and tradition and pageantry. And for an industry that has those priorities, what could be more important than the preservation of the written word of that history.

And what better place to showcase it than the Keeneland library, home to the largest collection of thoroughbred information in the world. Keeneland wants to make the *Daily Racing Form* archive available to the public but first, the fragile papers must be properly preserved.

Mr. Nicholson: It's wonderful that they're in the basement of Keeneland but we also need to share them with the world and with the future generations. We need to get them in a shape where they can be available, to people and that's what this project's all about.

Nick Nicholson says Keeneland reached out for help and found it nearby, at the University of Kentucky.

Ms. Becky Ryder: We're dealing with newspapers that we probably will not be able to physically handle much longer at all without them literally falling apart. So, we need a preservation approach that is going to take care of this paper once and for all.

Becky Ryder is head of Preservation Services at the University of Kentucky libraries. Keeneland entrusted Ms. Ryder to come up with a plan to preserve the papers and the technology to make them available to the public online. In a two-year pilot project, she and her team have developed a hybrid technique to meet the specific demands of the *Daily Racing Form* archive. Ryder says she enjoyed the complex challenge.

Ms. Ryder: We needed a plan that would permit users to use this very, very rich information without harming the artifacts themselves. The binding itself, in some cases, was very aggressive so they sewed literally through the text in the inner margins and so they, just to even open them up you, if you could even read into the inner margins, sometimes the pages would break apart because they were that fragile at that point.

The process starts with painstakingly separating the pages of the *Daily Racing Form*. Once repaired, selected pages are sealed between plastic and placed in an archival folder. Now the pages can be handled and turned

without damage. The next preservation step involves filming the wealth of information of each page of the *Daily Racing Form*. A special camera is used to capture the complex stream of numbers in the past performance charts. This way the integrity of the papers is maintained.

Ms. Ryder: So we take that film and we convert the film into digital images and then we can apply a software to make them keyword searchable.

Approximately 200,000 pages of the *Daily Racing Form* have been repaired, preserved, photographed and converted to a digital keyword searchable database. The ability to access the archive online will open this treasured resource to the world. Owners and breeders, trainers and jockeys, race fans and scholars will be able to...

Mr. Nicholson: Why don't we stop it now? We have a short version on our web site and I told Doug it'd be three minutes and this is the longer version and so I, I apologize to Doug for that.

Male Voice: This is the feature film.

Mr. Nicholson: This is a feature film. So if any of you want to see it, we've got copies of, of the fuller version but you, you've got an idea of how delicate and fragile these papers are. The papers you saw in the film are actually in the best shape. Many, many of them are not in as good of shape. So the reason to make this announcement, we want to let you know that it's going on. We are not big enough to do this project on our own. If any of you know foundations that care about education or places that we could go to get donations, we need donations to keep this going. We're going to keep a team of graduate students in the library involved and, doing this but we need your help. We need financial help to be able to do this so if anyone's interested in helping, please see either John Harding of the *Daily Racing Form* or myself. We're going to prepare camera-ready copies that we're going to be sending to each track for your program, where people can actually, do a page or we can get people to volunteer. Right now it's about \$1.50 a page and we're going to try to get that down as we broaden this so, with that I just want to let you know how excited we are about this. We think it's an important project. How can we have a future if we don't know our past? And that's what we're going to try to do with this. John, do you want to say, John Harding, the publisher of the *Daily Racing Form*.

Mr. John Harding: Thanks Nick. We — we're, to go to, the Keeneland library and to experience in this humidity-controlled, temperature-controlled basement and 5,000 volumes, and see this, what, I think what it's up to, I think about 15 miles now of digitized film, it's pretty impressive and obviously it's a labor of love that, Nick has undertaken and, and we're definitely committed to really, you know, using the heritage of the, industry to grow the fan base. And as I look at, one of our goals, which is to grow new customers and new fans of thoroughbred racing it's really bringing to life

this — this rich heritage. So, you'll see archived information begin to populate DRF.com. You'll see content in a, on a daily basis in the newspaper and what we're doing is soliciting some, support from our fans when they're buying products on DRF.com. In the shopping cart there's an opportunity to actually make a contribution so we're, starting to populate our, our distribution channels and marketing, in editorial platforms with, with these offers. So with that, we're excited. Which is not a bad segue into this, into this first panel of the day which is all about bringing cutting edge technology to wagering platforms. We're certainly excited about this area of growth in the industry. This is where we think there's a lot of opportunity for attracting new fans and, serving them the right kinds of products and services. With that, I'll just introduce Craig Fravel, who I've gotten to know a little bit who is the executive vice president of Del Mar Thoroughbred Club. Craig, welcome.

Mr. Craig Fravel: Thank you, John. Hello. What Nick didn't tell you is he enjoyed wearing those white gloves so much that this year at the Keeneland Spring Meet; you'll be required to wear white gloves to get into the clubhouse instead of a tie. As John mentioned, I'm Craig Fravel, I work at Del Mar. I wanted to just tell a little story to lead off this panel. When I first started at Del Mar which was — I used to think I was young in this business, now I'm one of the, the old goats but, 20 years ago, one of my first staff meetings, was several weeks into the racing meet and I was struck somewhat by the fact that our ticket office was closed the weekend before we opened, as well as every Tuesday during our meet. And as many of you know, we only run two months of the year so it didn't strike me as asking too much that we actually try to sell tickets during the timeframe that we were open. And I asked, probably foolishly out loud at a staff meeting why it was we did that. And, our then director of administration looked at me, somewhat angrily, and said, well, we've trained our customers not to call on those days. And, I didn't actually answer at the time because I was somewhat dumbstruck but that sort of was, symptomatic of where our business was headed in those days. That we really were somewhat backward in terms of our approach to our customers. Twenty years later I look around, and in many senses, you know, we're open 24 hours a day, we have online ticketing platforms, we have, online wagering platforms, we have fan forums on our web site, we have communication outlets to our customers on a constant basis, and the, the changes since just that time 20 years ago when we had trained our customers not to call, both the culture and the outreach to our customers has changed dramatically. And a lot of that is thanks to the gentlemen who are on this panel. Two of them are, part of that outreach effort and worked for TwinSpires.com and youbet.com, and the third is actually from outside the business, although, and his title is technical evangelist as I understand it. He's also an evangelist for horse racing because he likes to go to Emerald Downs on occasion, as long as he's got his Blackberry or Palm Pilot with him, it's perfectly legitimate as far as Microsoft is concerned. So let me start out with Daniel Hubbell, he is the technical

