



INSIDE *RUNNING*

JULY 2015

MESSAGE FROM JOHN



Kia ora tātou,

It's only been a couple of months since I penned my first letter for Inside Running. In that issue from early May, I wrote about the many industry people I had spoken with, the challenges we face and

the options I saw in addressing those challenges.

Lowering costs and improving our distributable profit were identified as areas of immediate priority, so I would like to address those first.

Our property and procurement team have done an excellent job in closing negotiations in a couple of important areas. The first is in exiting our former Auckland location, the Geyser building in Parnell, which we have leased out. The second is that we're waiting for final approval on a contract that would see us lease out an upper floor of our Stanley Street building, with our people moving to the lower levels of that building. These are changes that address our need to live within our means and use our resources efficiently.

Another change we have made is to reshape the NZ Racing Board Leadership Team. This has been done not so much to lower costs, but to ensure our business units are aligned to deliver the most effective results for the industry. There will be small cost savings, but more importantly the right business units have been placed together to ensure clear channels of communication and shared objectives. The new structure will come into effect on 1 August, and I'm looking forward to the benefits that it will deliver.

We're also creating a more efficient business in other areas. Lowering overhead costs around our internal IT support through a partnership with Spark and exploring automating our Fixed Odds Betting platform. We would like to both extend our opening hours online and have more markets open. Automation is potentially a way to achieve this.

Although there is still a lot of work to be done yet, the Offshore Betting Working Group is also gathering momentum. There is a fair level of recognition that a number of international bookies are making money from New Zealand Racing product, but not contributing towards our industry. Other countries have taken steps to balance this situation, and I believe we can do the same.

Recently we have moved into a transitional agreement with Tabcorp in regard to commingling of pools. Our partnership with Tabcorp is fundamental to our business. The amount bet through them on our product and vice versa is significant. However, with Tabcorp's recent change of contract with Racing Victoria, there have been delays in us reaching an agreement. It is not ideal, however we are working hard to conclude these negotiations.

I've continued to talk at length with industry stakeholders throughout the country. Recently I travelled down to Christchurch, where I met with the members of the Addington Raceway and the Harness Racing New Zealand Board. I was greatly impressed by the growth of Addington Raceway, with their new facilities, property development initiatives and running of both Harness and Greyhounds at the raceway. They are truly making the most of their assets which is great to see. Attending the HRNZ board meeting there was also beneficial, with the key message to me being that the NZ Racing Board needs to manage costs and find new ways of increasing revenue. It is pleasing to see that both HRNZ and our own industry team are looking at ways to further monetise the racing calendar, through increasing field sizes, better scheduling of race meetings and increased promotion of events.

As always, if there is anything you would like to talk about, please get in touch with me at insiderunning@nzzracingboard.co.nz.

Regards,

John Allen

MOBILE APP UPDATE

There have been big developments around the TAB Mobile App in the last six months. When we last updated you in January, we had just released 'Racing 1', which included Fixed Odds Race betting, with Win, Place and Each Way bets, race schedule, short form, silks and jockeys.

Since then there has been a big surge in users and monthly turnover, with our total bettors growing by approximately 40%, and turnover growing by almost 90%. In January we had an average of 2,500 users daily, which is now up to 3,500 in June.



Downloads of the TAB Mobile App are now in excess of 50,000, with over 10,000 new accounts having been opened through the app.

This growth is due to the continuing improvements we have made on the app. There has been improved performance and stability, allowing us to host more users at any given time. Users can now also 'like' runners, which marks them for future reference. There is also additional functionality allowing users to swipe away both their account balance and dashboard for greater screen space.

While we will continue to focus on enhancing performance and stability, we have two major releases planned for the coming months.

In September, in time for the Rugby World Cup, we will add the ability to place Multis across both racing and sport. Then in October, as we go into the Spring Racing season and build up to Melbourne Cup and Christchurch Cup & Show Week we will add Boxed Quinellas, Trifectas and First4 bet types.

INTERIM COMMINGLING AGREEMENT IN EFFECT

A short-term transitional agreement has been entered into by the NZ Racing Board and Tabcorp Australia. The NZ Racing Board is still in negotiations with Tabcorp around the terms for wagering, commingling and broadcasting, for which the agreements expired at 30 June.

