



Information Systems

Plans for the future International IT Benchmark

Christophe LERAY CIO & Head of Operations

5th Racing
& Betting
BUSINESS EVENT
5 october 2012



Information Systems

Plans for the future

International IT Benchmark

Christophe LERAY CIO & Head of Operations

5th Racing
& Betting
BUSINESS EVENT
5 october 2012

Performance and availability are key !

40 races/day

4 millions transactions / day

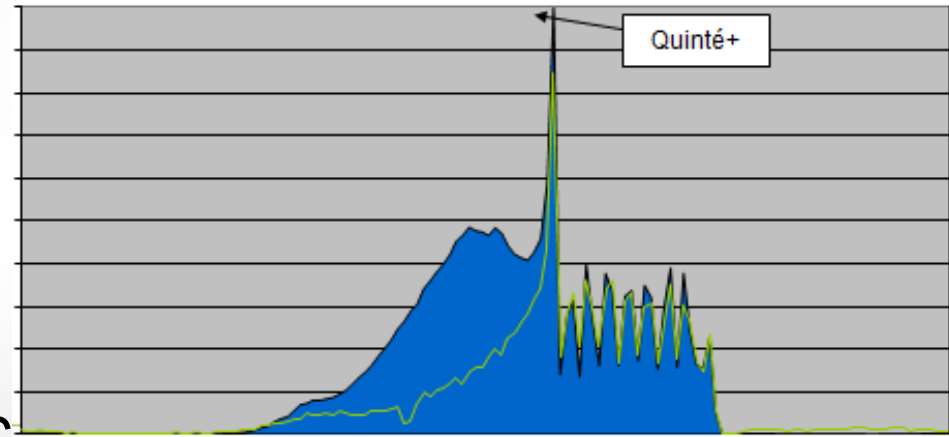
+600 000 Customer Accounts

Peaks of +2 000 transactions/sec

Sales open 23h45/day, 365 days/year

System operated 24x7x365

50% of sales made within the 15 min. preceding race departure



➤ 10 min outage = loss of 1 M€ sales

Once upon a time : PMU's wagering system...

A bespoke solution, custom made by IBM & CAP Gemini

Designed in the 90's

Born in 2000

Grown old quickly with 3 releases per year

Modernized in 2009 to allow PMU's diversification

But with reliability defaults circumvented by hardened procedures

- 2011 : Is this system appropriate for the future ?

Evolution scenarios evaluated

Scenario	Content
Maintain and reinvest	<ul style="list-style-type: none"> ■ Reinvest in mastering of the system and agility / re-write pieces ■ Keep existing technologies
Change Technology & renovate	<ul style="list-style-type: none"> ■ Transfer current application onto a new technology ■ Keep existing programming languages ■ Redesign and renovate the application piece by piece
Replace by market software	<ul style="list-style-type: none"> ■ Combine a market software with bespoke extensions ■ Transform Business processes ■ 7 potential candidates : Sportech, Media & Gaming, Amtote, United Tote, Gtech, Openbet, PMC
Purchase source code or co-develop	<ul style="list-style-type: none"> ■ Purchase an existing code, adapt it to PMU requirements ■ Common project in partnership with another operator ■ Potential candidates : <i>never identified</i>

IT choices of major international operators

Synthesis

More than 85% of pari mutuel operators use bespoke home-built systems

- Biggest players (JRA, HKJC & Tabcorp) use legacy systems developed 15 to 30 years ago
- Korea's KRA, switched from a market software to bespoke 10 years ago
- ATG purchased HKJC source code in 1989

No market software emerge as a standard

Major operators periodically question their IT choices (~ every 10 years)

Many are evaluating / launching renewal plans
JRA, HKJC, ATG, Tabcorp...

Key learnings

No standard model

Project cycle is relatively long and often operated by stages (module par module)

Most operators currently working on evolution scenarios tend to favor bespoke scenarios

... but are quite attentive to new comers

And the Winner is...

