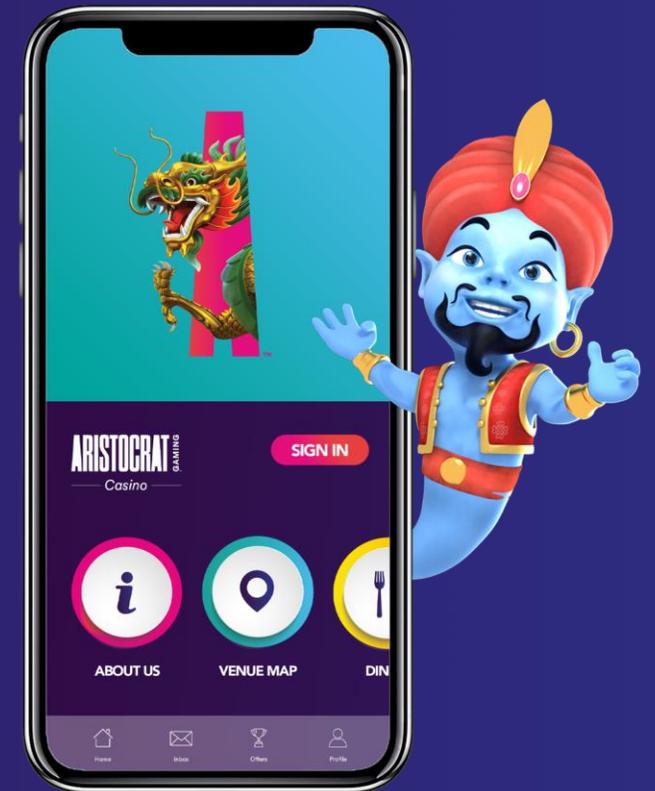


NSW GMDC Future of Systems and Digital

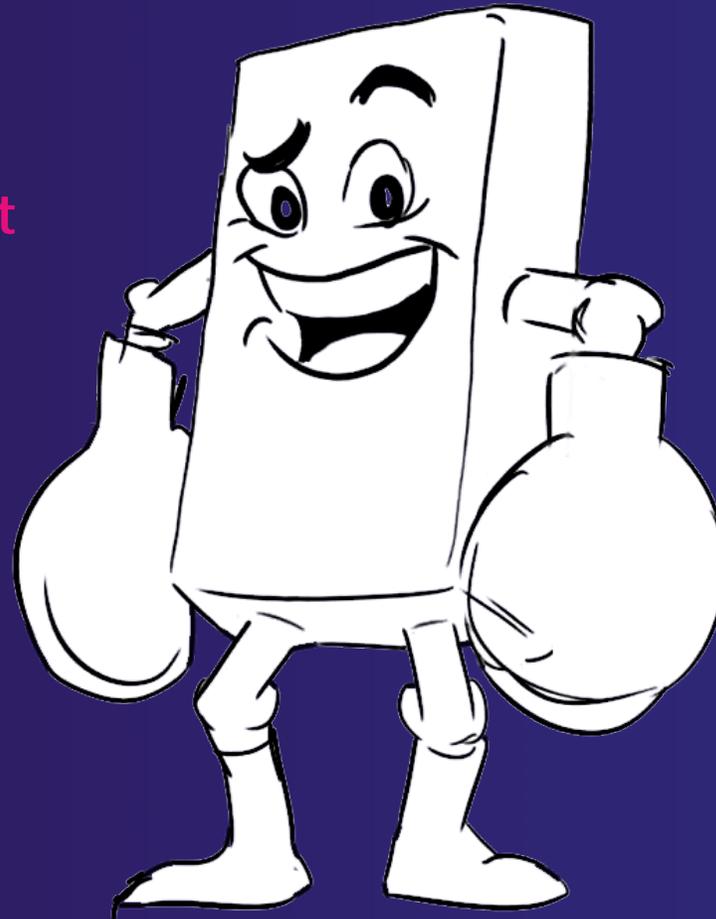
Craig Butler
Director of Commercial Strategy CXS



AGENDA

The Future of Systems and Digital Wallet

- Who is our player?
- ANZ market snapshot
- Gaming System Evolution
- Disruptive Technology
- DW and other things to watch



Who is our player?



Millennials/Gen Z

Millennials - also known as Gen Y, Echo Boomers, and Digital Natives, were born from approximately 1977 to 1995

Gen Z - anyone born from 1997 onward is part of a new generation



Are they worth the effort?



“Millennials and Gen Zs are set to become the most important customer group for most banks and credit unions over the next decade, **as nearly \$70 trillion in wealth transfers to them from their parents.** But, as our research shows, what worked for mom and dad will not be enough to win and keep this younger demographic as a customer,” said **Jake Tyler**, CEO at Finn AI.

What about them?

1. More financially astute
2. More debt averse/aware
3. Well researched and less inclined to follow status quo
4. They favour experience over possession
5. Driving increased tech adoption/digital natives

“But nothing will happen to us clubs...what's this bald bloke talking about?”



