



# WEEK 6

## FRIDAY 6 FEB 2015

### THIS WEEK

- Las Vegas Sands reports record revenue
- Hippodrome owner blasts high street FOBTs
- Report from ICE 2015
- Columnist: Leigh Nissim on convergence



#### TOP STORY

## CAESARS CEO TO STEP DOWN

Gary Loveman will be replaced by Mark Frissora in July



Caesars CEO Gary Loveman is to step down from his role

Caesars Entertainment CEO Gary Loveman is to vacate his position in the summer. The former Harvard Business School professor will be replaced on 1 July by Mark Frissora, the former CEO of car rental firm Hertz Global Holdings.

In the meantime Loveman will continue to oversee the restructuring of Caesars Entertainment Operating Co (CEOC), the company's largest unit, which filed for Chapter 11 bankruptcy protection in January as part of plans to reduce its debt by \$10bn. The move will see CEOC split into a casino operator and a property company. Caesars Entertainment has also agreed to acquire affiliate Caesars Acquisition Co. in a stock-for-stock merger.

The Wall Street Journal reports that Loveman revealed to colleagues on Wednesday that he had informed the Caesars board back in the summer that he wanted to move on, and that they should commence the search for his successor.

"My decision to begin to transition management now comes with the confidence that we have taken the steps necessary to ensure the company's long-term success,"

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**FROM FRONT PAGE ►**

said Loveman, who will remain as chairman of Caesars Entertainment following his departure from the CEO role. "With the company in the midst of a formal restructuring of one of its subsidiaries and a merger between entities, the time is ripe for a transition."

Loveman joined Caesars in 1998 as chief operating officer before becoming CEO in 2003. His creation of the company's Total Rewards loyalty programme was well received but the firm has struggled financially since its 2008 leveraged buyout by Apollo Global Management and TPG – a deal which left Caesars burdened with large debt right at the onset of the global financial crisis.

Frissora stepped down as Hertz CEO last September following disappointing financial results and accounting problems that had drawn criticism from activist investor Carl Icahn and other shareholders. He will join the Caesars board immediately and work with it and Loveman during the transition period.

"Mark has a long history of driving growth, optimising operations and creating shareholder value," said Marc Rowan and David Bonderman, respective founders of Apollo Global Management and TPG.

**KEY POINTS**

- Gary Loveman is to step down from his role as CEO of Caesars Entertainment
- Mark Frissora will assume the position in July
- Caesars' largest unit recently filed for bankruptcy

**US**

**LAS VEGAS SANDS BREAKS YEARLY NET REVENUE RECORD**

**Macau casino decline has not prevented successful financial results**

Casino operator Las Vegas Sands Corporation (LVS) has posted record net revenue for 2014.

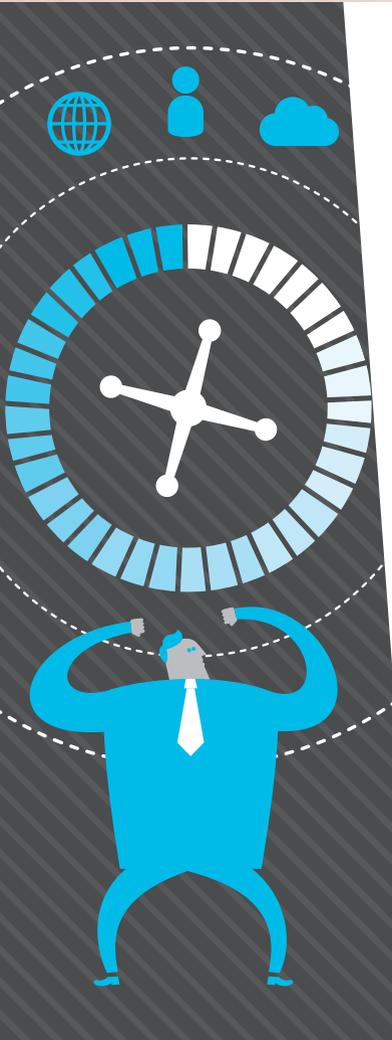
A 5.9% increase to \$14.58bn was recorded, despite a 6.68% decrease in the fourth quarter of 2014.



The yearly figures are complemented by a generally healthy fourth quarter of 2014, which saw adjusted earnings per diluted share up 27.8% to \$0.92 and a dividend of \$0.65 per share to be paid in the first quarter of 2015, a jump of 30%.

LVS paid a recurring quarterly dividend of \$0.50 per share during the quarter, an increase of 42.9%.

Company-wide operating results for the year have partially suffered however, due to Macau's first annual drop in casino revenue since records began, as Sands Macau recorded an 18% fall in net revenue to \$267.9m for 2014.



