

What does CRM mean to your business?

Customer Relationship Management (CRM) software is re-shaping the online gaming space and its influence in land-based operations and the interaction between off- and online customer relations, will greatly impact both sectors

Scan the Internet and you'll find a host of articles surrounding Yu Chung Lee, CEO and co-founder of Unica. Mr. Lee was one of the members of the MIT group recently portrayed in the film '21' card-counting his way to fortune and latterly fame. Today, thankfully, Mr. Lee no longer plays professionally, investing his skills instead in the specialist software company Unica. However, it would be fair to say that while Mr. Lee's credentials in the gaming industry might have been classed as 'dubious' in the past, he has gained an undeniably deep knowledge of how gaming works.

Speaking to Robin Martin, regional vice president of Northern Europe for Unica, he explained that Mr. Lee's passion and knowledge is one of the reasons why Unica has such a close affinity with gaming. However, when Mr. Lee turned his back on professional gambling, he choose to invest those skills in another passion - marketing. "Unica focuses completely upon marketing, both offline and online," describes Mr. Martin. "At the simplest level, Unica provides organisations with a marketing brain, enabling them to take customer activity (in-store, point of sale, online, call centres - any channel) and use that information, both historically and in real-time, to help them deliver the most appropriate action or offer. From a gaming perspective, that could be in the form of targeted promotions, bonus points, player rewards, complementaries etc."

Unica is already working with several very large organisations in the non-gaming field, including: HBOS, Capital



Robin Martin is regional vice president of Northern Europe for Unica. Robin has been with Unica in this role since June 2008 and he is responsible for software and services revenues for Unica into Northern Europe.

Previously, Mr. Martin worked in a series of senior managerial positions including most recently North East leader for MRO Software Speciality for IBM Tivoli Software and UK managing director for MRO Software. Mr. Martin has over 20 years experience in Software & Services sales in the Enterprise & Application market sectors.

One, Vodafone, Boots etc. Each uses Unica's marketing software in different ways but with the same end goal, to manage their customer relationship in the most effective way. Harrahs Entertainment and Casinos Austria International have also understood the need to utilise Unica's CRM tools in the online gaming environment, while online gaming operators including PartyGaming, PKR and Full Tilt, to name but a few, have fully grasped the revenue generating potential of CRM.

"I don't think it's such a challenge anymore," describes Mr. Martin of companies' understanding of the benefits of CRM. "We understand their business, the language and terminology and they in turn understand the benefits of effective CRM in the running of their operations. We deliver what it is they are trying to achieve by analysing and responding to the data as it manifests itself, offline or online. There are obviously different skill sets, different challenges, but we are very used to dealing with both sides of the house. Clearly land-based businesses have to make the choice as to where they are heading, but it's a decision that's not going to go away."

THE HOUSE THAT CRM BUILT

Software organisations in the US have, over the last 20 years, been building and improving upon a broad CRM solutions set, addressing the different requirements of marketing professionals. Much of the work, however, has been conducted in vertical sectors, but in the last few years there's been a significant shift from offline to online industries, especially in the



gaming sector. "The gambling industry accounts for a global spend of US\$300bn, with 10-15 per cent of that total directed at the online sector," states Mr. Martin. "Online gaming's proportion of that revenue is expected to grow to between 20-30 per cent in the next few years, with huge growth for specialist gaming online software providers."

Customers already taking advantage of Unica's services in the online gaming sector include PartyGaming, Full Tilt and PKR, each taking the capability of Unica's comprehensive offline offer and utilising those skills online. These major online gaming companies have worked with Unica to assist in creating the tools they need to service their unique customers.

"During the dotcom boom, companies focused upon creating their websites and increasing the associated capabilities as the company expanded," explains Mr. Martin. "Different departments in different buildings were added as part of necessity, but in creating an organisation in this way, the site's ability to treat its customers in one seamless way becomes increasingly difficult. As time has passed it has become more and more important to interact with the customer and deliver the same unified message."

"Land-based business are very aware that any offer they make on their website, must be mirrored in exactly the same way in-store. It seems obvious, but the practicalities of coordinating both the offline and online message has presented serious challenges to companies desperate to exploit these multiple channels, but practically at a loss as to how to achieve it. "Coordinating an online and offline message or action can be easy to say, but very difficult to achieve," acknowledges Mr. Martin.