The ANZ gaming market current size

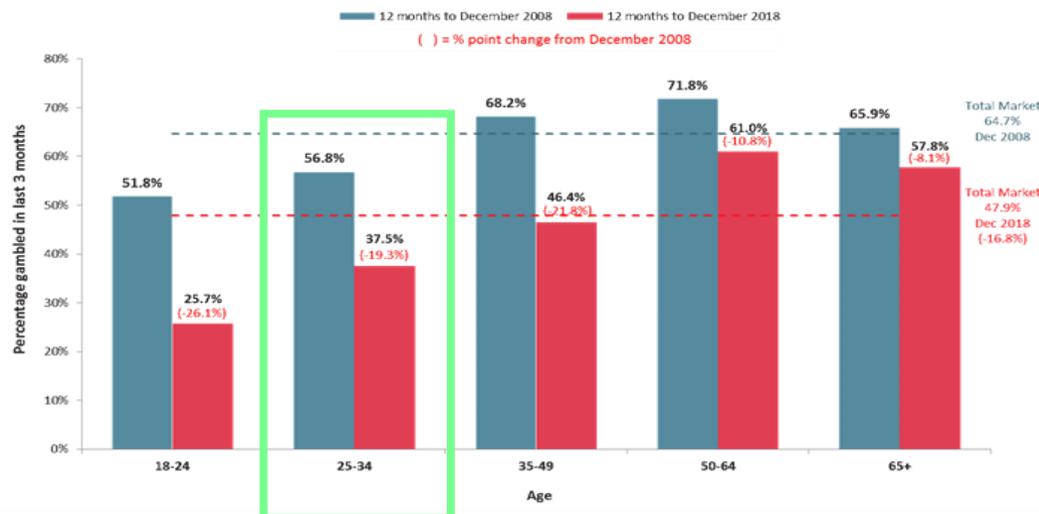
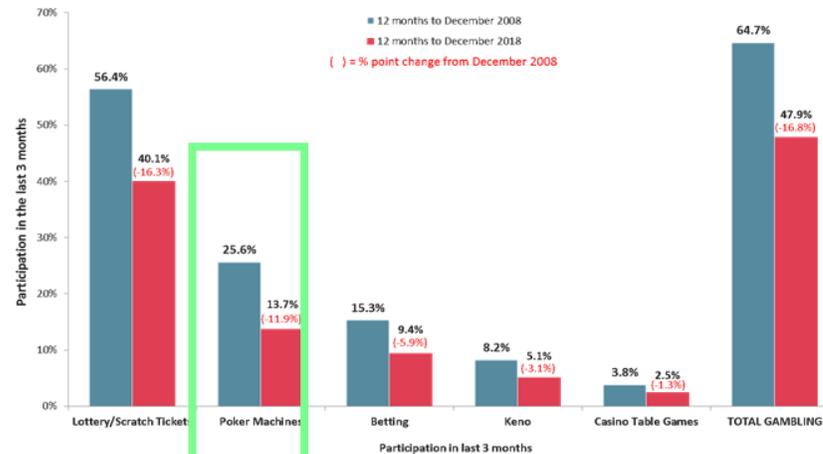
- Australia was estimated to have 192,800 machines installed in 2019, a reduction of 3501 machines from 2018 (this equates to 2.59% of the worlds total electronic gaming machines).
- Australian has one gaming machine per 114 Australians.



Emerging Industry Headwinds

Poker machines are becoming less popular

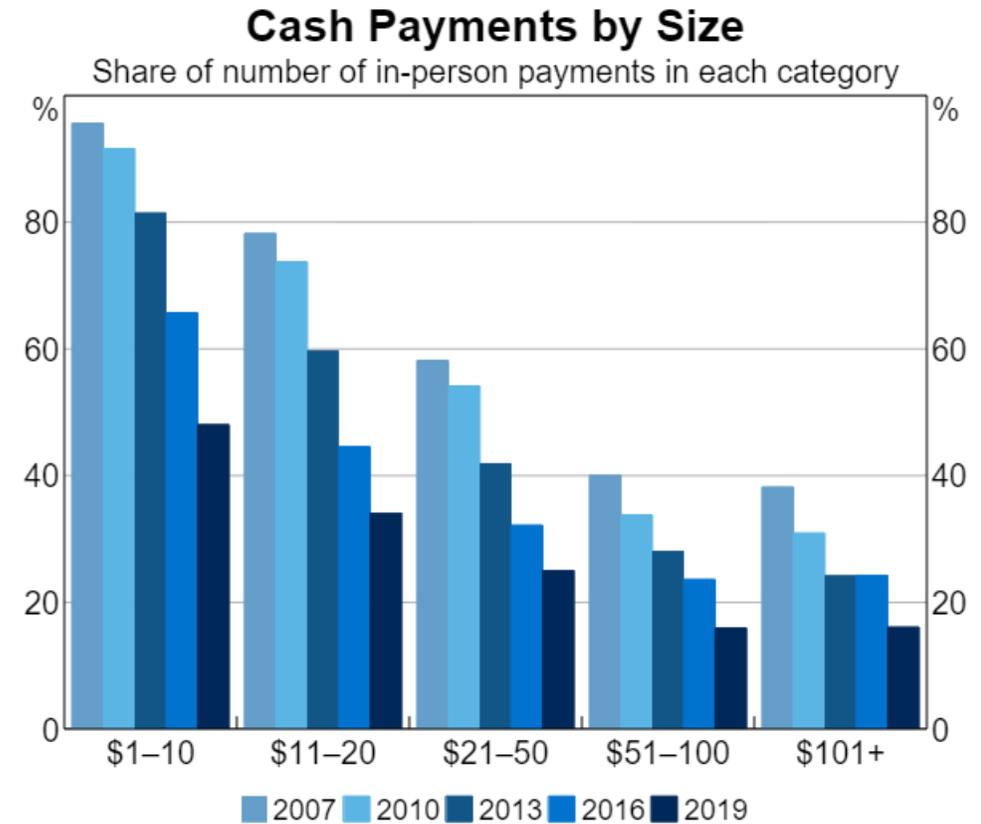
- Poker machine play declined by 12% from 2008 to 2018



- Emerging younger generations have shown by far the biggest decline in gaming machine play in the past decade (26.1%)

Macro Socio-Economic Trends **cash is disappearing**

- Over the course of the last decade, cash has gone from being the dominant form of payment to now being used for less than 25% of transactions Australia-wide (Bambora, 2021).
- Driven by these trends, Australia is predicted to be cashless by 2024.
- The big 4 Banks reduced ATM numbers in Australia by 19% in 2021 with the number of branches reducing by 9% in the same period (Ritchie, 2021).

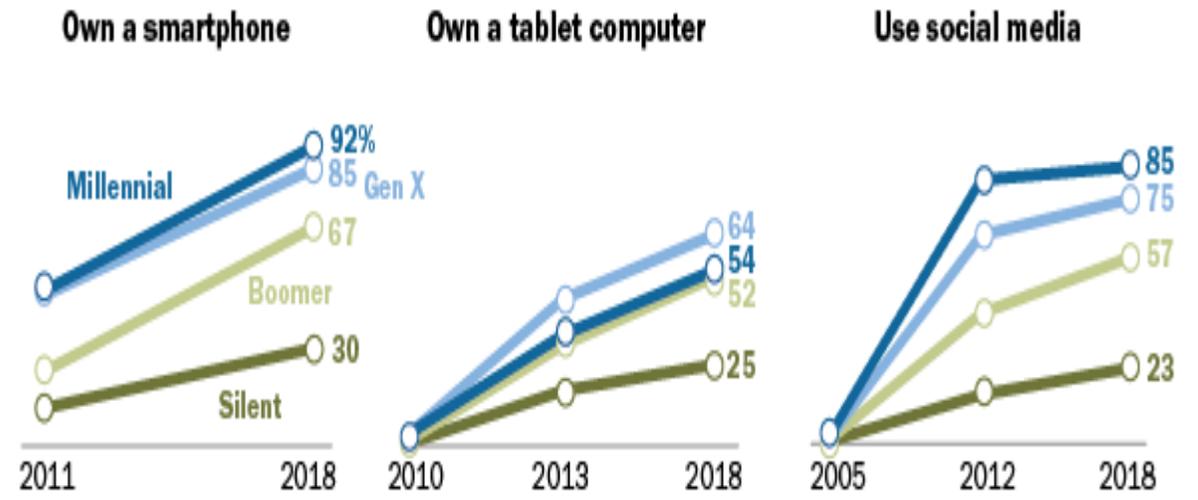


Source: RBA calculations, based on data from Colmar Brunton, Ipsos and Roy Morgan Research

