

Events

IAGA SUMMIT
Macau 2018



Joe Pappano,
Senior Vice President and Managing
Director, Vantiv, now Worldpay

Joseph Pappano joined Vantiv, now Worldpay, in 1992 and is currently Senior Vice President and Managing Director of Worldpay Gaming (formerly Vantiv Entertainment Solutions). During his 25+ years in the payments industry, Joe created, developed and leads Vantiv Gaming and Entertainment Solutions with a specific focus on business development, strategy, process improvement, operations, product development, solution engineering, P&L responsibility and executing on the long-term vision in the gaming industry. Joe is leading the convergence of the gaming and payments industries and creating a seamless player experience through all point of interaction: internet, mobile, kiosk and land based operations. Joe has a diverse background and in-depth knowledge of the payments industry ranging from Merchant Acquiring, Card-Issuing and Servicing, Agent Bank and Third Party Processing.

While a segment of the U.S. population still enjoys slots and table games, new gaming content must be delivered digitally and seamlessly to their phones and tablets as well as through traditional gaming machines. It must also offer a way to play together in teams or in competition with each other versus traditional games which are against the house.

How Emerging Products are Shaping the Future of Casinos



The gaming industry has come a long way from the basic three-reel slot machines. Consumer expectations and technology advancements are forcing equipment manufacturers to explore new ways to enhance the gaming experience. This future-forward session at the IAGA Summit in Macau will dive deeply into new products and the data being used to support their development. The session will also consider how games involving skill meet regulatory requirements including return-to-player ratios and player fairness.

What should operators be doing to attract new customers?

Joe Pappano: Innovation and adaptation are the keys to a successful future for Casinos. Like other industries at a crossroads, Casinos must adapt their product offerings to generate interest and drive revenues from a younger demographic. This is already on display at places like MGM Resorts' eSports arena at the Luxor, which boasts itself as 'the ultimate competition gaming and entertainment experience on the Strip'.

Many casinos have leveraged their theatres, concert venues and music festivals to draw new audiences to their property and then keep them around by offering onsite amenities that provide a fun place to hang out with friends.

Edward R. Winkofsky: Operators should be doing and are continuing to do what they have always done - understand and respond to their existing and potential customer base. "New customers" are often discussed as the next generation, but operators are also looking to expand their share of their existing customers' entertainment wallet. Craft beers, artisan

cocktails, and lounge spaces on the casino floor are not for everyone and neither are skill based games or increased automation. Operators need to leverage data and human resources to continually refine their understanding of their market and then target them accordingly.

Are innovative new products the cure-all for the declining player-base?

Edward R. Winkofsky: New products and new content should be a part of creating the enticing environment, but are not a cure all, especially when the declining player-base could be within the operators existing target demographic.

Joe Pappano: Unfortunately the fix is not a simple one because there are so many entertainment options competing for the attention and discretionary income of the digital generation being delivered to the palm of their hand. New products and services can help, but the way in which these products are delivered must also change. While a segment of the US population still enjoys slots and table games, new gaming content must be delivered digitally and seamlessly to their phones and tablets as well as through traditional



gaming machines. It must also offer a way to play together in teams or in competition with each other versus traditional games which are against the house.

What elements in the casino must adapt to accommodate emerging technologies?

Joe Pappano: Every gaming entity should differentiate itself from its competitors. One way to do that is the environment where payments technology can be incorporated. There are now cashless solutions at slot machines and table games; there are branded social gaming platforms where virtual currency can be purchased and players can socialise with others while enjoying their favourite games from the comfort of their homes.

The possibilities are expanding. With these new options, an omnichannel approach to payments is needed to create intuitive transactions. With a single payment provider for the entirety of a resort, you'll be able to tie all the disparate points of sale, now including the gaming floor, to give you a single, 360 degree view of your customer. This allows you to return valuable, tangible rewards to your patrons, which they'll reward in turn with their loyalty to your property's brand.

So, perhaps it's less about what elements in the casino must adapt to and more about what operators and business leaders are willing to adapt to. At times a replacement is required over a renovation.

Edward R. Winkofsky: Regional operators thought first about security and asset protection noting that every phone is a recording device. Larger operators looked to improving targeted and geo-specific

marketing. Also, all operators would benefit from removing impediments around payment processing. Players' online accounts should be able to be interactive with the casino floor. Player rewards integrated with credit accounts and all able to communicate with on-site or mobile game play. Look for ways to make interaction with casino employees not obligatory, but to a player's advantage.

What products are leading the charge right now? And what are the future products you'd like to see?

Edward R. Winkofsky: Anything with very high quality sound and graphics that has an accessible theme remains popular and reports are that table games are either still trending or trending again. Future products for some are sometimes existing products for others. Mobile marketing solutions are just catching on in many markets as are well-designed, self-service applications. One cabinet with multiple uses and a port to charge a phone remains a novelty in many jurisdictions, and, right now, almost every jurisdiction wants an affordable, easy to operate, mobile enabled sportsbook.