One of the reasons why Unica has shown itself to be so successful in the field of CRM can be traced back to the start of online gaming. From the outset, web analytics became the prime focus of online gaming company's marketing departments as they became especially eager to micro-analyse their customer traffic.

"At the start it was all about activity," confirms Mr. Martin. "How many people, how often, what time of day. These were the figures thrown up at the time. That's what the guys in analytics were being asked by the business. However, we have seen a significant shift away from this model towards player behaviour level analytics. What is the person doing on the site, outside of the game? What is the importance of that activity? Operators want to understand relationships between

campaigns and offers and how they can affect player behaviour. The benefit of this information comes in the reduced cost of player acquisitions, enabling clients to optimise the campaigns they deliver through both affiliates and their own channels. The ability to lower the cost of acquisition and target bonuses at the most profitable players, means that you're maximising all your interactions with your customers."

The technology may be rocket science, but the thinking behind it is much more straightforward: 'the more you personalise your message to the customer, the better the response.' The sites drawing the most profit from players are studying and predicting their behaviour on their sites. Response rates can be lifted by as much as 15 per cent based on personalised emails. The more individual the message, the more you understand your player, and the better the response.

"In some respects, it's much like land-based casino comping players," states Mr. Martin. "The CRM solutions offered by Unica take that element of land-based gaming and bring it to life online. In the most recent PartyGaming annual results, they talk about the levels of personalisation the company can now achieve. In real terms, it's about reacting to the player. We group players by individual behaviour, with over 1,100 customer player groups, the player gets the right offer at the right time as part of a 24/7 programme that sees companies making up to 15,000 separate offers to their player base every day."

If you're running an operation 24/7, fortunately there's not herds of people at the back end servicing that facility. Campaigns are set-up by the business, which in turn react to certain parameters, certain sets of activity in a self-learning process. Unica use extremely clever algorithms to calculating the responses needed to turn a fully staffed data centre into a 'lights-out' operation with minimal staff. Clients can then extract exactly what type of information they need in very visual chart-based reports, again to whatever granular level is required.

POWER TO THE PEOPLE

In May, Ireland's largest gaming company, Paddy Power, jumped onboard with the Unica On-Demand web analytics system. Paddy Power, one of the UK's largest gaming companies and the largest in Ireland, selected Unica's web analytics solution, NetInsight On-Demand to provide advanced player-level web analytics and optimise its online customer experience. Paddy Power worked with SCL, a web analytics consultancy and Unica partner, to provide consultation;

SCL plays a central role in the implementation and day-to-day management of the solution. Available as an on-demand or on-premise solution, Unica NetInsight delivers self-service capabilities built on a flexible and open data architecture.