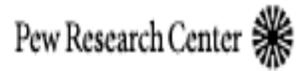
Macro Socio-Economic Trends Digital adoption provides the new opportunity to engage customer

- In 2017, 75.8 percent of the Australian population used a smartphone, and the share was estimated to reach around 80.1 percent by 2025 (Granwal, 2020).
- Millennials are driving this adoption with 93% of those who turn 23 to 38 this year owning smartphones, compared with 90% of Gen Xers (those ages 39 to 54 this year) and only 40% of the Silent Generation (74 to 91) (Vogels, 2019).
- Several high-profile brand loyalty programs have been underpinned by mobile In 2011, Starbucks launched the Starbucks Card mobile app, enabling mobile payment.
 - By 2019, 71% of Starbucks app users were visiting a store at least once a week.
 - app users were 5.6 times more likely to visit a Starbucks every day.
 - Such frequency of use and familiarity eases the adoption of other retail apps (Pearson, 2020).

% of U.S. adults in each generation who say they ...



Source: Survey conducted Jan. 3-10, 2018. Trend data are from previous Pew Research Center surveys.



Macro Socio-Economic Trends Mobile Payments are revolutionizing retail

- The global digital payments market is expected to grow from \$5058.96 billion in 2020 to \$5872.89 billion in 2021 at a compound annual growth rate (CAGR) of 16.1% (Businesswire, 2021).
- An estimated 4.4 billion global consumers will shop with a digital wallet by 2023, accounting for 52% of ecommerce payments globally (Bready, 2021).
- "In March 2020, there was a shift in how consumers paid. For the first time ever, card-not-present transaction volume surpassed card-present" (Henckel, 2021).



Emerging Industry Headwinds

Money Laundering Is The New Threat To The Gaming Industry

- In 2021 the NSW state government published the Casino Enquiry Report (the Bergin Enquiry) under section 143 of the Casino Control Act 1992 (NSW) in response to growing concerns around suspicious and unethical behaviours by the operators.
- The Bergin inquiry examined numerous instances of suspected money laundering at a large Australian casino, including the infamous “blue cooler bag” footage that showed huge bundles of \$50 notes being exchanged for gambling chips in one of the properties' VIP gaming rooms (Hatch, 2021).



Emerging Industry Headwinds

Problem Gambling Concerns Impacting the Industry

- The 2010 Productivity Commission estimated that a greater proportion of EGM players—around 15 per cent of all adults who play EGMs weekly or more often—were problem gamblers (Thomas, 2020).
- “(Millennials) have had the convenience of the Internet and smartphones to get information they needed instantly, at the push of a button....only 21% of millennials considered gambling as “important in their list of activities” (Yale Tribune, 2018).
- Shift from “problem” to “sustainable” or “responsible” gameplay

Spending more on the pokies than you wanted?

Free, confidential, 24/7 support & counselling on 1800 658 658
gamblinghelponline.org.au

Funded through the Gambling Rehabilitation Fund

ahaisa

DCCRM

Government of South Australia
Department of Health Services

Emerging Industry Headwinds

Sustainable gaming is not an option, it's the only option

- The 6th edition of the Sustainable Gambling Conference took place on 5 October 2021. Concluding with a broad consensus that the industry's profitability, even its very existence, is contingent on becoming sustainable.
- A closer dialogue between operators and regulators can help avoid counterproductive policies and improve channelization.



**“good grief, the industry must be
doomed right?”**





THE ROLE OF A GAMING SYSTEM

Systems

- Reduce friction
- Speed of service
- Self-sufficiency
- Data – egm/player/competitor
- Compliance/risk/security
- Cash reduction via systems
- Loyalty and engagement



Systems opportunities

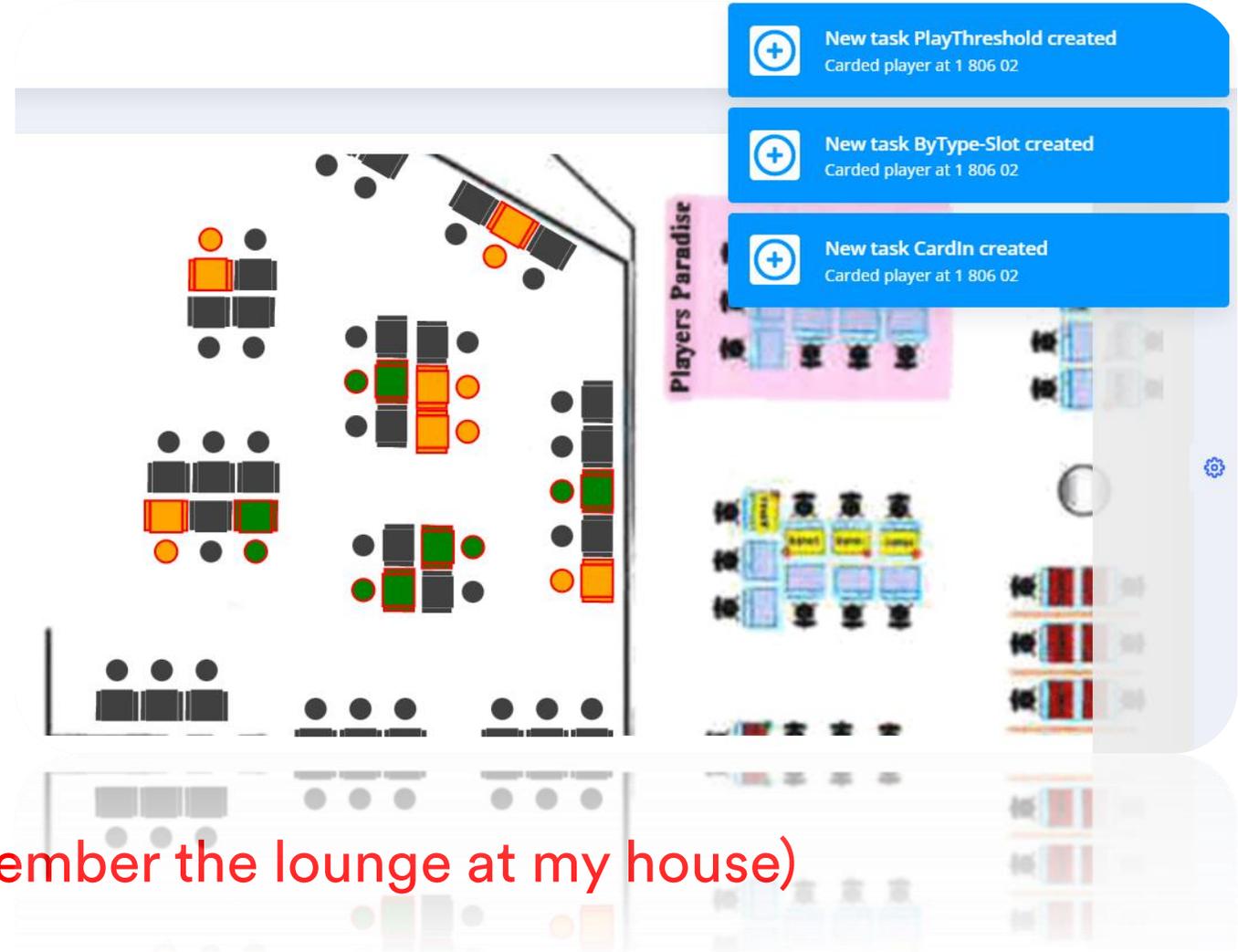
- The Great Loyalty Debate
- The trade-off between privacy and convenience
- Emerging generations, emerging trends
- Digital natives = digital opportunities



