



ANDREW KLEBANOW

I Want A New Club

A mid-sized casino in the southeast recently replaced its casino management system. Marketing had grown frustrated with the system's inability to do all of the things that it needed in order to be competitive. The marketing staff could not conduct electronic drawings. They were unable to award non-negotiable slot credits to player accounts and pulling data for periodic analysis was cumbersome and difficult. After much lobbying, the marketing department was finally able to convince senior management that a new system was needed if the property was to remain competitive. The system that was replaced was only three years old.

The vendor who had provided the casino management system was not invited to participate in the RFP process. Rather than re-invest in a system that did not deliver on all that was promised, the casino chose to look at other providers. In addition to the sizable capital cost, the casino endured a week of disruption as reader boxes and other hardware were replaced and the staff was retrained on the new

system. Customers were also frustrated as points and comps did not transfer over accurately into the new system.

The vendor whose system was replaced conducted a post-mortem analysis with the casino's marketing team in order to better understand the reasons their system was replaced. After these meetings it was revealed that the old system was capable of meeting all of the casino's needs, albeit with some additional upgrades. Even though the cost for those upgrades was significant, it was only a fraction of the cost of replacing the entire system. Further, it was revealed that these upgrades had been available for quite some time and that the property had chosen not to purchase them.

Patrice Gianni, principal of Marketing Results Inc., once said, "The system that you love today will be the one you hate in six months." There is a reason why this statement is so prophetic. Despite the best intentions of casino operators to include its marketing and operations managers in the selection of its slot accounting and player tracking system, the process often fails.

The System Selection Process

Once a casino decides to purchase a casino management system it assembles a team of key managers to participate in the evaluation. The team most often includes the directors of slots, table games, marketing, information systems, the casino manager and the VP of finance. The team defines their current and future needs, assembles a number of system requirements and a list of questions to pose to vendors. The team then flies to Las Vegas and visits with two or three system vendors. After dinner in one of the city's famous restaurants they repeat the process with those vendors located in Reno. They then return to their casino and discuss the pros and cons of each system, narrowing their choices to one or two systems.

It is then time to negotiate with the short list of preferred vendors and get the numbers right. The evaluation team is narrowed to include only the VP of finance and the IS director with perhaps the part-time participation of the general manager. The actual negotiation is usually conducted by the VP of finance. Since price is paramount, many optional features that the marketing department desired are omitted. "After all," reasons the VP of finance, "the system does player tracking. What more does marketing need?" Often discounts on slot machines are negotiated into the contract to make one system more attractive than another.

Ultimately, a deal is struck and a new system is installed. In the euphoria and confusion that surrounds the activation of the system, the marketing director does not notice what

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features are actually delivered. He or she assumes that all of those neat marketing functions were actually included in the package and his staff will get around to using them once the process of introducing the club is complete. Unbeknownst to the marketing director, those neat marketing functions were never included in the agreement.

Months later, as the marketing director attempts to implement various promotions or other tactics in the marketing plan, it is discovered that the system cannot perform some of the electronic promotions that were demonstrated during the selection process. The marketing director quickly grows frustrated when the new IS director and his team cannot activate certain promotional features. The marketing director assumes that the promises made by the systems vendor were empty and the system cannot actually do what it was supposed to.

On the other side is the systems vendor. The vendor would like nothing more than to see the client casino use all of the features that the system is capable of. However, the vendor's contact to the casino is most often the VP of finance – not the marketing director. If only the casino would buy the optional upgrades. Then they could realize the true potential of the system. Nevertheless, offers to upgrade system software or proposals for new marketing modules are rejected as an unnecessary expense.

The System Stinks

It does not take long for the marketing team to surmise that the new system is not all that it was cracked up to be. The system cannot award non-negotiable slot credits so the bus program is forced to hand out cash to bus customers. The system cannot really convert points to machine credits so customers must still go to the slot club to redeem points for cash. The system cannot conduct electronic drawings so marketing must still print and hand out paper drawing tickets and conduct drawings using one of those big drawing drums. The system does not communicate with the property's restaurant point-of-sale system so customers must go to the slot club for a paper comp. Many of these features may actually be available. It's just that no one told the marketing department.

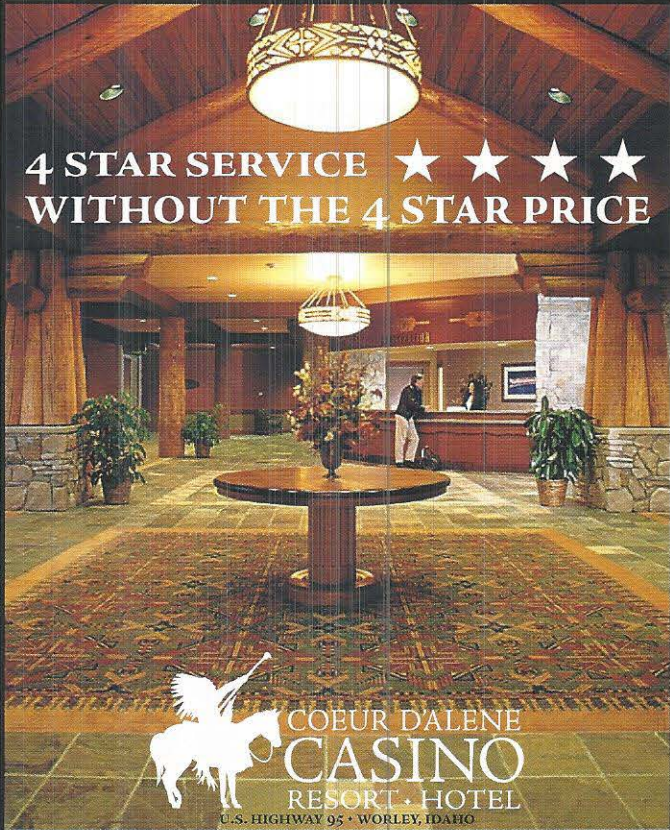
Know the System

Before a casino embarks on the journey to replace its casino management system it should first fully understand what its current system is capable of. Is the current marketing staff fully trained in using all of the system's features? Where does the system documentation reside? Is it buried in the accounting office with the other contracts or is it in a file cabinet in the IS office? Has the casino invested in all of the software modules and upgrades? Can the current system be modified to meet the current needs of the property? Often by just opening a dialogue with the

existing system's account executive, the marketing team can find out if their current system can be modified to meet their needs. Marketing should not begin the lobbying process to replace the system until this is done.

The vast majority of casino management systems are sophisticated and powerful. They were designed by very smart engineers to meet the current and future needs of most casinos. It is true that often upgrades are necessary to fulfill those needs and that there is a cost associated with them. That is a basic tenet of business marketing: make a superior product or service available but be sure to charge extra for it. Do not slight the system vendor for it. It's just business. Concurrently the casino should not just focus on the price of a basic system that just counts the money. It should include the marketing director in the negotiation process so that everything that the casino needs to market effectively is included when the system is delivered. ♣

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