evangelist for Microsoft and we'll let Daniel just enlighten you on some technology initiatives and how Microsoft is looking at the future.

Mr. Daniel Hubbell: Well great, thank you. I do in fact have, what I think is one of the best job titles in the world, as a technical evangelist. I'm not even going to try to describe what that actually means here but it's basically doing what I'm doing to you, which is sharing, a little bit of fun with technology. Thank you for the kind introduction.

What I want to show you today, I know we're, within an hour, and there are several of us and I'm sure there's going to be a lot of Q&A. I just want to highlight a few things that we're thinking about and talking about at Microsoft and working on to help you connect with your customers in new and different and better sorts of ways. The group that I'm a part of, which is the accessibility business unit, really focuses on, how do we make the computing experience simpler and easier for people to use. And so I have a few things here that I'm going to demonstrate today that will sort of highlight that.

The first thing I'm going to do is I'm going to open a, web site and given that TwinSpires.com is sponsoring this, panel, we'll go to their web site. So, one of the things that we were talking about over breakfast this morning, is this whole concept of the electronic age and how Microsoft views the way we're going to be interacting with technology. And we have this concept right now of interacting with technology through three screens, that's your TV, your PC and your mobile device.

Clearly, I'm showing off the PC here but we can take a number of things that we're talking about and apply them to both the television as an entertainment and information device and in your mobile device. So, as you can see, there's a lot of information being shown on this screen. Now one of the things that are becoming more and more common is actually the live streaming of media via the internet. And that's not just your industry. This is industry, across the board. You look at the popularity of sites like YouTube and other media that's online, there's a problem with that type of media which is, for people that might have the inability, whether that's an environmental, so they're in a place where it's too loud to hear something, or they have a physical inability to actually hear something well, Microsoft has really been focusing on technology around media captioning and live-time captioning.

So imagine being able to have a live event being broadcast via one of your web sites, have your caller call in the race as they normally would and having the technology that can actually interpret that and encode that as captioning in your stream as it's going out and you're not required to have somebody sitting there keying things in. This technology in the next five years is going to mature to the point where it will be very, very easy for this to happen. And, in fact, some of our competitors and I don't feel sad mentioning people

like Google, and Apple that have really been progressing this type of technology as well because I'm in the world of trying to make computing easier and better for other folks. And this is what I love about the evangelist title.

Google just announced actually that they're doing some, captioning technology as well. We've got some that we've got in the works that we're working to come out with and so, look for that down the road, where you're going to be able to take dynamic media like you have here in the background and be able to dynamically caption that. Now, here's an example of a web site where there's a lot of information going out on the screen and if I have some sort of a visual disability or I'm in an environment where that's hard to see, I'm sure a number of you have a hard time actually seeing the menu on the left-hand side of the screen. It's probably a normal occurrence where you look at a web site and you say, gosh, I'm really having a hard time reading what's down on the side of the screen. Well, one of the great things about the technology that we've been developing, I'm running Windows 7 here, if I hit the windows key and the plus sign, this actually can zoom you in on the screen. So now, all of a sudden, I have the ability to walk around through this web site in a much more dynamic and rich view.

And so your customers that might have a kiosk that they're interacting with onsite or at home via online, this sort of technology can really bring them in and, not only give them the ability to use the technology, but they're probably going to be more likely to spend more time interacting with it, placing more bets, making more transactions because the technology is easy for them to use. So this is just an example of how magnification would help put that together.

Now I also have a product here that, in some situations, if I can get my little thing to plug in correctly, that magnification is not necessarily the way that people want to go. And, while this is booting up what I will mention is, I mentioned the three screens, mobile devices we were talking about earlier today, are really becoming, while they're still not widely adopted, particularly in this industry from what I've been told, but are more and more becoming popular, is that technology like what I just showed, will actually enable these sorts of devices to be more productive.

So we're going to go ahead and open up this application called ClaroRead, now this is an application from a partner company of — of Microsoft's that I work with, called Claro Software and they have this product called ClaroRead that, when this, loads up is going to give me the opportunity to actually have, accompanying audio to this. And, the AV tech in the back, I have audio plugged into this so I don't know if you can pull up the audio on the computer as well? Is that up? Okay, great. So, what's great about ClaroRead is that now, again I mentioned that we have a, a menu that's hard to read, if I come down here and I hover over this, "Wager Now," "Twin Spires Club," "Schedule". So, as I'm hovering over something with my

mouse, I'm getting audio feedback as to exactly what I'm looking at. And in the case of wanting to be able to see the entire screen, maybe magnification isn't what you want to do because clearly it restricted the amount of content I could see at once and you want to keep your eye on the entire site if there's a lot going on, the audio gives you the ability to actually pull out information in another way, make it easier for you to use. In a kiosk situation, it's harder to do, but again you can still, use technology like this.