Systems provide...

Key Metrics To Consider

- Spend per head
- Visitation
- Associated non-gaming spend
- Trend analysis
- Profit/player distribution
- **Real-time actionable insights (remember the lounge at my house)**



What good venues do well

- Wholistic offering
- F & B is a thing
- Secure & Friendly
- Interaction & People
- Technology



How some venues have been left behind

- Think about consumer experience
- Technology & Product (egm/signage/supporting infrastructure)
- People
- F & B – (ask me about Rosehill)
- Customer Journey



THINK ABOUT WHAT WE **COULD** DO?



GIG
ECONOMY
FOR
STAFFING



PREDICTIVE
ANALYTICS FOR
ROSTERING OR
CUSTOMISED
SERVICE

ADVANCED
ROBOTICS
AUTOMATING
SERVICE



Technology has changed the game

- Consumers are inundated with choices
- Consumers are less loyal and more demanding
- Your venue competes against clubs, hotels, restaurants, online games, online gaming, Uber Eats, Netflix, Stan and on and on
- Consumers want frictionless experiences



Are the player engagement tools of today enough?

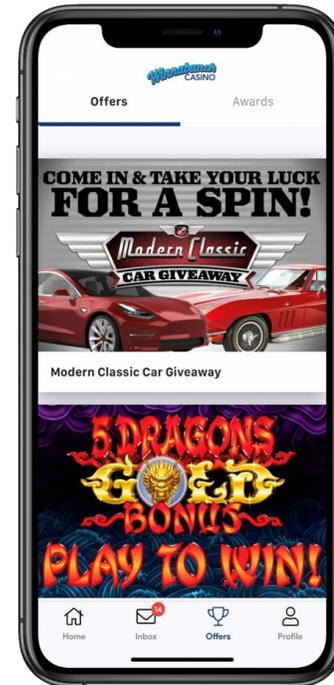
Machine Engagement



In Venue Engagement



In & Out of Venue Engagement



“But what about in 5yrs? You said young people don’t dig pokies?”

Digital Convergence



PLAY NOW ON YOUR MOBILE DEVICE

Available on the App Store ANDROID APP ON Google play

© 2019 PRODUCT MADNESS INC. ALL RIGHTS RESERVED. TERMS AND CONDITIONS

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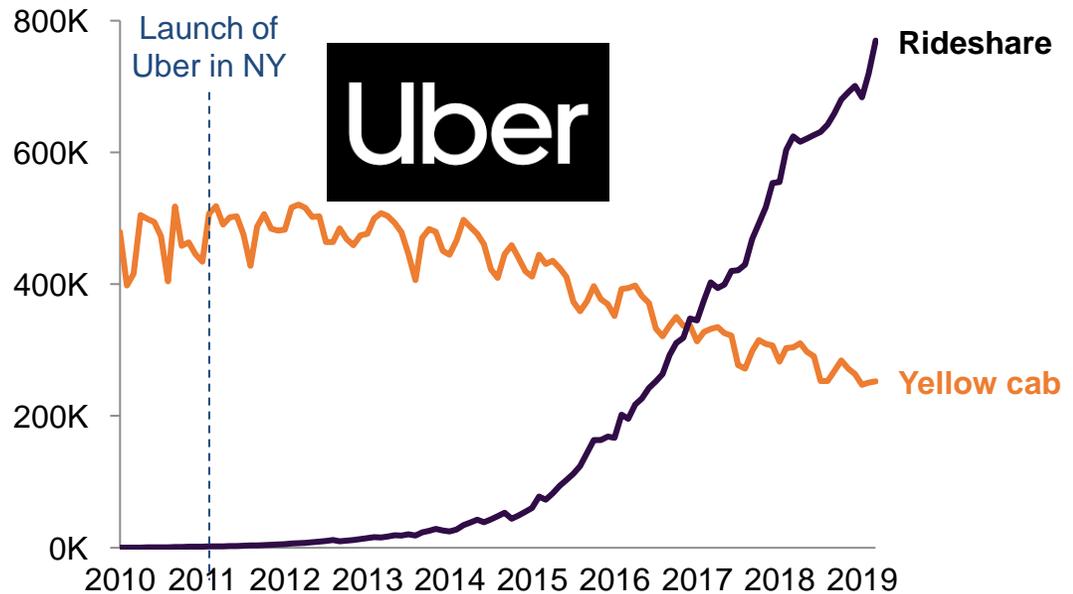
The games are intended for an adult audience. The games do not offer "real money gambling" or an opportunity to win real money or prizes. Practice or



Regulation is not always a barrier to change

- Regulation aims to protect the consumer and ensure that gaming business are responsibly managed
- Once established, it can take a significant period of time before changes can be implemented, resulting in steady profits for the incumbents
- Regulation in most democratic economies eventually adapt to consumer demand
- When that happens disruption can happen before incumbents can respond effectively

NYC Trips per Day



Since Uber launched in 2011, the number of daily trips in yellow taxis in NY has **decreased by more than 50%** while ride-sharing apps have **quadrupled in past 3 years**

What does that mean for you?

“Do we all agree that our venues don’t operate in siloes and therefore consumer change in the external environment has the potential to impact YOU?”