Scenario	Content
Maintain and reinvest	<ul style="list-style-type: none">■ Reinvest in mastering of the system and agility / re-write pieces■ Pursue development in current technologies
Change Technology & renovate	<ul style="list-style-type: none">■ Transfer current application onto a new technology■ Keep existing programming languages■ Redesign and renovate the application piece by piece
Replace by market software	<ul style="list-style-type: none">■ Combine a market software with bespoke extensions■ Transform Business processes■ 7 potential candidates : Sportech, Media & Gaming, Amtote, United Tote, Gtech, Openbet, PMC
Purchase source code or co-develop	<ul style="list-style-type: none">■ Purchase code from an existing operator, adapt to PMU requirements■ Common project in partnership with another operator■ Potential candidates : <i>never identified</i>

A STRATEGIC PROGRAM



Agility : reduce « time-to-market »

8 to 10 months for new offerings, 4 to 6 months for evolutions

Robustness

Achieve availability and performance objectives

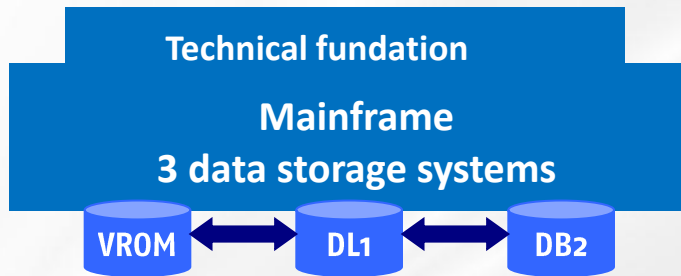
Sustainability

Ensure technology and skills will still be there in 10-15 years

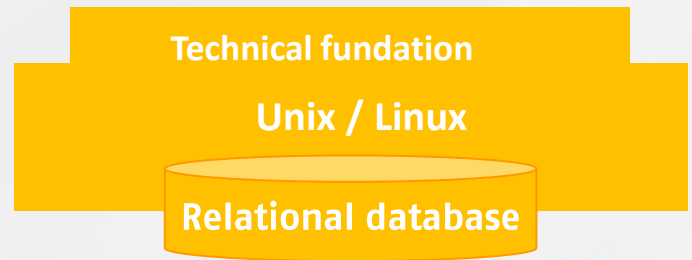
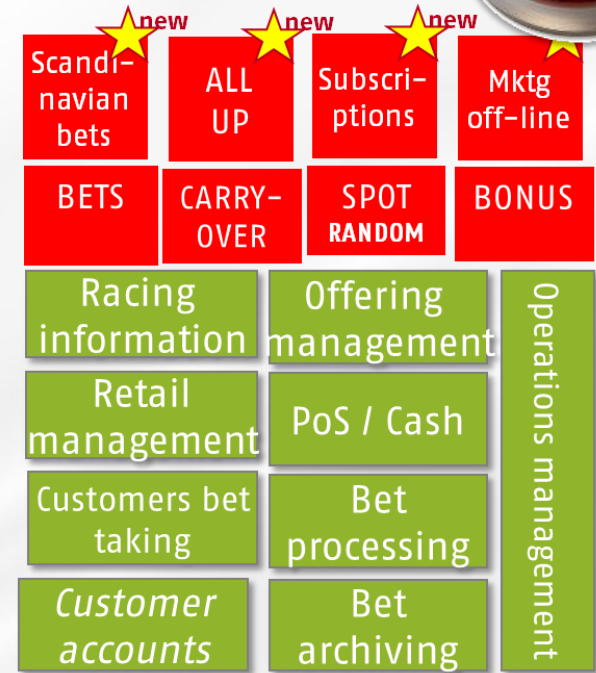
Mastering

PMU's staff **must** be knowledgeable on its strategic system

From mikado to lego in 5 years



2013



2018



Information Systems

Plans for the future

International IT Benchmark

Christophe LERAY CIO & Head of Operations

5th Racing
& Betting
BUSINESS EVENT
5 october 2012

Elaborate KPIs for IT in the pari mutuel industry

7 operators involved (Asia, Pacific, Europe)