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### KEY POINT

- Las Vegas Sands Corporation has posted its highest ever yearly net revenue

### LEGAL

#### SINGAPORE BEGINS ENFORCING NEW REMOTE GAMBLING LAW

**Hundreds of online sites have been blocked**

Singapore has blocked access to "several hundreds" of foreign online gambling sites this week, in line with the country's new Remote Gambling Act (RGA).

The RGA was passed through Parliament in October and the government is now able to prevent electronic payments being made to operators as well as block access to gambling portals in other countries.

A spokesman from the Singapore Home Affairs Ministry confirmed that several hundred remote gambling websites have been blocked.

The only exemptions to the remote gambling law are operators that are locally based, follow strict guidelines and operate on a not-for-profit basis.

Players who are caught using an online remote gambling service could be fined or jailed, while advertising remote gambling services in the country has also been banned.

### KEY POINT

- Foreign remote gambling operators are having their online services blocked in Singapore

### UK

#### HIPPODROME BOSS SLAMS BETTING SHOP FOBTs

**Simon Thomas says the machines are "ruining lives"**

The chief executive of London's Hippodrome Casino has spoken out against the use of FOBTs (fixed odds betting terminals) in high street betting shops.

Simon Thomas [pictured] told the Financial Mail on Sunday: "It was always accepted that gambling which had the highest stakes and prizes should be the most heavily taxed and regulated, and that casinos were the right place for this. But now we have a situation

where betting shops, which often have just one staff member in the shop, have fast, high stakes machines with little supervision. It's insane.

"Nowhere else in Europe are such machines allowed on the high street. They're banned in many countries altogether and are ruining people's lives.

"It's time the government stood up to this corporate mafia and did what was right."

### KEY POINT

- Hippodrome owner Simon Thomas hits out at betting shop FOBTs



**ICE REVIEW**

**ICE ENJOYS HAPPY 21<sup>ST</sup>**

**Another successful year for the London show**

ICE Totally Gaming celebrated its 21<sup>st</sup> birthday this week with the usual array of industry-leading exhibitors, high quality conferences and major announcements.

The annual show, which took place between Tuesday and Thursday at ExCel London, attracted 550 exhibitors, nearly half of which were online-focused firms, highlighting the nature of the event's evolution over the past decade.

However of those many exhibitors it was a primarily land-based company, supplier Novomatic, which boasted the biggest stand. Indeed, the firm itself claimed it was the "largest stand at any gaming trade show in history".

However it isn't just the size of your stand that matters, it's also about what you do with your show time. Supplier Intralot made good use of theirs, announcing a strategic partnership with, and investment in, provider Bit8.

Famous faces are a staple of ICE week, and this year saw provider SBTech showcase former heavyweight boxing champion Evander Holyfield as part of a new brand launch, while footballers Angelo Di Livio and Paul Merson were at the show helping to promote PlanetWin365 and Credorax respectively.



Away from the buzz of the main show floor, a number of media briefings took place across the three days, with the likes of Playtech and Microgaming on hand to outline their respective plans, innovations and visions to journalists. Playtech CEO Mor Weizer spoke of the importance of using player data and his belief in an "omni-channel" approach, while Microgaming showcased its various ongoing innovations relating to augmented reality and wearable technology, presenting a selection of impressively immersive games and devices.

One of the most popular aspects of ICE remains its plethora of all-encompassing premium conferences. These well-attended talks covered some of the biggest issues in the industry today, including cybercrime, data, multi-channel gaming and regulation.

*For a detailed photo review of this year's ICE Totally Gaming show, make sure you read the forthcoming issue of Gambling Insider magazine*



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## Global Gaming Awards 2015: The process begins



- ▶ The Global Gaming Awards 2015 are on their way! Judge recruitment has begun and the nominations window is set to open soon.
- ▶ Keep an eye on *Gambling Insider* magazine, [gamblinginsider.com](http://gamblinginsider.com), [globalgamingawards.com](http://globalgamingawards.com) and *GI Friday* for updates and further information on the Awards.
- ▶ The Global Gaming Awards are brought to the industry by Gambling Insider in association with G2E Vegas, the American Gaming Association and Reed Exhibitions.

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### ICE REVIEW: DATA

#### “GETTING PERSONAL WITH DATA”

During a media briefing at this year's ICE Totally Gaming, Playtech CEO Mor Weizer had this to say on the importance of using customer data:

“Data-driven performance should and will take this industry forward. Today, you talk to CEOs of operators about products, about position, and they will likely come back to you and say “it’s all about the customers – it has to be customer-centric”. Unfortunately our industry is lagging behind.

Operators have a lot of data about their customers – their activities and trends, how they play, when they play. They accumulate all this data but until now hardly did anything with it. The future lies with what you do with the data. Take the data, analyse it quickly and gain intelligence from it so you can serve your customers better. This is what we call ‘BIT’ – business intelligence technology. It’s all about innovation. What do you do with the data? How do you use it in order to improve the customer journey?