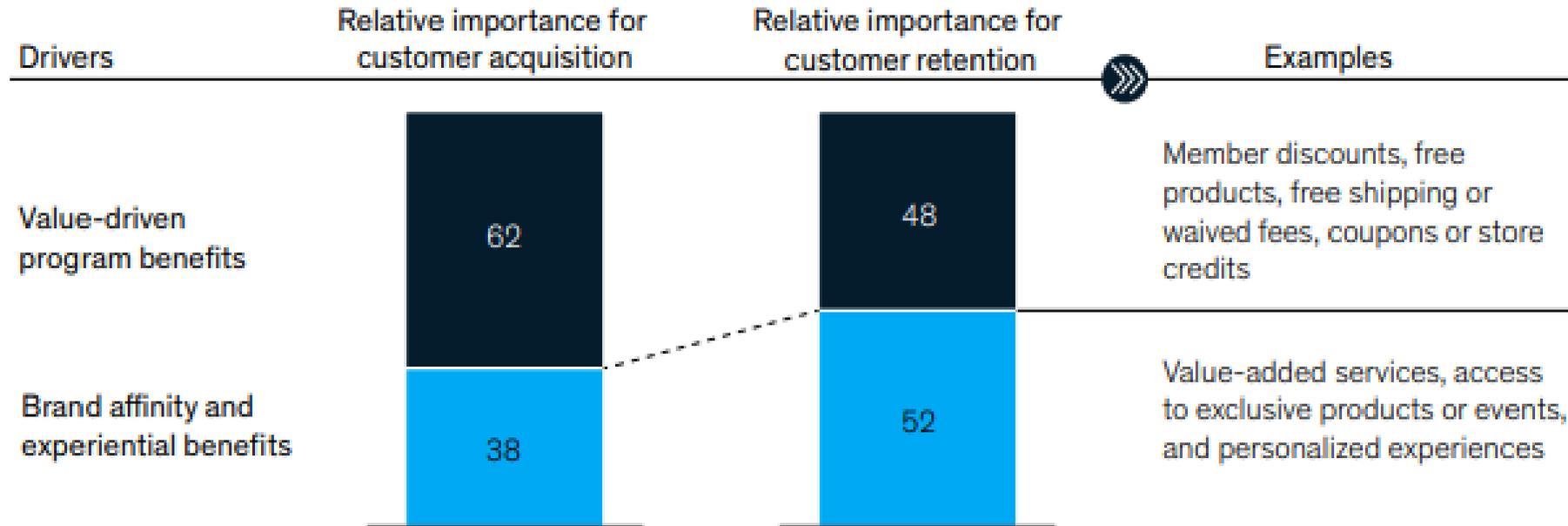


What does that mean for venues?

1. **Seamless patron experience online to in-venue is expected**
2. **Personalized loyalty experience has value**
3. **Innovation around loyalty, gamification and shared gaming experiences is an opportunity**
4. **Competition is everywhere, including the home**
5. **Contactless is the new customer service**
6. **We may need to challenge established business models and our own thinking**

Members Price vs Members Only

While hard-value benefits drive signups, experiential benefits are more important in driving retention.



Source: McKinsey Consumer Paid Loyalty 2020 Survey

Will VAS, exclusivity and personalized become the new loyalty tiers of tomorrow?

Do you compete with the home economy or enter it?

Americans are changing how they spend their time at home Americans are spending more of their at-home time on domestic activities, media, and news. Intent to eat more at home post-COVID-19 has strengthened significantly over the past three months.

Usage of popular online entertainment platforms has skyrocketed. (The popular video game Fortnite recently hosted a concert that was “attended” by 12.3 million users.)

Investment in at-home fitness through equipment purchases and online activity is growing.

Consumers still expect to spend more time on at-home activities, even in less restricted regions.



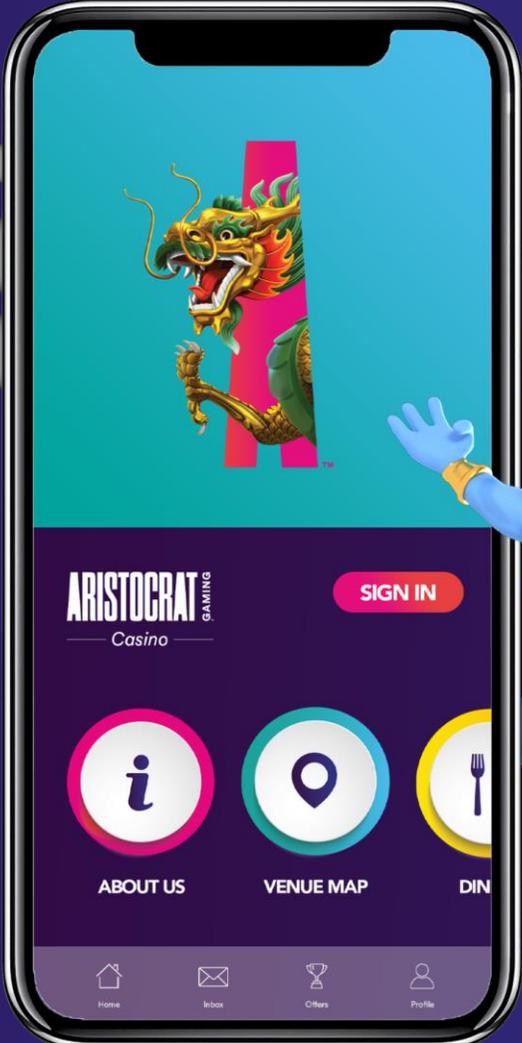
Will Cashless will be the new clean?



Technologies that enhance hygiene, particularly contactless activities such as food and grocery delivery and curbside pickup, are taking off.

In a US survey 79 percent of consumers intend to continue or increase their usage of self-checkout in retail after COVID19. Millennials and Gen Z are the widest adopters of contactless activities.

