

WORKING THROUGH INTERESTING TIMES

The constant evolution of online gaming provider, OpenBet, continues to provide a challenge for its long-serving CEO, David Loveday, something he completely relishes

David Loveday is one of the longest serving CEOs in the gaming industry. He has been at the helm of online gaming provider, OpenBet, for over a decade and in that time has built a market-leading company with a resolute commitment to customer-focused technology solutions in regulated gaming markets. G3 interviewed Mr. Loveday about his career, the company that he has managed for over 10 years and asked what the future holds for OpenBet and its long-standing CEO.

It's unusual for a chief executive officer to remain with a company for an extended period, particularly in the gaming industry. Promotion, new challenges, salary rewards and incentives all create an environment of change and churn. Asked why he continues to hold the reins at UK-based online platform supplier, OpenBet, after 10 years, Mr. Loveday paints a picture of a company constantly evolving, building its professional team and continuously being challenged to innovate by its customers.

"I have stayed with OpenBet for a number of different reasons," outlines Mr. Loveday. "Prior to joining OpenBet, I was involved in a successful start-up, which floated in September 1999 and having finished there in 2001, I very much planned to take two years off work. I don't have a background in gambling, or strong personal interest for that matter, but I was approached during my break to take over Orbis Technology (Orbis changed its name to OpenBet in 2010), and the owners were very insistent that they needed someone to run the business. It was a very exciting challenge; a small company, with a small footprint and small profit, but there was great potential and having taken a break to recharge my batteries, Orbis proved to be intellectually stimulating and good fun. All those things are still true today and the job has continued to evolve and excite."

In the early days with Orbis, Mr. Loveday describes his role as covering all bases, as



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salesman, head of project management and official door-opener. During this time the company quickly expanded and it has been the growth of the team at OpenBet that has brought the most satisfaction to its CEO. "Most people at OpenBet have been promoted from within," Mr. Loveday describes. "All our senior technical staff joined as developers, and as well as building the company, seeing people develop in their roles has been hugely rewarding. The company developing into a great team has also been the driver for our success; it's what makes us different in this space. We all enjoy the process and draw strength from our working culture, which is, fundamentally, that we trust each other. While our competitors remain extremely aggressive, we continue to deliver what our customers want. It is that process that influenced our key

decisions. Our choice not to allow wagers from the US market, not to operate as a competitor to our customers and not conduct business with grey marketeers has demonstrated to our customers that we are a long-term player and partner."

FROM THE TOP

Describing the initial decisions made during the days of Orbis Technology, the first thing that needed addressing was structure. In the early days there were no rules, structure or processes in place, recalls Mr. Loveday. Most of his effort was directed at establishing the right culture, one of trusting people and giving the technical staff the ability to make their own decisions. "We have a 'no blame culture' at OpenBet," says Mr. Loveday. "





You have to be tolerant when you're working with very bright people who are not always conformists. With talent comes eccentricity and when you're hiring some of the brightest in the country it's important to empower your key staff in decision-making. Everything we do is about our customers and we are inspired by them.."

Describing the typical OpenBet customer, Mr. Loveday relishes the relationships that have really pushed OpenBet hard and expected more from the business at every turn. It's this challenging relationship with customers that he believes has been key to the company's success. "Every time we accomplish an amazing job for our customers they thank us and then demand more," underlines Mr. Loveday. "It's something that has enabled us to build a culture and way of working with a commitment to excellence - that's the right philosophy to working with customers. We have expanded from a company of 200 people five years ago to 700 today, and been a standard bearer for this sector in creating the right culture - the right working and business environment.."

THE KEY CHANGE

In terms of success, the big turning point for OpenBet was the signing of its deal with UK licensed betting operator, William Hill. William Hill was the holy grail, admits Mr. Loveday. "Between 2002-08 we had established a series of successful customer relationships, but the customer we most wanted to sell to was William Hill. Under Ralph Topping's leadership William Hill has continued to raise the bar in the LBO sector and the same was expected of us. William Hill is constantly looking for us to evolve, to innovate and support them at the highest level. It was William Hill in particular that transformed us from being a good company, into a truly great business with a desire and appetite for success. We have learned a lot from William Hill and I'd say that after we won the Paddy Power contract, we felt there was no one in the world that we couldn't sell to - and that's pretty much what has manifested as the business continues to evolve and grow."