The agreement sees commingling on Australian pools restricted to Win and Place bets on

Australian racing, and Quinella on US, UK and Hong Kong racing. Commingling of these bets will still go through the 'SuperTab' pool, which combines Tabcorp Australian's Victorian (VIC), Western (WA) and Capital Territories (ACT).

In addition, Quaddie and First4 bet types on Hong Kong racing, and Quaddie, First4 and Quinella bet types on Australian racing will continue to be offered, but will no longer be commingled.

The interim agreement will run from 1 July to 31 August, 2015.



New pools on Australian meetings

In lieu of commingled Australian Pools on Quaddies and First4s, we will be running a range of enhanced pools on Australian Meetings throughout July and August. From Wednesday the 15th to Tuesday 21 July, we've got \$350,000 of Terminating pools on Australian Thoroughbred and Harness Quaddies, with more to come.

We'll also be announcing enhanced First4 pools shortly - check tab.co.nz or your local TAB outlet for more details.



BETTING SYSTEM SUCCESSFULLY UPGRADED



Our Business Transformation and Technology team recently celebrated a successful upgrade of our Jetbet system. Jetbet is the NZ Racing Board's core wagering system, which processes all bet transactions (over 180 million bets sold each year), and interfaces with other systems, such as Tabcorp for commingling, our on-course network and our retail display channels.

Formerly Jetbet was using a coding environment called Delphi 2006. This code was no longer supported by the developer, making enhancements was difficult, and it lacked the functionality of more modern coding languages. An upgrade was planned to move to the fully supported and modern Delphi XE7 this year.

This complex project, affecting every function and interface of Jetbet, required changes to more than 1.3 million lines of code. The project also required a huge amount of input from a range of NZ Racing Board end users and testing of all functionality to ensure the system

continued to provide an unimpeded ability to sell and process bets.

"The Delphi upgrade gives us the ability to improve Jetbet in a range of ways," commented Colin Philp, NZ Racing Board Chief Information Officer. "It gives us improved tools for our software developers, and therefore better speed to market for changes to our products, as well as operational enhancements for our bookmakers."

As well as those benefits, the upgrade gives Jetbet increased stability ahead of two big events this year – Melbourne Cup and the Rugby World Cup – and allows the technology team to make better use of the cloud based architectures that we are moving to.

A hallmark of the project's success has been that there has been no adverse impacts to customers or staff. Not a single customer complaint or enquiry was made to our Contact Centre, which is a testament to the planning and processes of the upgrade team.

INSIDE RUNNING SURVEY

What do you think about Inside Running?

We'd love to get your feedback.

It's completely anonymous, and takes just a couple of minutes.

[Click here](#) to begin.

RACING INDUSTRY INTEGRITY LINE



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CLEAN RACE - FAIR CHANCE
If you have something to report, call the anonymous Integrity Line 0800 RIU 123
www.riu.org.nz



NEW RACING CALENDAR ON THE WAY

The 2015/16 New Zealand Racing Calendar has been printed, and copies are now winging their way towards mailboxes around the country.

Confirmed in late May, the 2015/16 Calendar features a number of small changes which are focused on delivering better value to the community at the wider racing industry.

With 1,060 meetings and 10,877 races across the three codes, there has been a push to better monetise the calendar to maximise the potential from race meetings. A total of four race meetings and 59 races have been removed from the upcoming season.

Other key features of the new calendar are that the Auckland Trotting Cup has moved back to New Years' Eve, and the Auckland Cup and the Karaka Million have also moved dates to improve community and industry attendance.

Following is a summary of the key dates, features and changes to the 2015/16 racing calendar:

- Thoroughbred Spring Racing commences at Hastings on Saturday 29 August 2015 with the first day of the Hawkes Bay Spring Carnival
- New Zealand Cup and Show Week in Christchurch will run from November 7 – 14 2015
- Auckland Trotting Cup returns to 31 December 2015 (from first week of March)
- Karaka Million Twilight Racing is on January 24 2016
- Wellington Cup Day will be held on January 23 2016
- Auckland Cup Week runs from March 5 to March 12 2016
- The Harness Jewels take place at Cambridge on June 4 2016



INSIDE RUNNING DISTRIBUTION

Inside Running is emailed to Codes, Clubs, and other recognised industry bodies, along with other industry partners.

This may be freely circulated to respective committees, members or other interested persons.

A copy will also be placed on the NZ Racing Board website (www.nzracingboard.co.nz).

If you wish to be added to the initial circulation list, please provide your email address to insiderunning@nzracingboard.co.nz

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