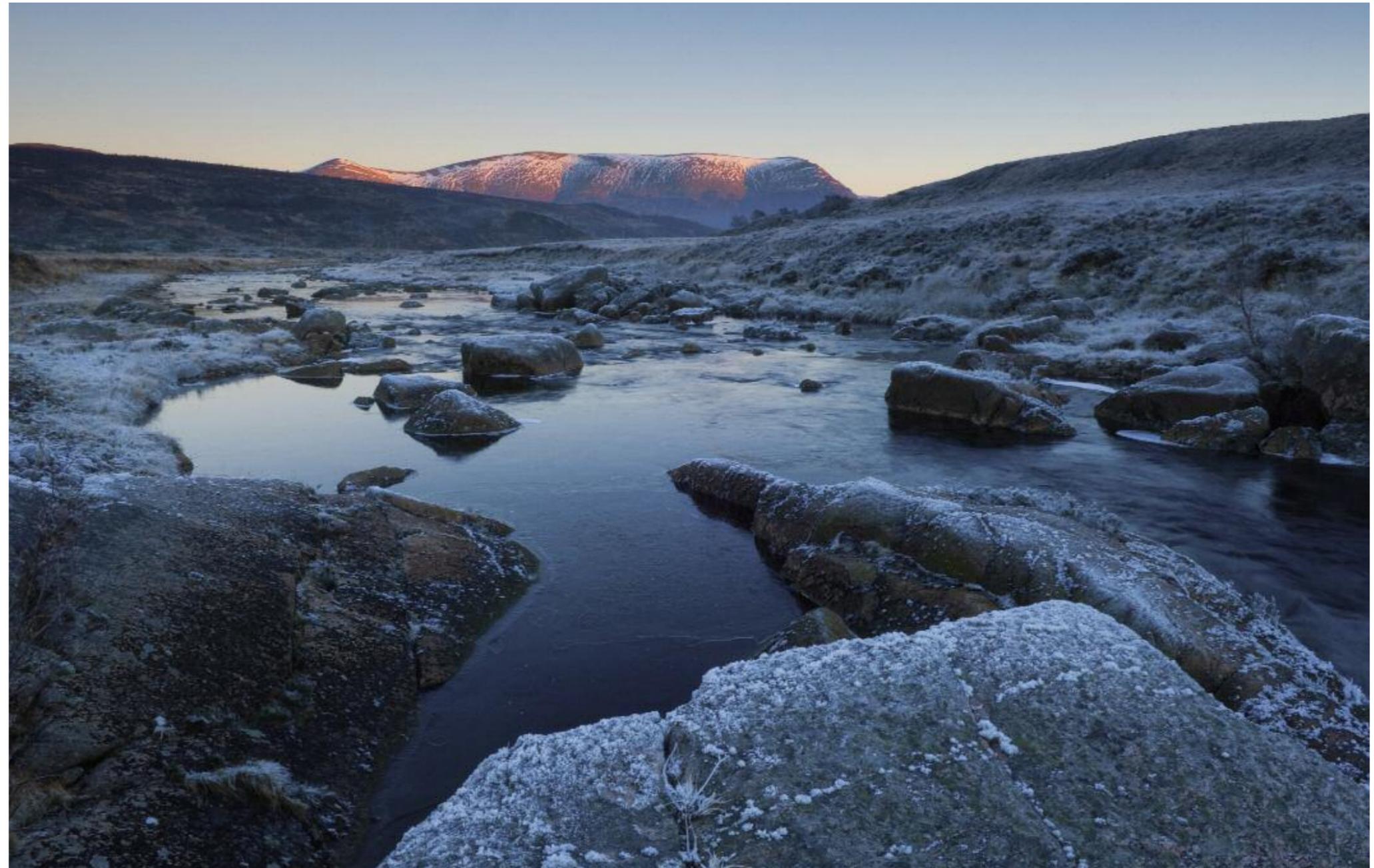
NetInsight allows marketers throughout the enterprise to perform in-depth analysis of website visitor behaviour by cleanly separating tagging from the way that data is analysed. NetInsight's role-based flexibility enables business users to streamline exploratory ad-hoc analysis and custom reporting for a quick view of trends, success indicators, and visitor behaviour.

"The vast majority of online gaming organisations are paranoid about their customer data and for the most part host everything themselves as a result," describes Mr. Martin of the Paddy Power deal and set-up. "In Paddy Powers' instance, they recognised the need to achieve this in a phased process, using our software as a service in regards to their own internal capability. What Paddy Power want to analyse with this data is entirely their business. We provide the technology to analyse that information on their website.

"Online gaming companies like to internalise these things themselves and in the future Paddy Power will probably do the same. However, speed to market can be all-important, especially during a summer that included the World Cup. Unica offers a fast track into CRM that can be adapted and brought in-house at a later stage, but initially can provide rewards in a very short space of time."

It would be wrong to say that these CRM solutions are plug and play - it isn't as straightforward as all that and does involve complicated software. It is also unrealistic to expect a solution provider to rebuild every component and integrate the solution into an existing company system overnight. However, Unica is, as described by Mr. Martin, somewhat of a technological floozy, able to integrate and extract data from any point as directed by the customer.

"We have already demonstrated that this can be achieved in relatively short timescales - 3-6 months for example," explains Mr. Martin of the process. "But it's not just about the technology, it's about business change. The people involved have to change their processes and there can be resistance. Never mind us and our clever software, the client has to change how they run their business in order for it to work."