The deal with William Hill began with an appraisal of exactly what OpenBet could deliver in just nine months. It was an incredibly short timescale, but working in tandem, with William Hill pushing OpenBet to the limit, helped to redefine the technology and ultimately shape how it is used today. "The sheer drive of what they wanted to achieve was inspiring," states Mr. Loveday. "William Hill's online offer wasn't in the best shape back then, but they put all their wood behind one arrow and we were part of that evolution."



It took us to the next level of customer service and the important thing to remember is that when we started out with our customers 10 years ago, the volume of transactions was much smaller compared to today. We have had to keep pace as the sector has expanded, growing as our customers have grown. However, I do think that working with William Hills was a defining moment for us and the big transformation they went through spurred our own development too."

Taking over the strategic planning of the business, right from the outset the company made a commitment to exclusively supply software to its customers. To this day OpenBet is purely a B2B provider. If you look at other providers and the entities they own, it is difficult to separate suppliers from affiliates - no matter how many degrees of separation, they remain operators. That's not the case with OpenBet. "We provide an open platform as a pure technology supplier," affirms Mr. Loveday. "There are no grey areas, we don't own a bit of a company X or Y. We have had many chances to create affiliates and run our own services, but we have remained a technology-only supplier. As soon as you start entertaining operations you are an operator. There is clear blue water between us and what others have done in this sector and we have steered clear of affiliates. I wholly believe that you can't drive traffic and remain a technology

supplier. If you head down that route you are an operator and I would argue that there aren't many true suppliers out there, as most are in fact operators. We chose not to compete with our customer, as we couldn't approach Paddy Power or Coral to supply technology while at the same time running a business against them."

US AND THEM

The major financial decision that will undoubtedly play a large part in the future success of OpenBet, was the decision to refuse to take US wagers. OpenBet's stance throughout the rollercoaster ride in the last decade of US online gaming, has been to resolutely view the taking of bets from US players as illegal. "We always took the view, as a company partly owned by News Corp., that the situation in the US was black and white. In 2004-6, when the majority of companies targeted and began taking customer wagers from the US, we placed clauses in our contracts that prevented our customers from taking those bets. I think it is something that the whole market can see was the right decision now, but back in 2004-5, when most people knocking at the door wanted US facing contracts, it was a tough call. However, it was my conviction and that of the management team that to do so would be breaking the law."

Hindsight is 20/20, but it would have been very hard for a company like

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OpenBet had the US taken a different path, leaving the company on the sidelines as the opportunists reaped the rewards. "It was a painful couple of years," admits Mr. Loveday, "but we have been vindicated and we are now in a great place. We have won a series of contracts in Canada having maintained an unblemished record - and I'm happy to be able to travel to America without fear of arrest. We kept a clean compliance record and we don't need to worry about lawsuits as we stuck to the letter of the law. I always believed that this was the right long-term strategic view and that you have to stick to your guns. We were brave enough to believe in our convictions and that comes back to the dominant culture of the company and the philosophy by which we deal with customers."

OPENING THE DOOR

OpenBet started the concept of an open casino platform back in 2004, enabling operators to pick and choose the type content and functionality they required. Competitors scoffed, saying that such a concept was doomed to fail - and fail quickly. Locking customers into closed platforms was the norm and the principle of those business models had been to control content on proprietary platforms. "We believed back then that the market would shift to an open platform casino model and again, we held fast to our convictions," said Mr. Loveday.

"Others said that we would be relegated within six months, but if you knock on the doors of those companies today, you'll find their predictions back-fired and many are no longer in business."

