



Business Transformation & Operational Excellence World Summit Nomination for:

- Best Operational Excellence project under 90 days

Caesars Entertainment Gaming and Enterprise Project Management Office (EPMO)

Synopsis:

On October 28, 1992 the Professional and Amateur Sports Protection Act (PASPA) was signed into law by President George H.W. Bush. While sports betting was already illegal, PASPA banned states from regulating and taxing sports betting. Roughly 25 years later, on May 14, 2018 the U.S. Supreme Court repealed this law allowing states to establish their own regulations on sports betting.

Market sizing analysis predicts that the overall sports betting opportunity in the US is estimated to be \$11 Billion. This assumes that all 50 states legalize sports betting similar to Nevada (with both casinos and mobile products offering sports betting). New Jersey, with a projected market size of ~\$390M and Mississippi (planning to legalize at casinos only), projected at ~\$12.9M, were among 17 states working with their state legislature to quickly legalize and implement sports betting after PASPA was struck down.

Over the next 90 days Caesars Entertainment, partnered with Scientific Gaming Digital (SGD), would launch retail sports betting in both New Jersey and Mississippi at three different properties with a fourth property just 98 days later and online/mobile sports betting launching state-wide in New Jersey only a couple weeks after that and just in time for the 2018/2019 NFL season opener.

With an aggressive implementation timeline, numerous regulatory hurdles, and several tracks of work that required a high-level of engagement from over 150 stakeholders Caesars Entertainment launched its first retail sports book in New Jersey approximately 77 days after the May 14, 2018 decision.

Introduction:

It's July 29, 2018 at Wild West Casino, live music is playing close by while close to 30 people work on various tasks preparing for the first launch of a Caesars Entertainment Sports Book outside the state of Nevada. It's project day 75, only 48 hours before the grand opening and the finishing touches are being put in place. Sports Book team members are practicing "taking bets" next to Scientific Gaming and property IT team members who are running the final tests on the OPOS terminals. Accounting team members are walking individual team members through opening and closing procedures and running reports to ensure launch day and each day thereafter is smooth and meets regulatory requirements. All around them various project team members and stakeholders are cleaning, organizing and setting up the cage while also managing lists of tasks to be complete before the Monday opening.

Strategic Objectives and Scope of Operational Excellence Project:

The initiative would institute a continuous improvement-focused operating model, a cornerstone of the Strategic Objectives while expanding the Caesars brand and building online, social and mobile gaming business.

Phase 1: Retail launch consisted of building a temporary "Lemonade Stand" Sports Book opening at 2 properties in Atlantic City, NJ: Wild West and Harrahs, closely followed by Horseshoe Tunica and Harrah's Golf Coast in Mississippi. Three of these properties launched phase 1 within 90 days of May 14, 2018 with Harrah's Gulf Coast following closely at 98 days.

Phase 2: Online/Mobile included 3rd party SGD development of mobile-application software.

Project Implementation Process, Timeline, Challenges, Tools:

The aggressive timeline would prove to be the biggest challenge requiring tight deadlines on every task, every single day mattered. The Sports Betting Initiative consisted of eight separate tracks of work that would need to be completed between May 14, 2018 and July 30, 2018. The tracks of work included:

1. Technology – focused on the delivery, install, and testing of SGD OPOS terminals
2. Design and Construction – identified locations at each property then designed, built and launched.
3. Internal IT Deployment – included the stand up of centralized system hardware, firewall and network hardware on-site as well as OPOS testing.
4. Operations – Operational track focused on resource recruitment and training, defining operational standards, ensuring that sport book launches are operationally ready and managing the day-to-day activities required to operate property sports book.

5. Licensing and Compliance – Included tracking of DGE, GLI and MDG requirements for all phases of the Sportsbook retail and mobile launches and throughout field trial.
6. Trading and Risk Management – worked in parallel with other tracks to reduce and manage risk.
7. Marketing and Public Relations - Tracking product and marketing activities related to phases 1-3.
8. Accounting and Finance – Identifying potential impacts to revenue and regulatory compliance from an accounting and audit perspective. Owns reporting associated to the revenue and accounting standards.

The initial EPMO Program Manager followed waterfall/agile hybrid project methodology working closely with key stakeholders and sponsors throughout Phase 1 requirements sessions in New Jersey and Mississippi while the vendor (SGD) followed an Agile development approach. The initiative was transitioned at ~75% phase 1 completion to a new EPMO Program Manager who implemented the adaptive management approach due to a quickly approaching go-live date. The basic principles of adaptive management being constant collaboration within the project teams and iterative decision making based on learning from the outcomes of decisions previously taken. It was determined to use this approach as several key stakeholders were experienced in launching Nevada Sportsbooks and the program required an elevated level of flexibility and organization. Daily one-hour calls were scheduled each morning to accommodate stakeholders in multiple time zones. The focus of each call covered task status assigned within each track for all phases impacting New Jersey and phase 1 for Mississippi. In New Jersey an onsite command center was set-up to accommodate project and operational needs. The command center hosted training and onboarding for Sport Book personnel, vendor and internal development and testing throughout almost daily submissions to the New Jerseys Division of Gaming Control, as well as various project team activities.

Maintaining positive team morale throughout go-live was key focus and relied heavily on creative means to keep the team engaged and working together. The creation of a “Life Lessons” board helped with this by making simple notes about the experiences from team members each post-it resulted from something said or done during the final 7 days prior to launch.



Opportunity:

According to playusa.com “Caesars Entertainment isn’t just seeing direct revenue from sports betting. The increased number of casino guests is affecting food and beverage sales. Adjacent outlets to sportsbooks such as restaurants and bars experienced a 10 to 20 percent increase in business.”