Now, what's very interesting about this technology, and I demonstrated this at another conference, that I unfortunately am, unable to show today, is that there are actually services online that will take this similar sort of technology but, rather than reading that word to me in English, as it's written, it can make, do a translation on the backend and actually read that to me in another language. So if you look about — if you think about outreach to your customer segments that may not be, English as native speakers, all of a sudden you can have your English language web site or quite frankly, a Spanish language web site and have the technology where you can just hover your mouse over that and have an instant audible translation in a foreign language. And, at a relatively low cost in the sense that you don't have to go out and translate your web site, you just have to institute this piece of technology that does that translation for you.

And, with that, I think, I've gone through my 15 minutes at that point, and, unless you have any other things you wanted me to cover?

Mr. Fravel: No actually we'll, after each presentation and all of them are finished we'll go to questions from the audience and see where we go from there. I, just, in the interest of making this an interactive presentation, this audio thing reminded me of how many of you out there have ever cussed out that lady on the GPS that starts talking to you when you make the wrong turn? I have. And secondly as a, sort of in charge of office activities, I — you've got to make sure you turn that audio thing off when you click on certain web sites that would be really bad going out the door to your assistant. To follow up on that, Jeremy Clemons is the vice president of marketing for TwinSpires.com. Jeremy is an honorary citizen of Del Mar because his wife gave birth to one of their children right there in Encinitas so he is a, a part of our Del Mar family and we welcome him here this morning.

Mr. Jeremy Clemons: Thank you, thank you. Happily part of the Del Mar family and, Daniel, I thought that was great, I think it's given me a lot to think about in terms of ways we can make TwinSpires.com more accessible to people in, in ways we can just bring it to a little bit bigger audience. And, given some of the demographics in racing, I think some of the magnification tools and things that you've shown could be really useful so we'll definitely go back and talk about so, thank you very much.

Mr. Hubbell: Yep.

Mr. Clemons: So today, we're going to talk a little bit about TwinSpires.com and, hopefully the — is the slideshow ready to, to move with this? Okay, here we go. So, what's going on in the marketplace? You think about it, convenience is really winning everywhere. Business is shifting to wherever the customer wants it to go whether it's the web, whether it's mobile, whether it's mobile apps, you look at the popularity of, of iPhone and iPhone apps. We really don't feel like we're in the position to dictate to our customers, where they choose to interact with us. And we really want to give them more choice and more convenience so that's what I'm going to talk about today about how TwinSpires.com is doing everything that we can to innovate across all the different touch points for our customers to make sure that racing is more accessible and more convenient for them.

And, just a list of the different touch points that I'm going to, going to talk about today, the first of which is our flagship web site TwinSpires.com, I didn't know I was going to get the — the free plug there from Daniel so, thank you very much for letting that run for a while, that was great. One of the, I'm going to highlight just a few features of TwinSpires.com that are fairly recent that we feel fit into the, the nature of this topic really well. The first of which is, is conditional wagering. If, any of you have an, online stock trading account, you know that you can, you can set different parameters by which you want to trade stock. If, if a stock reaches a certain price, you can sell if, if a stock dips to a certain price you can sell, whatever you want to do.

Well, we looked at this from a wagering perspective and we constructed, conditional wagering. So what you have here is an example from Hollywood Park and, you know, we've selected the three horse that we want to bet but we only want to bet this horse if the horse is nine to two or higher and, this bet has to, we have to select, the time at which the odds are evaluated, it's still pari-mutuel here so we say, okay, at a minute to post we want to see if that horse at Hollywood is, is nine to two or better and if he is, we're going to go ahead and, and place that bet and if it's not, we're just — we're just going to pass. This is a tool that's made things a little easier for people, to play with us. It's provided, you know, peace of mind when players want to bet early and, they want to get a, true sense of the value that they're going to get on a certain horse.

One of the best examples of this, I was talking to a customer not too long ago and he called about a different issue but we were talking about the things he liked and didn't like about TwinSpires.com, it's something that, anybody who calls about the site, I can't get them off the phone without asking that question. I don't know if it's good or bad for the players usually when I talk to them but I can't get enough of that feedback. And he was telling a story about his daughter's birthday and I thought this was — I thought this was great. He was a huge Triple Crown fan, he wanted to play the Florida Derby but it happened to fall on his daughter's birthday. And the, timing would have it that she was going to be blowing out the candles right about the time of post time so, you know, he's a good dad, he makes the

right choice and, and he does the — he does the birthday party and makes sure his daughter is taken care of but with conditional wagering he was able to go in and, get a bet down on Quality Road. And, you know, he told me he'd been burned in the past where he maybe made some bets in the morning and there were scratches and a horse he thought he could get three to four to one on, he was now getting four to five or even money. He really didn't like that scenario but he told me with conditional wagering here, he was able to get down on, Quality Road and maybe he was telling me the story, as you guys know horse players because he won and he did win. But really I thought this was a great example because we improved, we improved his life. We allowed him to do a couple of things that he wouldn't have been able to do at the same time. He, and the great thing about it was he told me that when he left the birthday party, if any of you in the audience are hooked like I am on DVR or TiVo, you know, he blocked out the world, he didn't want to see the results of the race and he made it to TwinSpires.com, he pulled up the race replay and he was able to watch that race, like it was live, with his action that he knew that he got down on because he knew what the price was when the horse went off in the race.

So, you know, we, we created a nice experience for this customer and, ultimately when you take a step back for a minute, this is money that would not have made its way into the pari-mutuel pools, it wouldn't have made its way to Gulfstream Park and it, wouldn't have made its way to the Gulfstream's horsemen. So, just one example of how investing in convenience and choice has led to, you know, a happy customer and someone who's better engaged with racing.