There's a pattern that quickly reveals itself about David Loveday's career, in which team-building is a focus, strong convictions and principles are immutable and while others follow the herd, he's most likely to be off in a different direction entirely. "I have genuinely felt that there was a clear road forward for this company," stated Mr. Loveday. "Essentially, we don't panic. We stick to the things that we believe in, for example, when everyone was building a bingo product, we said no. The market is just too saturated to make any money from it, so we kept out of bingo. We have always focused on ourselves and working closely to deliver what our customers need rather than spending time watching the market. I don't sit there and think to be successful I must copy X or Y company. Our policy is to differentiate and move in the right direction for our business."

Continuing to build economic success, OpenBet's 700 strong team is looking to the future in the lottery markets, having established six lottery contracts in the last two years from a standing start in the sector. As part of a 10 year plan, the next eight years will see OpenBet taking its technology forward to meet the demands of existing and new customers, with an architecture for the lottery market place that brings cutting-edge technology to a sector that is crying out for innovation. "There's a lot of old technology in the lottery market right now," observes Mr. Loveday. "It's technology that needs to change. Land-based computing is still a mainframe with a PC at the end of the chain and that's quickly becoming redundant."

CONVERGENCE ISN'T JUST ABOUT BOLTING THINGS TOGETHER

Right from the start, OpenBet decided that it was not a proprietary company and that it would integrate with third-party developers and content suppliers through its open platform. It was this fundamental decision that untethered the company from hardware restrictions and what today has led to a solution that is revolutionising the way services are delivered to customers. "If you look at the UK and examine what is happening in betting shops right now, you'll see that offer is very restricted as compared to online," describes Mr. Loveday. "What we are seeking to achieve is to ensure that customers on-site are offered the same events as online, and deliver that experience through software, not



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hardware. Our product called OpenBetPromote uses large screen video walls, linking bets on the screen with online offers, leveraging both online and retail platforms. We offer the same pricing and same architecture for both markets, giving operators a clearer view of their liabilities, of what's working and what's not working. This is the type of convergence that we're bringing to our major customers to enable them to gain deeper knowledge about their customers."

The technology OpenBet is developing for its customers uses existing screen technology in casinos, in sports-bars and LBOs etc., bringing together online and retail technology. "We are not looking to build lottery terminals for the lottery sector," explains Mr. Loveday. "You don't need huge terminal networks when phone technology has placed the 'terminal' in the hands of the player already. The big lottery suppliers need to

be mindful of the power of the mobile device. Do you really need to buy tickets from a till? Do you still need to print airline tickets, buy physical books, visit your local bank? There is a vested interest from all these sectors to promote mobile devices and ultimately, we believe the lottery market is going to become a handheld market too. It is only a matter of time before lottery tickets are made available on handheld devices rather than old-fashioned standard terminals with software running through a PC. Within the next decade all lottery tickets will be sold and redeemed through laptops and mobile devices. As such, we are not focusing on building a network of terminals, but we have focused on the next generation beyond that. There's no point in OpenBet going headlong to compete with the existing architecture when we can supersede the technology completely."

OpenBet is looking at how it can take screen-based promotional products into casinos, sports bars and equivalent locations and utilising its Promote screen-display technology to transform the vibrant cinematic experience within these locations into a betting experience. "We see this solution generating 50 per cent of revenue internationally in the next five years and I would like to think the US would be legal before then from an online perspective," predicts Mr. Loveday. "We have always been crystal clear regarding international growth that we will work only in legal, regulated markets. Everything we do starts with our customers and we are focused on customers not geographies. In many places around the world there is only one customer to sell to and we will be marketing to them in the next year. People always think of OpenBet as a UK customer-focused business, but we have offices in Sydney and Montreal and presence in Macau. We are limited to legal jurisdictions, but as those multiply we will look to grow our 25 per cent of revenue outside the UK into a much larger proportion of OpenBet's business."

As to the future goals of OpenBet, Mr. Loveday admits these are pretty straightforward. As the US legalises online gaming the company would want to be involved with early adopters; it would like to service another major international lottery in Europe (in addition to OpenBet's current client, Danske Spil), and another in the Far East with a major regulated body. It is also OpenBet's goal to continuously provide the latest technology for its customers - but asked if he'll spend another 10 years at the helm, Mr. Loveday isn't quite so definitive. "I couldn't say - but I certainly see myself here for the foreseeable future."