

***Experience from a Media Company in Americas***  
**by Mr. David NATHANSON, CEO, TVG**



**Mr. NATHANSON** started by showing a brief video about TVG.

**The World's Largest Horseracing Network**

- Covers the world of horseracing featuring 8 - 10 live races/hr from more than 70 premier U.S. race tracks and over 50 International tracks
- Headquartered in Los Angeles, CA; full studio; Oregon call center
- Distributed via cable & satellite to over 50 million households worldwide
- Advanced Deposit Wagering (ADW): \$433 million in 2006 from 4 platforms - online, automated phone, interactive TV and mobile

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*“It is amazing that our business started less than eight years ago, and we had a distinct advantage. TVG was started, launch invested, by an outside media company with absolutely no experience in horseracing. So, our approach to the sport has been with fresh eyes and a new perspective and critical to our business is attracting new subscribers.*

*I am going to talk about the six most prominent lessons that we have learnt in the US.*

*The first - one that we all share - is that there is competition for our audience everywhere. The easiest way we break out our audience are number one racing enthusiasts.*

*Those audience are horse owners. They are generational fans, meaning they have gone to the racetrack with their parents and therefore have a strong affiliation with the sports. They are constantly being threatened by family-friendly alternatives.*

*The next category are the punters. Punters, gamblers, have many alternatives from destinations in the United States like Las Vegas or Atlantic City, to more convenient casino locations, such as Indian Gaming, which is sprawled out throughout the country, and finally, of course, online gaming, which, despite being illegal with the exception of horseracing in the United States, is becoming more and more a popular event with poker and other types of sports gaming.*

*Sports enthusiasts being the third and broadest category of fan have many alternatives from both organised sports with incredible broad television distribution. If there is one thing we have learnt in the past eight years it is that television is a critical medium to both attract a broad audience and to drive wagering where appropriate.*

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*TVG has distribution agreements with every major cable and satellite operator in the United States giving us broad national distributions to 30 million homes, but in addition it is so critical for us to broaden our reach that we simulcast our network at least two hours a day every day on a number of regional sports networks across the country. This allows our audience to watch our programming whenever possible. Our programming is focused on always having live products, and it is one of the great things about racing.*

*We start our morning with international racing from the UK and Ireland. We move during the day to thoroughbred racing. At night we have quarter horse racing and standard bred racing, and then in the evening we will go back to international racing again. So, there is live racing at all times, all presented in a unique fashion. Every show is presented in a way to appeal both to the new fans as well as the professional handicapper.*

*On the show there is a host that is meant to represent the new viewer, those that have never participated in the sport and that host, their responsibility is supposed to be the new viewer at home asking questions. There are always one to two experts with the host, whether it be a professional punter, whether it be a former jockey like Hall of Fame Jockey Gary Stevens, or a trainer.*

*That format enables both the professionals as well as those just getting started to get involved in the sport. Our formats, for example, Lady Luck : after the incredible unfortunate events of Barbaro we saw on our wagering platforms a 30 per cent decline in female wagering.*

*So we developed shows like Lady Luck, which is really the first programme dedicated to a female perspective on racing with former female jockeys, trainers and stewards.*

*Just to show the impact of television :*

- **90% of TVG's total handle is on televised races**
  
- **TVG televises < 50% of races available to it for broadcast**
  - 50+ "exclusive" track partners (23 U.S.; 30+ International) benefit from guaranteed racing coverage, on-track presence, and targeted marketing/promotion
  
- **TVG's average handle/race on televised races is 900% greater than average handle/race on non-televised races**
  
- **Over 70% TVG handle is on 23 "Exclusive" U.S. Tracks out of 120+ tracks available for telecast/wagering**
  - 22 "TVG Exclusive Tracks" out of 150 tracks available for wagering generate over 70% of Youbet's handle

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*Number two : if you expect the new generations to come to you, you are going to be waiting a long time. New generations expect choice. They expect convenience and control over their platforms. That is why, with TVG, we have developed four wagering platforms and each of them is totally unique. It is designed to use the best of each particular platform. For example, online we are able to offer the most robust experience with streaming video, race replays, free handicapping information.*