3 areas covered

IT budget

IT activity

IT organization



Business activity

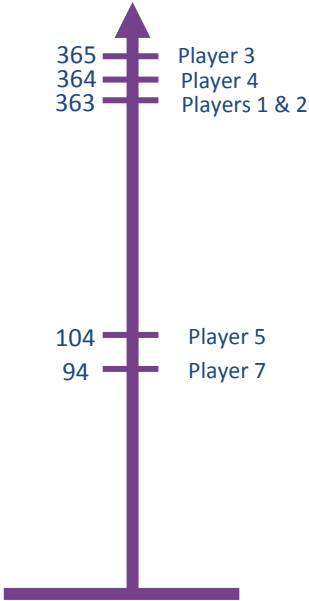
Data collection : H2 2011

Strong Non Disclosure Agreements

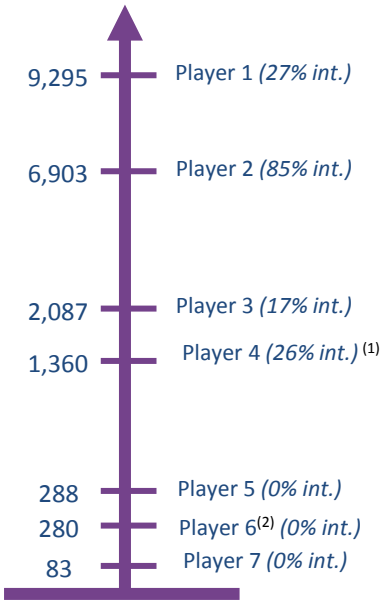
Business activity : high disparities on volumes & frequencies