PRIME DIGITAL



Key Points

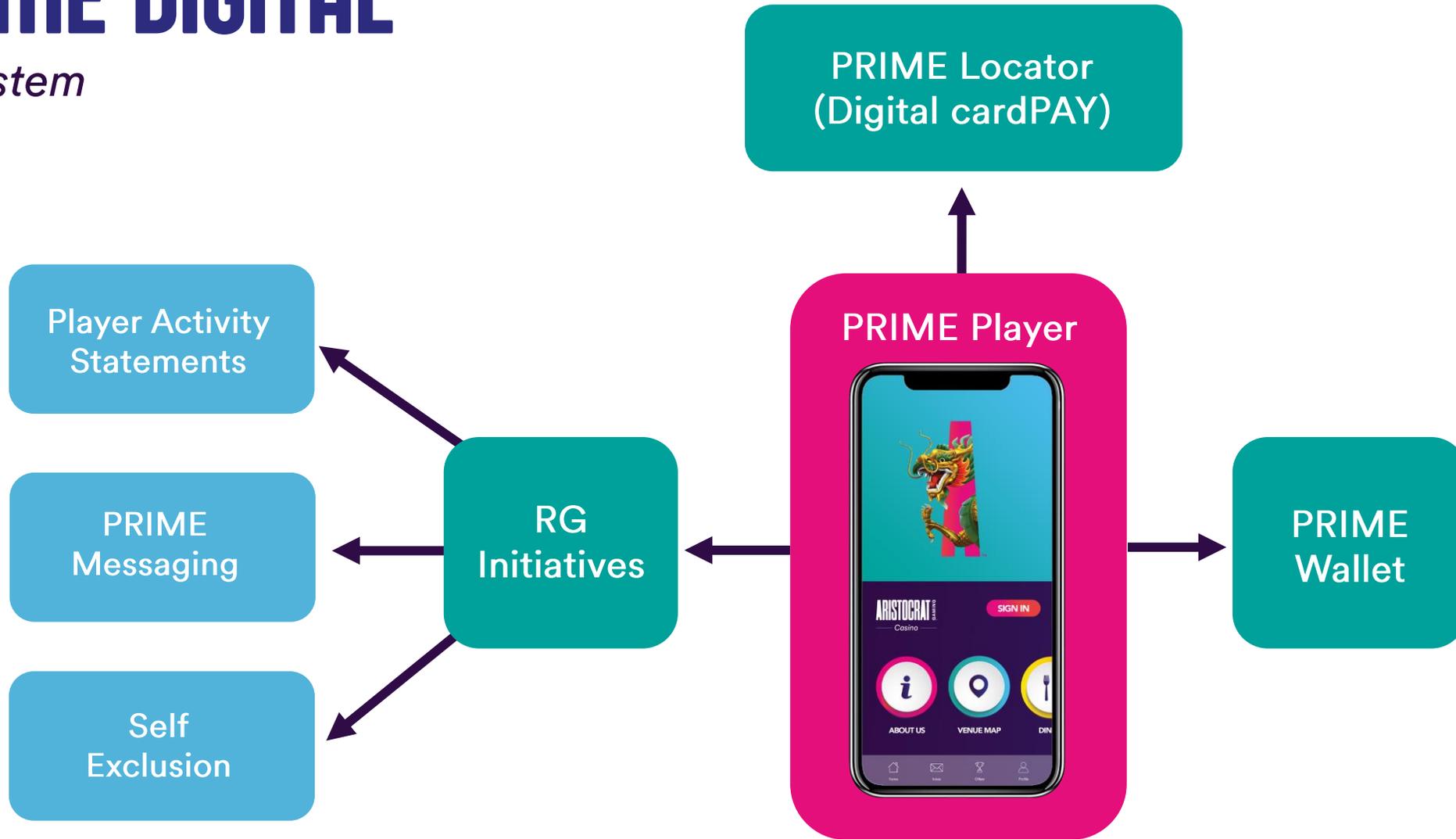
What will digital wallet achieve?

- Frictionless patron experience
- Innovation platform to re-shape customer engagement
- Empowering the player for a sustainable gaming experience



PRIME DIGITAL

Ecosystem



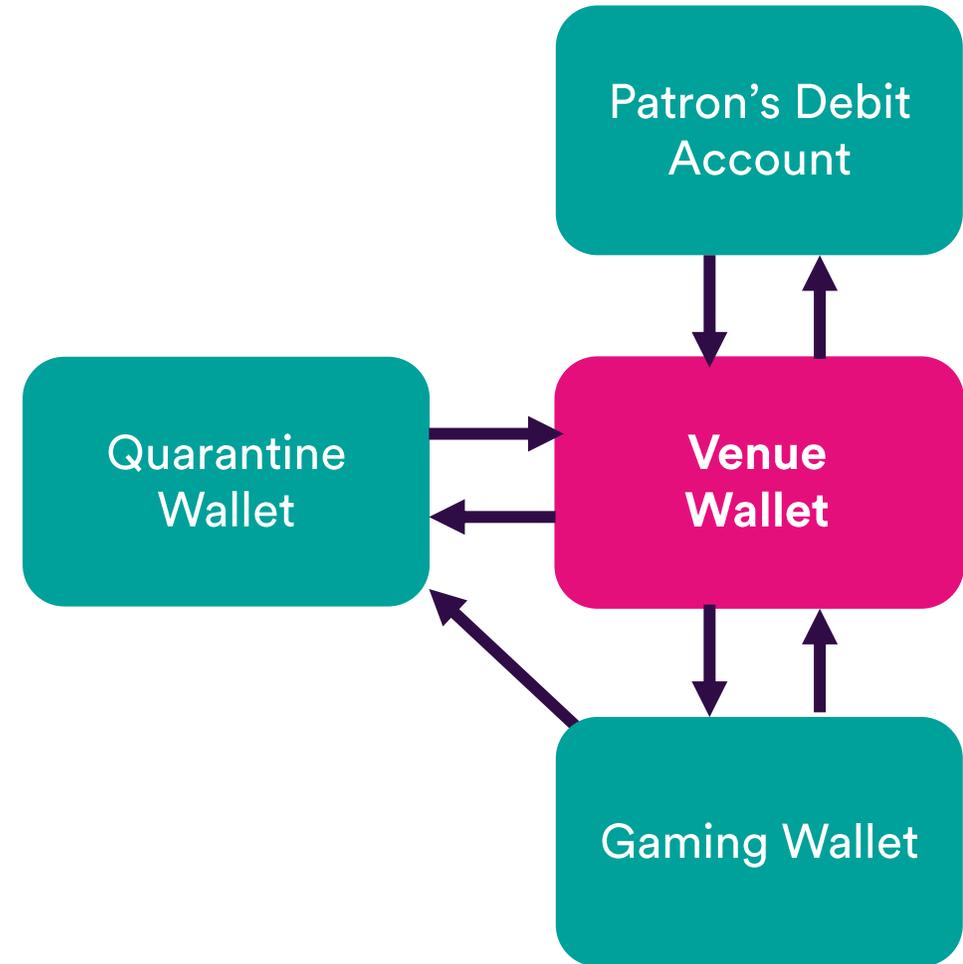
PRIME WALLET

What is PRIME Wallet?

PRIME Wallet is a term given to the digital banking system that contains three individual *wallets*.