Another example of a recent feature TwinSpires.com has wager cancellation. This seems like a fairly simple straightforward option but it was highly requested by our players. If a player wants to change their bet because maybe they hit the repeat button too many times, maybe they made a mistake or even they're watching the signal and their horse is washed out in the paddock, freaking out, they just don't like the position they're in, they want to get out of it and take another shot at the race, they're able to do that easily on TwinSpires.com now without, without too much trouble. We've obviously designed this within predefined limits so that, you know, people can't cancel a ton of wagers and get into that but it's been a very popular feature.

Moving on to TwinSpires mobile, Daniel talked a little bit about mobile. We're proud of our mobile application. You can get to it from any Smart phone or PDA by going to M.TwinSpires.com, it's basically a little mini version of the site, you can get to your account, you can get, the entries, you can make wagers on the simple interface, you can get results and we recently, released live video to your mobile phone. Now this works with all Windows mobile devices right now and we're currently working with other providers, to — to roll that out to more devices, including the iPhone. But again, just

another way that we're delivering, choice and convenience to our players, letting them bet on the go.

One thing that really didn't fit into the nature of, sort of the technology discussion here, but I thought was important to bring up because, because it hits on the, on the point of, of choice and conveniences; you know, TwinSpires is one of the only ADW's that offers live operating wagering for our players with no fees. And again, this isn't the, necessarily the most efficient way for us to process a wager but we totally believe in giving customers choice and the options to play with us however they want to play with us. We're not trying to, you know force them to go down a certain route. So, I thought this was important to bring up.

And, in relation to Daniel's discussion about different ways to, to play for people who may, need some assistance, we have an automated wagering system which allows you to, to put in bets via voice commands or key commands so, although we don't have some of the tools yet that you discussed, we do have an option for players that may have, some, some limitations and again, it's just delivering on another point of convenience and choice for our players.

This is a topic, this integration of online and on-track at the OTB, one account, one track, one account everywhere, this scenario is very important to me as, my background is spending a lot of time working with our race tracks at Churchill Downs, I can just see the power of bringing, the one account everywhere concept, to TwinSpires.com and to our race tracks. This is an example from outside the industry of Best Buy. I think they're a nice company to show sort of the transition from bricks and mortars to clicks and mortars. You can go onto BestBuy.com and you can easily shop and place orders. It allows you to tell you where you can pick up your items and, you know, if you've, if you've been through this and you've done this, you know that the waiting in line, once you get to the Best Buy and the online sort of check out area, is very quick.

They've invested in technology, they've invested in innovation around this, you know, combination between online and offline and that's what we're trying to do with TwinSpires.com and we are doing that currently today at the Fairgrounds. You can have a TwinSpires.com wagering account with a card, you can take it up to any mutuel machine, tote machine, you can, you can swipe it, you can access your account balance. It's, so it's the same account that you have online, on the phone, on track, at the OTB, it's all consolidated, you can access it, deposit, withdraw wherever you want. And this is a great choice, great convenience for our players. And another point about this that's important to our players is our, loyalty program; it's seamlessly integrated so if you have a TwinSpires — TwinSpires club account that's associated with your wagering, you're going to earn points across all these different platforms. Your VIP status is going to be, you know, reflective or your play across all of these platforms and it really creates

loyalty for our tracks and TwinSpires.com. And it's something that we are currently, in production with this at the Fairgrounds and luckily, we are very close to rolling this out at Arlington Park and its OTB's. Don't have a specific timeframe but it could be by the end of the year, so look for that, in Illinois, we're excited about that and then, you know, we'd like to take this to our other tracks and eventually one day, we'd like to work across multiple toll providers and with partner tracks as well where it makes sense for them, to offer, the ability for people to access their account wherever they are.

One of the last things I'll touch on today is TwinSpires TV. Everyone, I always get excited when I talk about TwinSpires TV, it's, it's really been a great product for us. It's our online video product. Rohit Thukral, our president at TwinSpires.com is going to speak in the next session about live video and get into a lot more detail about TwinSpires.com but what was relevant for this presentation about customer convenience and choice is the ability to get TwinSpires TV on your TV and a lot of players really prefer, through feedback that we've received, to watch racing on their nice TV. They've invested in a beautiful flat screen HDTV, that's where they want to, that's where they want to watch racing. Well, we've shown them an easy way to get TwinSpires TV on their TV. And, what they like about this specifically is that they're in complete control. So if you think about it, they're not, they're not having to wait on the, major racing networks to tell them which track they're going to see, which parts of the simulcast feeds they're going to see, they're in complete control. If they want to, if they want to watch the comments from the track announcer on the simulcast signal, they can do that. If they want to watch the post parade, they can do that. If they want to watch the horses in the saddling ring, because they're a physicality handicapper, it's all available to them, not only on the computer, laptop, the desktop, but on their own TV.

And how we do this is, it's simple, a lot of our players that have children already are equipped to, to put TwinSpires TV on their TV, we can show them how to do it through a PlayStation 3, or a device like a "SlingCatcher" and you really just need a good internet connection. The PlayStation 3 supports the Flash that TwinSpires TV's constructed in and it's really like giving people their own personal OTB and the beauty is, it's on the best screen that they want to watch.

And Daniel talked about the three screens, well this is a way that we can bring the web to the main screen that people are interested in. And this has been a really popular, popular feature with a few players we've been on the phone with some VIPs, we've walked them through how to install it, they can't believe how incredibly simple it is. We demoed this concept at the National Handicapping Championship last year, to rave, rave reviews of horseplayers. It's really, really something that's, unique and different about the convenience, the choice and the distribution of all of our, you know, track partner's content. It's great.

One of the last things here about TwinSpires TV we talked about the different choices that are available for people to play, well TwinSpires TV has a wagering interface built in so before when you used to handicap, maybe with Brisnet or with DRF, here you used to, maybe make a wager on your online site here and maybe watch TV, well TwinSpires TV brings all that together and, we feel like it's, well, the players feel like it's a, it's a good experience.