One innovative tool we have developed is bonus recommendation. It takes all the data – you don’t have to guess any more. The system, based on various sophisticated algorithms, will be able to tell you what you should recommend to the player. Now this is becoming increasingly important off the back of regulated markets, because if you think of the UK and the point-of-consumption licensing that was just introduced, the cost of bonuses are going to be a key factor in ensuring success. You have to maximise the value you can generate from the bonuses.

Another component of BIT is the game advisory. Using very sophisticated algorithms we can decide the likely best game to offer a customer next, knowing the customer. But it’s not only about the individual customer, it’s about the segment that the customer belongs to. I will likely offer different side games depending on whether they’re playing a bingo or casino game. It also depends on their age range and their specific country or

city. Also, through their first depositing activity they have chosen the games they like to play. The elements are a combination of tens of data points to determine the game or set of games that I offer a player.

Everything today can and will be fully personalised. If I know what to offer a player, I can customise the offering.”



## GUEST COLUMNIST

**“OVERCOMING THE BARRIERS TO CONVERGENCE”**

**by Leigh Nissim**
*Commercial director, IGT Interactive*

“Think of any large company in virtually any sector and it is clear convergence is a priority for modern businesses. From supermarkets to sports teams and estate agents to travel agents, consumer-facing brands, facilitated by forward-thinking suppliers, are dedicating huge resources to creating a joined-up multi-channel experience.

And it’s easy to see why. IGT Interactive recently commissioned a thought leadership study with digital specialists Econsultancy that showed companies taking part in the study recorded a 38% improvement in revenue uplift per player when they are engaged across multiple channels.

With that in mind, it is no surprise that 88% of respondents “strongly agreed” that it is crucial for players to have a consistent experience across channels. However, only 30% of gambling operators say they are “very well positioned” for convergence. Why the disparity when it is such a clear revenue driver? Shouldn’t every operator be ahead of the curve and not behind it?

Well, the curve is steep. Let’s be clear, as an industry, a lot has already been done to embrace convergence – and

it has been done well, but there is much, much more to come.

Every organisation interviewed had convergence plans in place, but these strategies are generating a range of customer experiences, with some more advanced than others. Certain uncontrollable factors play their part, such as local regulation, but many others can – and should – be addressed.

One of the most significant barriers is incompatible technologies – legacy systems that were created before the concept of convergence was envisaged. Betting and gaming platforms have to place the single player view at their core. Another big distraction is the need to focus on short-term goals. Where there is an imbalance it needs to be restored for multi-channel to thrive.

The complexity of the supplier ecosystem is an issue – greater collaboration is needed and the onus is on providers to meet operators’ expectations when it comes to making convergence easier, not harder.

Company culture and leadership focus are also key factors. Some respondents felt both are hindering convergence development at their companies. For the process to thrive, it is crucial to get buy-in at all levels – especially at the top. This needs to be translated into clearly-defined strategies, frameworks and processes to make it happen.

Ownership is vital, too. The fact that responsibility for delivering convergence is undertaken across a broad spectrum of business functions and job roles is indicative of how it is not always prioritised. The survey revealed that accountability might fall to product, marketing or operations

teams. It can be the IT department or the customer experience division. In some cases it is down to the CEO.

Tomorrow’s approach will be to create a seamless, multi-channel business environment, where employees are empowered and incentivised to deliver congruent customer experiences across channels.

An interesting example of this from outside the gambling industry is John Lewis. Clearly an early adopter in the space, the famous department store launched online in 2000 and was taking more than £1bn in internet sales by 2013. It equipped partners, its sales associates, with transactional tablets to extend online content and services into physical shops. Crucially, in-store staff are also incentivised to generate online sales locally.

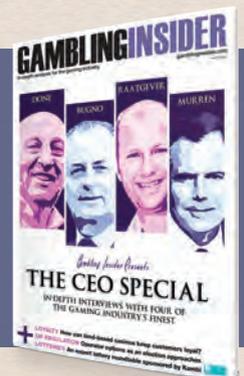
When the company opens a new brick-and-mortar store it boosts online sales from that area, and the company targets growth in click-and-collect customers via vouchers and offers to help push incremental sales in-store.

John Lewis proves that even the most traditional retailers can put digital at the heart of their business, and the benefits are transformational when they do.

In the words of Amazon founder Jeff Bezos, a good digital-first approach often involves “starting with the customer and working backwards”. We should all take heed of that advice.”

*Leigh Nissim is responsible for the commercial development of IGT’s Interactive business across all regulated markets, including Europe, Canada and the US. IGT Interactive specialises in convergent content, with more than 50 land and online games and over 20 land, online and mobile titles*

**OUT NOW: Look out for the January/February issue of *Gambling Insider’s* print magazine, featuring a CEO Special as we interview four of the biggest figures in gaming: Jim Murren of MGM Resorts, GTech’s Walter Bugno, Fred Done of Betfred, and Microgaming’s Roger Raatgever**



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