These are:

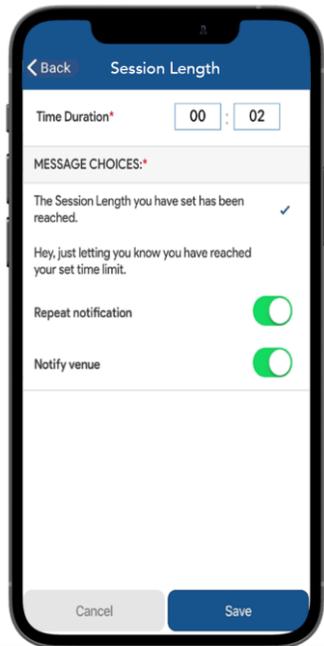
- Venue Wallet: facilitates funds transfers to and from the banking system and Point of Sale (POS).
- Gaming Wallet: facilitates funds transfers to and from the Gaming Machine (EGM).
- Quarantine Wallet: replaces cheques/EFT
 - When transfers from EGMs exceed \$5,000, the amount over \$5,000 is automatically transferred to quarantine
 - quarantined funds restricted from being used for gaming or external bank transfers for 24 hours
 - Quarantined funds are available for POS transactions.



PRIME MESSAGING

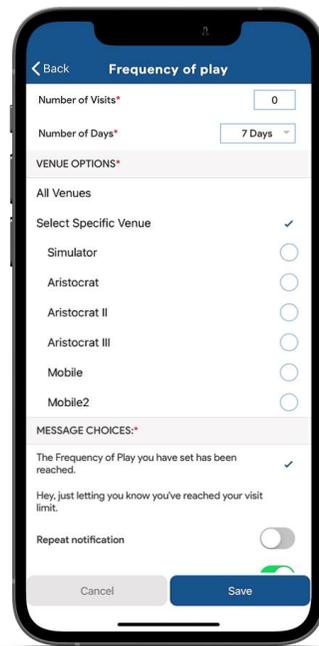
PRIME Messaging Empowering the Player

Session Length



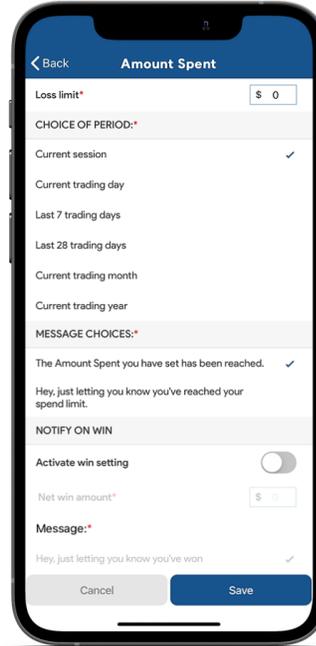
Duration of a single session

Frequency of Play



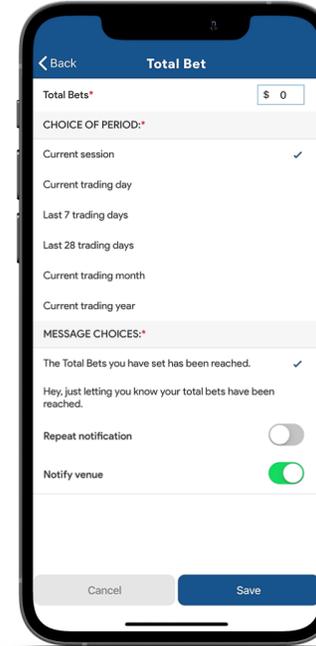
Venue Visits

Amount Spent



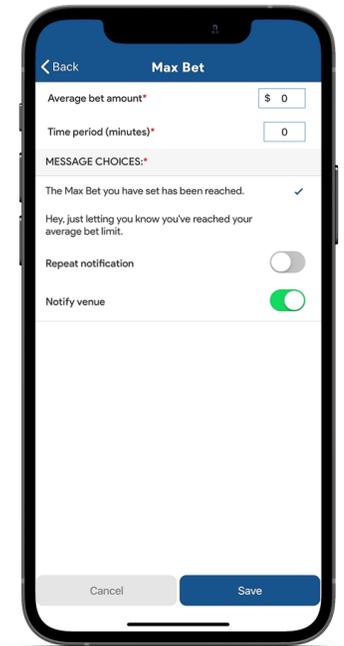
Net Loss

Total Bet



Turnover

Max Bet



Average Bet

SELF-EXCLUSION

- Self-exclusion is a sub app of PRIME Player.
- A member can self-exclude from multiple venues; even venues not attached to the app.
- A member can decide to self-exclude from the entire venue or just the gaming areas.
- Once the member completes the digital self-exclusion form, these details are sent to the venue staff via PRIME Membership.

Self Exclusion

Exclusion period in months (6 to 36 months)

Additional Venues

Gaming Only

Patron Photograph *

Upload Photograph

Contact number for SMS notification *

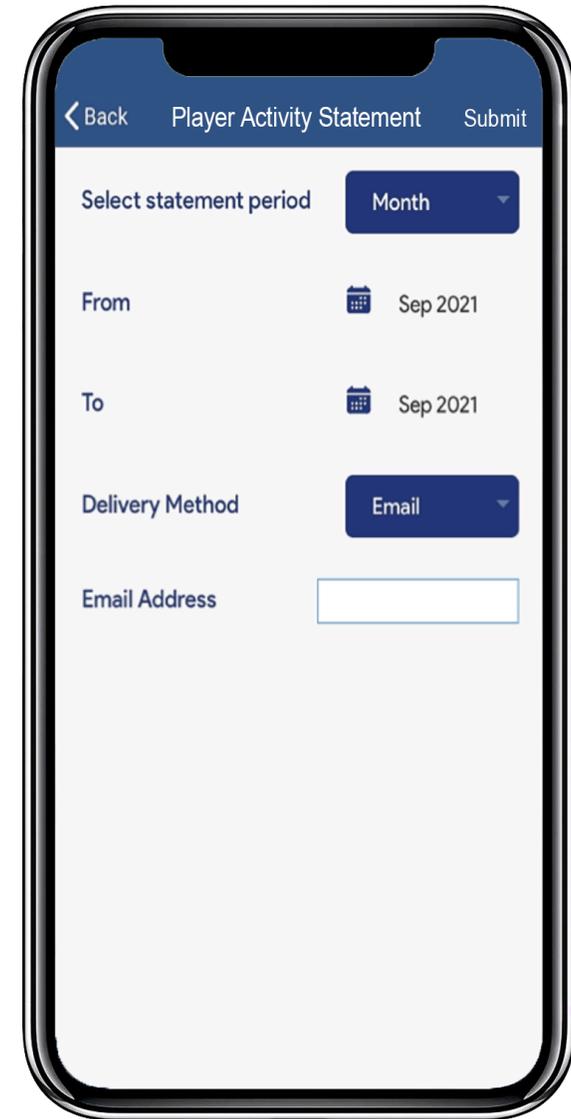
Terms and Conditions *

Exclusion request will allow you to exclude yourself for a specified duration.