In closing, I mean, what I really wanted to highlight is that we're bringing more convenience and more choice to the market through a lot of investment and innovation. And, you know, it's something to where you can see that, you know, we're putting a lot of focus on making sure that players can interact with us however they choose, not how we want to dictate to them how they behave. And through this, distribution and expansion of different options and investing in those options, we feel like we're, we're generating more convenience for players and letting them, allowing them to participate when otherwise they may not, may not have been able to. We all know that people are busy, they don't always have the time to make it to the track and OTB and the, the thing that we're doing here is giving them choice and convenience. Thanks.

Mr. Fravel: Thank you, Jeremy. As running a race track in Southern California, we try to be an early adopter of technology and, and these presentations, I think, are, are one of the reasons why we do continue to have reason for optimism in this business. That, that technology is really a way to expand our customer base and get to people that we haven't gotten to before. I just want to tell a little story before our next guy comes up. You can still make fans the old-fashioned way.

A few years ago, my wife and I decided to have a Kentucky Derby party because we weren't going to go back to Churchill and so we had a bunch of folks over, it was the year that Big Brown was running and, we tried to get on one of the wagering sites, the, online and it was kind of overloaded from a server standpoint so I couldn't make any bets for people at the party. So, we decided to have an old-fashioned pool and we each put in \$20 and being the host, I put in \$20 for my then four-year-old daughter instead of for myself. We, and there were 20 entries that year, so we took out 20 slips of paper and my four year old pulled out Big Brown. And a guy named Will DeBerg, a friend of mine, was at the party and he offered, his two picks plus \$100 to my four-year-old for her pick. Will's an Irish bloodstock agent so she turned him down flat. And low and behold, Big Brown won the race. And now, my now six-year-old doesn't believe that you can actually lose at horse racing. So, she gets very upset if any of her picks come in worse than third. So, anyway we — we can still make friends the old-fashioned way. And Jeff Grossman who is the chief marketing officer for youbet.com will enlighten us a little bit more on some of the technology options that youbet.com has been exploring.

Mr. Jeff Grossman: Good morning. I'm, I have to say I'm really impressed to see such a full crowd this morning. We were, at breakfast we were actually taking bets on, will it be under 30 people or under 12 people so you totally blew away our expectations. I'm going to spend a little time talking, about youbet.com and how we approach the overall customer experience.

One of the things that I thought was interesting when I first came to youbet is that ADW platforms aren't just about technology. They're about the full, user experience and really they're a subscription service. And historically, I don't think, at least we had thought, of it as a subscription service. It's, it's very much like your relationship you have with your telecom provider, your financial services provider or a web services provider. So there are multiple components to it and one of the things that have happened in our business over the last year is we, versus previous years, is that we have this notion of content ubiquity. And coming out of the telecom business, which is where I spent the bulk of my career, you know, equal access is, is what forms the basis of competition. So what's most, what was most important to me and kind of on it, coming in a couple of years ago was that you had to go to different providers to get different content. So now my perspective is, okay, everybody has the same content and what you really have to differentiate is on the user experience.

And, what Jeremy was just going through is the fact that TwinSpires is going through and talking to their customers and, I'm going to take you through some of the same sorts of things. The way we think about user experience is really broken down into two pieces though. There's the interactive experience. So that's the technology, that's the wagering platform, we'll talk a little bit about that. But then, there's also the service experience. And that's the piece that I believe in our business has been, you know, as a, as an industry has been lacking over the past couple of years. And it's one that we've spent a lot of attention on and, you know, I'm sure that I'll hear from, from individuals where you've had problems in the past. But I can tell you there's a whole it's an area of great focus for us. Our fundamental belief is from an acquisition retention perspective, you have to be successful not only in delivering the best wagering product and the best wagering tools and the best, the best interactive experience but if you fall down on the service experience that — that's the reason people are going to leave.

So, you know, you guys are certainly able to read this, I'm not going to read it to you. But basically, the two functions, you know, on, on the interactive experience, we look at the technology, the ease of use, the effectiveness of the wagering tools. And on the service side, we look at, you know how customers rate us in terms of speed of response, effectiveness of response, disposition and attitude of the representative and when you combine all of those elements, that's going to determine whether the player has had a satisfying service experience or not. Only by succeeding in both of these places, long term, are you going to be able to acquire and maintain customers.

A couple of things I'll talk about, Jeremy hit on a couple of sort of similar features that we've added on the interactive side over the last year. You know, we've spent a lot of time working on AV, we believe AV is, obviously a critical, a critically important component of the overall service offering. And, you know, obviously latency is the, the single biggest problem that we've had to overcome. And, at this point in time, essentially TV, the TV rates and the TV latency, online and we're very excited about that. And, the reason that I think, — the other thing I think is interesting about this is, not only have we reduced our latency tremendously, but we've put in a couple of different things that allow us to customize the AV to an individual user. We may have a high-value customer who soaks up a lot of AV, however they're on a DSL line that's, let's say, not the best. We have infrastructure in place today that actually is able to ratchet back the speed of the AV so we can provide them the best possible user experience. The last thing you want to do is, you know, is throw a meg down on a line that's not actually of taking the stream.

So, you know, technology can actually get in the way of itself unless you're able to actually, in the same way that Daniel talked about, making it accessible to the users' location and their connectivity, their experience. You know, from a latency perspective, the other obvious benefits are, you know, fewer, bets that are, that are not cancelled because of, because the time went off.

Jeremy covered a little bit of condition wagering. You know, if you've experienced anything on your E*TRADE account in terms of limit orders you know exactly what that is and I think his, his use case actually, was a perfect example of why, that's become a very successful product for both of us.