Joe Pappano: In terms of promoting a frictionless and secure experience, there are some incredible cashless solutions emerging in the US that may soon be implemented worldwide. These solutions allow operators to tie their land-based rewards programmes to the dollars spent across the entirety of their properties including retail, lodging, food and beverage. All of these interactions come back to the rewards programme, providing operators with invaluable insight into their patrons aside from what historically has been limited to only gaming play.

Innovative solutions that promote a seamless experience across multiple platforms – with security at the forefront – are the future and what we're focused on. These are the items we will continue to prioritise at Worldpay.

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Are casinos doing enough to engage with players using social media?

Joe Pappano: Social media efforts can vary widely by operator; and the impact on players can vary as well. The best use social media is as a means to hype their events and create a buzz that generates momentum. These efforts can bring people to the property; affording the casino an opportunity to provide an atmosphere that is fun and exciting. This in turn builds brand recognition and ultimately brand loyalty.

By encouraging patrons to share their experience in return for a tangible reward is also key. In addition, leveraging social media's push notifications will likely have a better chance of reaching the younger player base versus traditional marketing channels such as direct mail and, or email.



Edward R. Winkofsky,
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Edward R. Winkofsky is a shareholder in the Chicago office of global law firm Greenberg Traurig, LLP. He focuses his practice on gaming regulatory compliance, licensure, and internal investigations. He also advises clients on transactional and general corporate matters. Since joining the firm in 2010, he has served as regulatory counsel to licensed gaming industry suppliers and operators, horse tracks, video gaming and on-line providers, including daily fantasy sports platforms, lottery providers, tribal licensees, and social gaming operators and investors. He has also provided guidance on the gaming regulatory approval process for some of the industry's largest transactions. With the support of the firm's Global Gaming Practice, he is focused on the evolving segments of the global gaming industry.



The International Association of Gaming Advisors (IAGA) will hold its 37th annual International Gaming Summit May 14 – 16 at the Four Seasons Macao in Macau, China.

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Much has been written about capturing Millennials. This will ultimately be critical to casinos long term, but it should not come at the expense of the current player-base and untapped portions of the populace beyond the Millennials. The same tools used to entice Millennials can be used to engage other generations as well. By varying content to appeal to a variety of tastes, casinos maintain their relationships and engage newcomers alike.

Edward R. Winkofsky: Some are, some are not doing enough, and some are doing too much. Social media is an engagement and advertising platform, but it is not a substitute for knowing the market. Even the most creative community building content is not going to drive traffic if it is not the right delivery method.

Should operators be chasing the cash-challenged Millennials or targeting their resources elsewhere?

Edward R. Winkofsky: In informal discussions with various operators and suppliers, the consensus was almost universally “elsewhere”. Lasting engagement with the 35-44 year olds is largely seen as the first group where marketing investment makes sense and sustaining baby boomer play still matters.

Joe Pappano: Much has been written about capturing Millennials. This will ultimately be critical to casinos long term, but it should not come at the expense of the current player-base and untapped portions of the populace beyond the Millennials. The same tools used to entice Millennials can be used to engage other generations as well. By varying content to appeal to a variety of tastes, casinos maintain their relationships and engage newcomers alike. A few years ago there was this notion that you could simply place generations into a bucket and then classify them with interests and dislikes. We’ve seen operators pull away from this thinking in recent years as the digital era continues to shift and surprise all generations with new forms of entertainment in which to engage a potential customer.

Does the image of casinos need to change?

Joe Pappano: Without question the image of casinos has, should, and is changing. Through a focus on innovation, casinos have transitioned from a place to gamble to a destination resort and will continue to evolve into pure entertainment venues. With the introduction of professional sports into Las Vegas the casinos become magnificent entertainment venues of which gaming becomes a smaller subset of their

larger value proposition. Casinos become the beneficiary of having sports teams as they attract, not compete with the same consumer.

With so many entertainment options, in what’s become an era of instant gratification, a fast paced, ever-changing environment keeps patrons interested in what is happening all around them. There should also be a variety of options for having fun such as skill games, group activities and team events rather than the individual play offered by traditional games.

Edward R. Winkofsky: It has changed and is changing. We have seen casinos succeed as both national and international destinations as well as regional entertainment centers that draw from a 50-100 mile radius by being more than the casino floor. Good food, shopping, spas, nice hotels, music venues, etc. have sustained traffic even though the regional operator is competing for a different dollar than the strip casinos.

How radically different are the casinos of the future going to be?

Joe Pappano: Folks continue to point to an “integrated resort of the future” – one with more than just gaming, drawing loyal players in as well as new generations. In many ways, we’re experiencing that integrated resort right now. In the future, new technology on new platforms with new security measures and new marketing mechanisms will be unveiled to create new experiences. How this is all tied together to maximize revenue for operators while creating the best experience possible for customers will be the big difference from the historical casino.

Edward R. Winkofsky: Change will continue to be incremental. The role of mobile devices will continue to be more significant and barriers to participation will likely continue to fall away. Content and delivery systems will also continue to evolve and while the user experience may shift with trends, the fundamentals of having a good time will remain largely constant.



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