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HOW IT ALL WORKS

There are two strands of CRM operating as a player enters a gaming site. The first follows the registered player, who enters, logs in and establishes who they are with the system. This brings up a history of that particular player and the response that player has had to previous offers. The system uses this profile to interact with the player, for example offering the chance to play against in-house professionals (an example used by Full Tilt), or play multiple hands at the same time. The player profile increases the knowledge and understanding of that player and makes offers specific to their past behaviour.

Second, there's the anonymous player. The unknown casual player who spends indeterminate time on the site, flicking through different options. It's at this point the Unica software chooses to make them an offer to register and to start playing on the site.

"Depending on the organisation, offline marketing has been the primary focus of most gaming companies," says Mr. Martin. "However, this marketing brain, the software engine, takes inputs from a number of different sources; responses to emails, web activity, direct mail responses etc., accumulating as much information about the customer as possible before

making a series of predictions. This real-time marketing capability has attracted a number of leading operators, with our view being that the majority of gaming companies will be using this kind of system by 2011. Why? Most marketeers rely on email campaigns, which are reactive, but limited in terms of player yields. It's becoming more and more important to deliver one-to-one offers, based on what players are doing right now while aligning this with self-learning capabilities. The result of this is that the most relevant offers are presented automatically to the player. This is a real-time presentation of the most relevant information they can deliver."

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"Land-based solutions are not simple or straightforward," states Mr. Martin. "Where you have a high degree of customer segmentation it is particularly problematic. The key is to make the process as simple as possible. Only the operator will know the answer to those questions and from that only they can



make the big business decisions. However, we know that land-based operators are increasingly concerned about the shift to online gaming and the revenue lost as a result. Our view is that they need to jump in and get on with it.”

THE SAME DIFFERENCE

The biggest difference between the offline and online world is that you can create an environment on the Internet with practically no human intervention. Clearly in a land-based casino environment, people have years of experience assessing individuals; from their betting behaviour, appearance, attitude, preferences etc.

It's very hard to replicate that knowledge and experience at the granular data level in the same way that you can online. How often did the player visit certain areas of the casino? What was their play duration on particular games and level of spend? Slot and casino management tools offer detailed information for those signed up to player loyalty programmes, but anonymous play and general behaviour in the casino environment will never compare to the ability to track every movement an online player makes.

The online environment also offers the ability to automate and create self-learning programmes, software that

teaches itself, which build responses at to what the client is doing, which in turn enables it to react in real-time. These are decisions that do not directly involve human intervention or interaction, but the player's impression is one of individual and unique involvement with the site.

“Imagine the power of player recognition that you find in a land-based casino, where management recognise the player with personal greetings, rewards and complementaries,” outlines Mr. Martin. “Now shift to the home environment with the same player on their PC. They want to be recognised and rewarded in exactly the same way. They want to be treated to the same level of service and hospitality in recognition of their spend. You could ruin that relationship by sending that player a standard message, in the same way that you could offend that player by not recognising them in the land-based environment. In both spaces, online and off-line, you need to be able to respond to your players in an appropriate manner and in real-time.”

In the UK, supermarket chain Sainsbury's has been offering its Nectar loyalty rewards card for over 10 years. They send out over 1.8 million personalised emails per day, having built up an enormous level of customer segmentation over the

Unica is the recognised leader in marketing software solutions. Unica's advanced set of enterprise marketing management and on-demand marketing solutions empowers organisations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, timely, and measurable business outcomes.

course of a decade. Unica offers that level of modelling and tightly defined segmentation with the view that over just a short period of time operators can build a significant and extremely value customer base.

“If your business isn't drawing upon this level of analytics capability, customer acquisition, loyalty and player retention on your site, it's a certainty that your competitor is doing just that,” claims Mr. Martin. “They'll be generating a greater share of revenue with highly personalised messages that adapt to the behaviour of players in real-time on their site. We're now seeing a clamour of businesses all looking to get to the same place. There's a significant rush on right now and it's not just the online companies, we're seeing this from the land-based companies too. What's clear, if we were gamblers, is that Unica believe absolutely that this level of player web-behaviour analysis will become an industry standard in the next six months.”

The thing is, Unica is a gambler. At least, as far as Mr. Lee is concerned, but in this case he's betting everything on CRM. Having taken money from casinos in the past, it's only fair that he helps casinos, online and land-based, generate extra profits in the future.