And — the other thing that we've been focused on, both are new content and then improving the speed of odds of data that are actually transmitted to the platform. The last thing you want to do is actually fix your video so then all of a sudden the player sees the odds on the screen at the track are different than the ones that are in the system. That can be highly problematic obviously, so one of the things we've been spending a lot of time on is making sure that our odds and our systems are, up to snuff.

On the, experience side, it really is all about, you know, meeting the needs of the player. You know, and we have a lot of benchmarks that we've taken from the telecom industry that are, common practices of, benchmarking, average speed of answer, looking at completeness of the overall customer workflow experience. So if you call into youbet.com and you have an issue, we track it all the way through the system. And I can tell you that, historically those processes, procedures have not been in place. So, on the back end, there's a lot of sophistication that is being employed to make sure that we get, first-call resolution on you, on your questions and issues.

Finally, one of the things that we've started implementing this year is to the point of choice, are allowing customers to communicate with us however they want. If you want to talk to us through online chat, if you want to talk to us telephonically, if you want to talk to us through email, it's really up to you how you want to communicate with us in terms of making yourself available to us. Then finally, obviously making yourself more available in terms of live operators is, is a critical — we believe a critical — a critically important task and over the past year, we've expanded the number of hours that we're actually live and available to players telephonically.

Ultimately, what we're also trying to do is obviously remove the barriers that, that allow customers to wager on the platform. So, one of the things we've done for new customers is we've introduced this concept of first bet free. And the notion there is, if you're a newbie, you want to try us out, we load your account with \$25 you can't remove it for cash. You know, that's one thing people have asked us about in the past, but we really want to encourage you, that'd be a great business if we could start loading those up and remove it for cash, and obviously, something my CFO has been very concerned about. But the notion is, let's remove friction, let's remove barriers to entry. Let's, make it as easy as possible for people to give this, to give the system a — to give the system a try.

So, you know, when we look forward to 2010 and beyond and Jeremy hit a little on this, the sort of big categorizations that I think we're all talking about, not just youbet but as an industry, is we're talking about transition to mobile. I think we're also talking about social media and social content and applications and bringing those into the platforms and integrating that into our daily lives.

Then, I'm going to talk a little bit about what I call, delivering a data-driven experience. And that's really taking all of the data that we collect as an ADW and then making that available to a player to actually inform their ability to make better wagering decisions. So again, our vision, long term, is that you're able to take a mobile device, and go to any track you want and be able to, you know, with, working with the various tracks and providers, be able to use a single wallet.

And, whether you're in the stands or whether you're at home, be able to wager on a single platform. That's, that's the goal. You know, I think ultimately, it's not technology that's going to impede our ability to get this done; it's really creating the right business relationships and the right financial relationships to actually make it happen. That's, that's the hard part of this as, as far as, as I start to look, look out and begin to piece the pieces together because all the infrastructure already exists today.

Social media is kind of an interesting thing. We talked about it a little bit here last year and I went back in the archives and it seems like, to some extent or another, that racing and social media have tried to figure out how

to find the right combination over the past three to four years. But I think as I sort of look out there, that players are going to want to bring this information, this data into the wagering process. So, people are going to want to feed information from — from their friends, from experts, from people at the track and bring that into the platform so that when they're constructing their wagers, they have that information available. It doesn't necessarily mean everything that's being said there is correct or honest but they have the information and they can make the determination for themselves. I think that that's going to be a big trend, you know, over the next two years.

And you're, you're already starting to see as evidenced by Google's, announcement yesterday that they're bringing social media into search results in a big way. So, you're going to start seeing this in your everyday lives and I think racing is going to want to embrace it. The question is, how and that's, that's what we have to work through.

I have another category that I call social wagering and that's, I think, the platforms are going to allow one for, inter-platform chats so that, you know, we're able to actually communicate on the platform amongst friends while we're watching a race or, or constructing our bets. I think that's a no-brainer. I think eventually, you know, you're going to get into a place where you're going to be able to then invite people in and have multi-player contests or even multi-player wagers at some point in time, by leveraging the social media.

And, you know, if you really want to learn about this, the best way, the best thing I would recommend doing is look at what the leaders in the, in the space are doing today in terms of gaming. Go and check out the Zingas, the Playdoms, the Playfishes, and see how, you know, what things that they're doing in order to create these multi-player social games. And I think that you can see a lot of application in what they're doing in what we can do moving forward.

On the most basic level, I, what I would encourage anybody to do, whether it, domestic or international, is at least, you know, talk to your players, talk to your customers and at least develop a social relationship with the people who, you know, provide you with cash on a daily basis.

So the easiest first step is to, to look at advisory boards and talk to loyalists which is something we've been doing for, for years. But then, from that, the springboard is, is really a full, a more full social integration. We started playing around with this, this year, we created a web site called WhoDoYouLike.com. What's really, you know, this is — this is more of a test bed for us than anything else. The notion here was to deliver a real time dynamic forum for, for online horse racing fans to interact. And really, what the site does best is it aggregates all the Twitter content, around horse racing, thousands, hundreds of thousands of tweets that are happening on a

real-time basis and then what it does is it parses it, categorizes it, organizes it and displays it in terms of content.

So, you can go here, you can look at what the top 10 topics happen to be at, at, at any moment in time and that gets refreshed on an hourly basis or you can drill down on a track, a jockey, a horse and see what everybody in the Twitter sphere is saying about, you know, those players. Now, you know, again, this is a baby step and, but from us, from our perspective, the idea was, how do we get our arms around this, how do we organize this content and then, the question is going to be how do we take this content and, and bring it into the wagering experience.

The way we started to do that, at least, is we, we've made it easy for other people to take the content and, and display it on their own site. So we've had, we've had, media sites, whether it's CBS or tracks come to us and say, well, we want you to aggregate this content for us so we can display it to our customers so people can see what's going on at Del Mar or at Hollywood Park. We're more than happy to start doing that and also work with, you know, work with the tracks and other web publishers to figure out how they can take advantage of this platform, this feature.