I agree that I will not play gaming machines at the above venues for a

PLAYER ACTIVITY STATEMENTS

- Members can request their Player Activity Statements via the PRIME Player app. This is located under the Profile tab.
- The statement period is either a record of the Month, Quarter or Year.
- The member can choose to have the statement delivered by Email, Mail or In-app:
 - In-app: the statement is immediate.
 - Email or Mail: this request is fulfilled by venue staff via PRIME Membership so it will take longer to process.



The screenshot displays the 'Player Activity Statement' form within the PRIME Player app. The form is set against a dark blue header with a back arrow, the title 'Player Activity Statement', and a 'Submit' button. The form fields are as follows:

- Select statement period:** A dropdown menu currently set to 'Month'.
- From:** A date field with a calendar icon, set to 'Sep 2021'.
- To:** A date field with a calendar icon, also set to 'Sep 2021'.
- Delivery Method:** A dropdown menu currently set to 'Email'.
- Email Address:** An empty text input field.

What could the future hold?

Once we have digital wallet, we are
in the customers palm and with
them 24/7

- Frictionless patron experience
- Omni-channel connectivity
- 24/7 data
- Privacy vs convenience trade

Reimagining the game

Estimates made in August suggest that over 20 million people still play Fortnite daily. The game also made **over \$1.8 billion in 2019**, which is a drop from the game's \$2.4 billion in revenue in 2018 but is still better than the vast majority of free-to-play games



Reimagining the wager

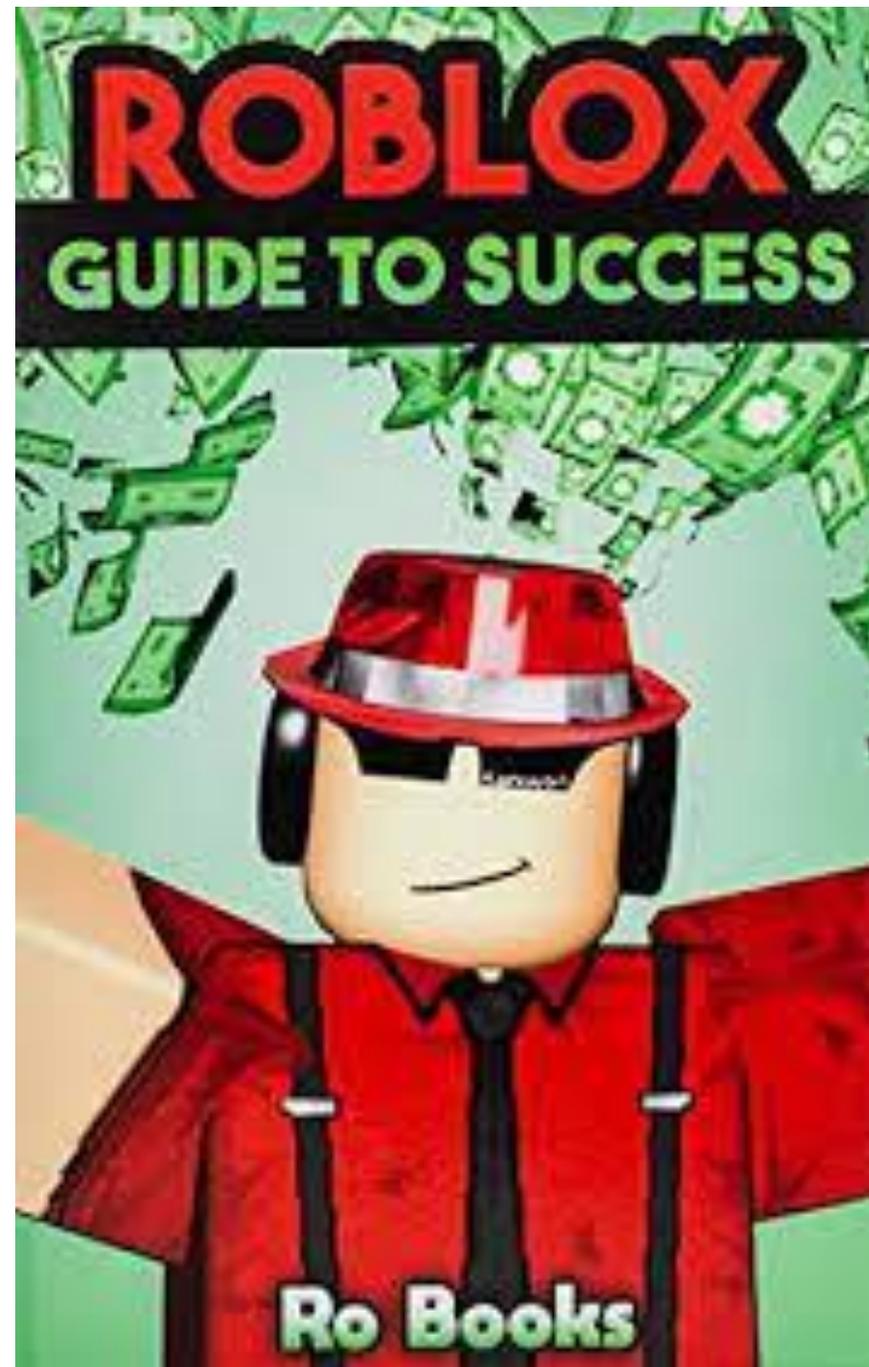
ZED's popularity has soared to such highs that newly "launched" rare horses can sell for as much as €12,000. One horse recently sold for over \$125,000 (€103,000) and this is expected to escalate even further as the rising value of NFTs redefines our way of experiencing tech.



<https://www.euronews.com/green/2021/04/23/why-people-are-paying-100-000-to-breed-digital-horses-online>

Reimagining the player

Roblox (RBLX -3.56%) has been offering a platform that brings millions of people together in a virtual space since its founding in 2004. The platform is different from many others because it is free to play, and relies on games created by a community of developers, as well as purchases of Robux, its platform-specific virtual currency.



Reimagining the venue limits

The O'Farrell report into illegal online gambling stated that the market in Australia is calculated to be worth approx. \$1bn per year, the regulation and taxing of such a market would be worth as much as \$400mil per annum to Australia's government (O'Farrell Report, 2015).



QUESTIONS?