Operators' activity key metrics

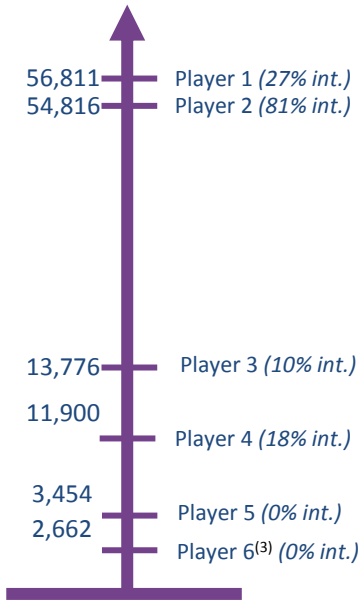
Number of days of races per year



Number of meetings per year

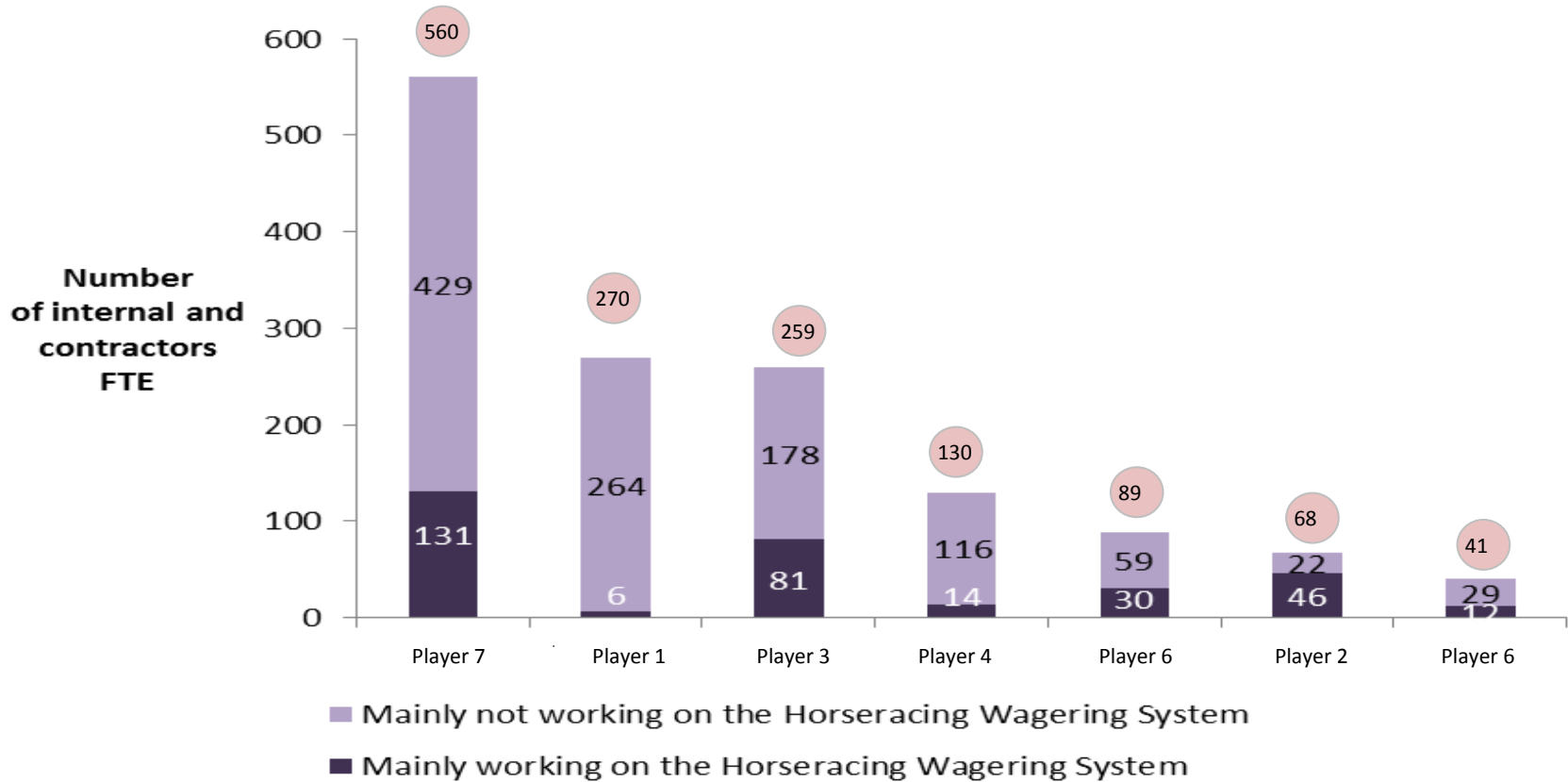


Number of races per year



IT teams

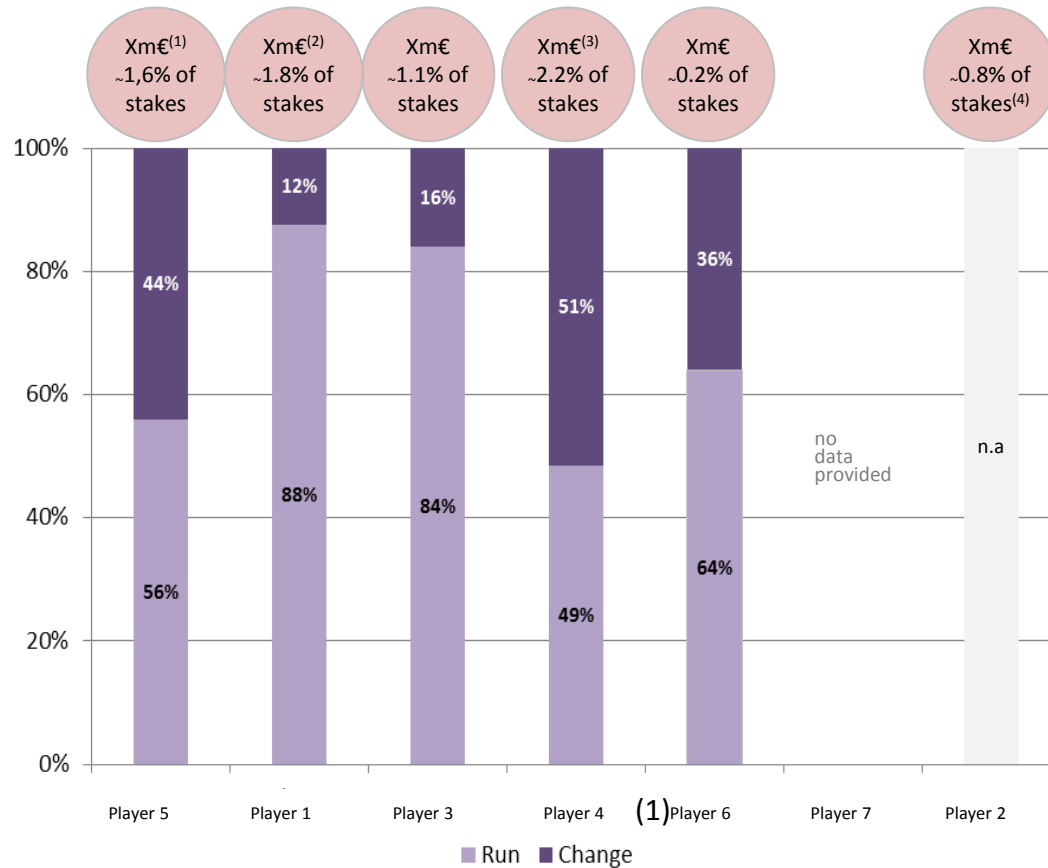
Size of IT workforce (internal and contractors FTE, 2011)