This is, this is just the beginning for us but, it's been very successful, a very successful first step and with little or no advertising spent, you know, we had literally tens of thousands of uniques on a monthly basis.

Finally, one of the things that I think is really interesting is, we asked ourselves, okay, we've got 10 years worth of wagering data, you know, in our system and that's the one benefit to the ADW's, we collect all the touch points, we collect all the data. And we said, okay, well how do we actually then make this available to a player and organize it in a way such that the player can actually take, actually gain advantage from us, taking inward facing data and displaying it to them on an outward basis.

So we created a product and just launched it, earlier this year called My ROI and what it does is it aggregates all of your key, wagering data and by track, by surface, by race class, breed, you can read all the different attributes and it will tell you where you're most successful in wagering. And this is something that would be very difficult for an individual player to do on their own. The beauty of having, you know a sort of massive data infrastructure, is we can do this in real time and go back over, you know, two years, five years and ten years on a player basis and provide this information to a player and expose them basically to trends that they would have no idea actually exists in their wagering history.

Again, this is a first step. So the question is, okay, with other data points, other touch points that we happen to have, how can we take that and make it advantageous to a player?

One way we're doing that is through smarter customer communication and one of the things that really important to us is, as many of you, I'm sure, would agree, is you probably get too much email, too much spam. And spam meaning the, just, even stuff you signed up for, you're constantly being barraged by service providers.

One of the things that we're really, spending a lot of time on is leveraging our infrastructure using this data to make sure that we present actually the most relevant offer, the most relevant information on a per-player basis on a one-to-one basis while that player is in the actual wagering platform.

If I'm going to spend, you know, 10 or 20 hours a week in the wagering platform it makes more sense for me to be messaging effectively to my customer there than sending them, you know, multiple emails that are going to either be blocked by, you know, Yahoo! or AOL their provider. So we're very interested in developing this one-to-one customer marketing based upon data.

Finally, one of the things that I discovered coming into this is, as I said before, it seems like historically a lot of the ADW businesses really have been sort of treated as very transactional. It's not transactional. This is a life-cycle management exercise. It's an exercise in bringing customers in, nurturing them, growing them, recognizing when they're at risk and then winning them back once they leave.

So we've been, we've spent a lot of time, employing best practices when it comes to customer life-cycle management and have had some very strong results over the past year. And, and I think as the business moves forward, you're going to see more and more of this because it's very expensive to acquire a new customer and, it's very expensive to lose that customer so you want to monetize, whether you're a track or whether you're an ADW, you know, the life-cycle management process, while it's going to be different, is critical to employing the business model.

So, in the 19 months that I've had the privilege of being in this business the sort of principles we're working off of is, you know, don't fear trying new things, collect and analyze and read the data, learn from the mistakes because you're going to make them, especially with new technologies, hone and repeat.

And, that's, every process and every technology, and every innovation whether it's My ROI, whether it's WhoDoYouLike, whether it's our data-driven modeling, we're following these principles and where we make mistakes, it's fine to make them, just don't repeat them. Make sure you can learn from them.

And, if you can't measure, in the first place, make sure whatever you do, you put the measurement analytics in place before you even start because if you

can't measure and you can't read, how do you know whether you're really truly successful. So, I think at that, I'm going to, I'm going to let Craig open it up to Q&A.

Mr. Fravel: All right. Thank you Jeff. One example of the sort of convergence of the on-track experience and the online experience is, some of you may know we had an online Ms. Cougar contest this summer at Del Mar. It, it was won by a probably a fifty claimer but, nonetheless, it drew a lot of attention and the end result was that the Cougar II handicap got upgraded to a Grade 3. So, you know, these things can work to improve your business, even for a race track like Del Mar. We only have a couple more minutes left in this panel so we're going to open it up to questions from the audience and, if anybody out there would like to ask a question of our three experts here.

Mr. Larry Swartzlander: Yeah, Larry Swartzlander from the California Racing Fairs. I've been a five-year member of youbet.com; one of my biggest gripes is rebates. You give us nothing. I know California is an exception of other states but I see where TwinSpires.com does things, Xpressbet, etc., etc. You know, what's the future of rebates?

Mr. Grossman: Right. I, I think, I'll say that we recognize that, there are areas where we have strengths and weaknesses and that's, I would admit, an area of weakness. And I think in 2010, you're going to see that, there are some programmatic changes that we're going to make, to improve our offering to California players. I can't speak on specifics right now but we do recognize and we understand your, we feel your pain.

Mr. Steve May: Steve May from the Race Track Industry Program. The complaints I hear more from horse players that would be using this technology is that there's no applications built for, the iPhones or any of the other, cellular phones. What's the future in that? For anybody, I guess, for TwinSpires.com or youbet.com or any of them.

Mr. Clemons: Sure. Well, I did address a little bit some of our innovation in terms of, TwinSpires.com or our mobile application. Like I said, the video is limited to Windows mobile devices and we do see the expansion and the need to reach out to more popular devices like the iPhone and create an experience for customers, through different channels. And I think you'll see development from all the different players in the ADW space to try to, invest in those channels and make sure the customers are, are interacting with us wherever they are and clearly that's where they are.

Mr. Grossman: And I have more specifically, that I think you're going to, in the first half of next year (2010), you'll see a number of different offerings coming from us that address all the popular platforms including the iPhone. We recognize, if you meet any of the youbet.com folks in the hallways today, nine out of ten are carrying one so we clearly recognize and appreciate, the

value that the user interface provides. So I can pretty much guarantee you're going to see an offering from us on that platform next year.

Mr. May: Okay, and that was kind of the, I guess that was more the question that, you know, when are these things coming out.

Mr. Grossman: Yeah.

Mr. May: You've been doing a lot of Twitter updates from this symposium and that's been a big question. We've been asking that, so thank you.

Mr. Grossman: Yeah. Yeah.

Mr. Fravel: Mr. True.

Mr. Jeff True: Yes, sir. Thank you, hello, Craig. Daniel?

Mr. Hubbell: Yes, sir.

Mr. True: First of all, thanks for coming. I'm not sure we've had any Microsoft executives at the Racing Symposium before but thanks for coming. The question I had was, do you see a time when a web site would be user-customizable? Is that something that's on the Microsoft, thought process? Are there things coming down the line from Microsoft that allow a user to manipulate the web site in ways, maybe more intimately than you showed us? It just occurred to me when you give us the ability to change the content the page is offering that, that could go, a few steps further. Is that somewhere on the horizon?

Mr. Hubbell: Yeah, I would argue that the technology actually exists today to make that happen. It's just a matter of, making business decisions to sort of move in that direction.

So, I noticed, there was a lot of flash being used. We have a similar product called Silverlight. There are obviously restrictions and challenges with developing on those platforms but there are ways that you can utilize that technology to empower customers to turn on and off options, rearrange objects on the screen and set preferences in that way.

And in fact, because it's web-based, it saves it out, you know, as we like to call, the buzzword, out in the cloud, it doesn't matter what computer they go to they could technically log into a kiosk at your, onsite facility and you mentioned players cards, they could swipe a card, it understands their account ID and could load their profile straight from the web if they're using the same technology in a kiosk environment. So, I think the technology is there, it's a matter of finding the — the right user scenario to sort of enable that and then challenging your developers to really take that challenge on.

Mr. Jeff Smith: Jeff Smith with Hoosier Park. Thank you for your presentation. You talked about, social wagering and meeting the needs of the players. You also talked, Jeremy, about being able to take the computer screen and putting it on your TV, which I think is extremely important.

One of the things that would be really beneficial, I think, to all the race track and OTB operators, would be taking that to the next step to be able to use a social wagering program, taking something from Youbet, being able to promote it at an OTB to get young folks in, use your programs on a TV screen, to get them educated, get them involved with racing and then try to develop some new fans that way. And naturally as they come, they get involved, I think, their next step obviously is to roll over become one of your participants on your web sites. Is there anything going that direction?

Mr. Grossman: Well, I can tell you that we've done some limited profiling of the people who are, tweeting and, racing content on WhoDoYouLike and it is a much younger demographic. They're not quite as economically sound as the older player but that's okay, they'll, they'll get there.

As far as applications, I would be more than happy to talk to anybody who would be interested in taking, you know, a, a version of our application feeds and displaying it anywhere because from our perspective, when we, when we put WhoDoYouLike out there it's not to generate revenue, there's no advertising on the site. It doesn't feed back to youbet.com in any way, shape or form. It's, really an experiment to understand, can we, is there enough interest in social media in horse racing and how can we harness it, to make it, to get to, to increase the level of involvement and excitement. So, I don't have a specific proposal for an OTB but I'd be more than happy to talk to anybody who wants to syndicate our content and bring it in and even put a wrapper around it that could be contest promotion or some sort of education. I'm good with that.

Mr. Clemons: Yeah, likewise, I think we'd like to let any of our track or partners leverage the investment we've made in TwinSpires.com, TwinSpires TV, whatever products could be interesting for the OTB environment. We're open ears in terms of how to work together to help, once you bring some new people into the facility of some of the investments we've made are a little better suited to help grow. We're, more than willing to sit down and talk about what makes sense. So, I'd love to talk to anybody about that.

Mr. Fravel: As long as there's a five percent hub fee, right? Okay, one more question and then, we'll break for the next panel.

Mr. Eric Swanson: Hi, Eric Swanson with youbet.com, or I mean with, Betfair, sorry. I'm, I'm asking the guys with the...

Mr. Fravel: That'll be next.

Mr. Swanson: ...the youbet.com gentleman and the TwinSpires.com gentleman, you mentioned a content ubiquity, and how, just over the last year, that's become prevalent. How did that come to be and is that a, a good thing in your opinion that, the four major ADW's have everyone's content?

Mr. Grossman: Well, again maybe it's my background but again, I come from telecom, so equal access, the notion that I could buy a cell phone or that my landline could only call certain area codes seemed ridiculous to me when I started in this space...

Mr. Swanson: Right.

Mr. Grossman: ...so, from my perspective, and I said this at the beginning, I think content should be ubiquitous and the way you differentiate is on the experience, whether it's the platform and the service. And then it's, fair, right; and then everybody can roll up their sleeves and show their best stuff. Without ubiquity it's these artificial barriers...

Mr. Swanson: Right.

Mr. Grossman: ...and players don't understand why they should have separate accounts if they have a preference for one experience over another. It doesn't, it's not rational.

Mr. Fravel: Jeremy?

Mr. Clemons: Yeah, we seem to be past those days...

Mr. Swanson: Uh huh.

Mr. Clemons: ...and hopefully all the parties that are involved with, exclusive, agreements and content will be able to strike deals that make sense for them. So...

Mr. Swanson: Now, I guess where my confusion is, is why is content ubiquity good online but yet it's not good on television? Meaning that, you know, TVG and, you know their competitors, you know, have...

Mr. Grossman: I think you'd have to ask those guys. It's...

Mr. Clemons: Absolutely, that seems like a question for...

Mr. Swanson: Okay, okay. Thanks.

Mr. Clemons: ...TV.

Mr. Swanson: Thank you.

Mr. Clemons: Sure.

Mr. Fravel: All right. The next panel starts in a few minutes so thank you very much for your time.

Mr. Clemons: Thank you.

Mr. Hubbell: Thank you very much.



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