Comparability level of this diagram may be low

Total IT budget

Total IT budgets are mainly “run” budgets



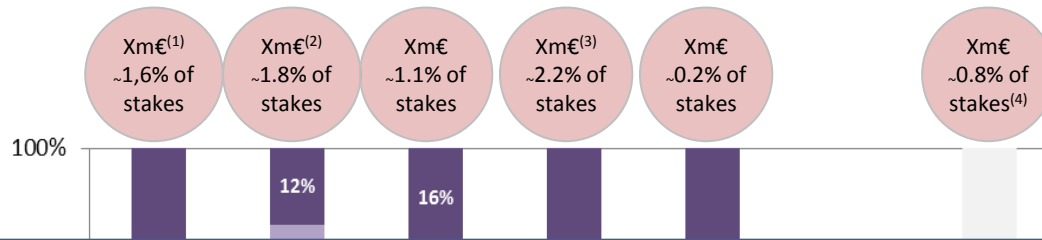
2011 IT budgets



Comparability level of this diagram may be low

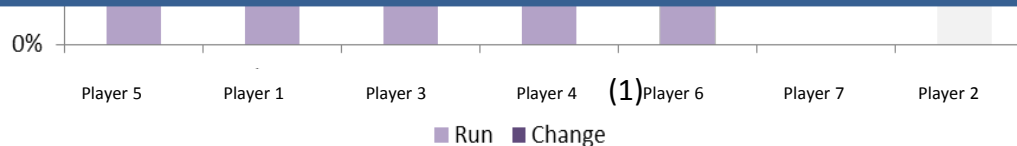
Total IT budget

Total IT budgets are mainly “run” budgets



Operators spend 1.2 % of yearly wages in IT, as an average

Variance : 0.8% - 2.2%



2011 IT budgets



Comparability level of this diagram may be low

Equipment costs

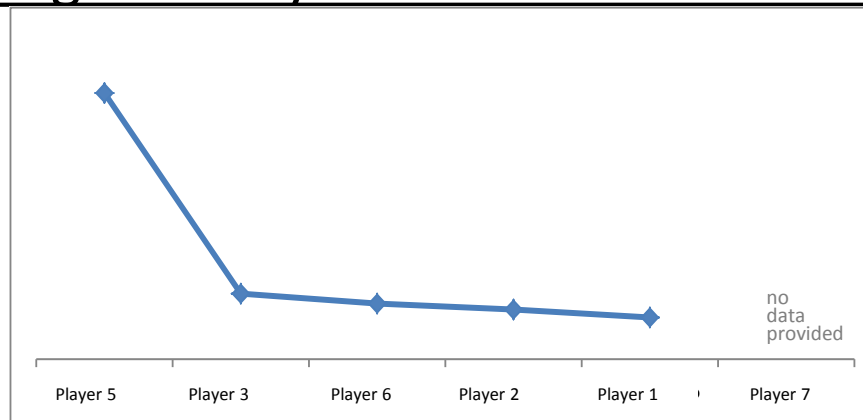
Purchase costs

Average unit cost of terminals

What is the right price ?

May operators launch common sourcing initiatives ?

Average unitary cost of self-service terminals



Next steps : version 2 in 2013

- ❑ Clarify and homogenize scopes and figures

- ❑ Build additional KPIs
 - IT cost per bet
 - Annual investments to “change” the wagering system as a % of wages
 - Annual support costs as a % of wages
 - ...

- ❑ Enlarge number of participants

- ❑ Increase level of analysis (so what ?)



Thank you !

Christophe.leray@pmu.fr