*Our automated phone is an automated teller for those that like to talk to an individual or to hear a confirmation versus to see it online. This is typical for an older audience versus a younger audience that prefers it online. Interactive television and mobile are our two latest platforms. Being able to watch and wager has been something that has been typical in Europe but new to the United States. They are by far our fastest growing application, and finally mobile wagering, on any mobile device in a wagering state allows people to have the convenience to wager when it is most convenient for them.*

*One of the lessons that we have learnt is that we do not have to reinvent the wheel to make racing succeed in the United States. There is live racing across the world at all hours and we are able to take advantage of it. There is no other sport in the world that year round has as much live racing product, and that is king in television.*

*We also have a robust amount of data at our fingertips that either for the newbie or for the professional handicapper can be incredibly useful, especially with new tools like stable alerts and video race replays. And finally in the US, horseracing is the only legal form of gaming from the home, and gaming from other sports are fast approaching. It is something we must take advantage of.*

*There are a few cues that we have learnt from other industries, not from racing, that we have adapted into TVG.*

*☞ Number one is keep it simple. Every year we host a panel of people who have never experienced horseracing. We show them our products, our programming and we get their feedback, so that when people see our show, it is not a daunting experience as if you are the first time opening up the daily Racing Form or the Racing Post and seeing all those statistics. So, making it approachable for that audience.*

*☞ Number two is take care of the customer. In a conference we invite every year a casino from Las Vegas to come and speak to our customer service staff and talk to us about how they take care of their customers. We try to use that approach in our business. We have developed a programme called “TVG Wager Rewards”, which rewards our customers for their loyalty.*

*And finally, keep it entertaining. It is critical for television, and obviously critical for racing. We have stars and heroes in our sport, and the more we create a dramatic experience, week after week, the more broader experience will appeal to new fans.*

*The programming does not have to be stale. You can use what has worked in other formats in completely different forms of sports or entertainment. For example, “All Access” is our show*

*where we took the same principles that were used for the National Football League, American football in the United States. The biggest thing that changed football in the United States was that they put mini microphones in the helmets of the quarterbacks and in the helmets of the tacklers, so when you watched the game you were part of the experience.*

*No one can deny that the best way to watch racing is in the grandstands with the fans, but for the first time with “All Access”, fans are able to see the perspective from a jockey’s perspective. It is one of the most exciting ways to watch racing.*

*“58 Flat”, we adopted this format from what worked for financial shows. One of the most popular shows in the United States for stock picking is called “Mad Money”, with a gentleman by the name of Jim Cramer who is out there picking stocks and encouraging people to buy stocks in the marketplace. We use the same format for “58 Flat”, to encourage people to handicap up to three races at a time, adopting educated strategies for exotic wagers.*

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*There are things we can learn online and in other platforms. The most popular online form of gaming, even though it is illegal right now in the United States, is “Poker” which attracted a new audience by developing educational websites that were no risk opportunities to learn the sport, to learn the game.*

*We developed” TVG3.net” with the same principles : play, no risk in real-time so you can get comfortable handicapping; you can get comfortable punting and then eventually transition into the real sport.*

*“Fantasy Sports” is by far the most popular form for longevity on any of the sports websites and gaming has a specific advantage. It is year round.*

*With “TVG Fantasy”, you build your fantasy stable of jockeys, horses and trainers and you compete against the whole TVG community or amongst your friends and are alerted on your e-mail or on your mobile phone every time your horse, jockey or trainer is running on TVG, so it again encourages viewers back to TVG.*

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New fans are in unlikely places:

- Popular websites
  - Search Engines
    - SEOP
  - Portals
    - Yahoo!, Comcast
  - Niche Sites

- Foxsports.com
- Social Networks
  - MySpace.com/TVGNetwork
- Blogs
- Video Search
  - Youtube.com/TVGNetwork
  - Hulu.com
- Alternative Distribution
  - VOD, Radio, Broadband, Mobile

*Go where the masses are. We are partnered with foxsports.com; yahoo.com; Comcast, so that our brand, we are delivering horseracing from TVG's perspective as much as possible. Social networking like My Space, blogs, and even video search is critical. This is an example where it costs little to no money to participate in social networking because it is the greatest principle of all time. The fans create the content. "TVG's My Space" page has over 3,000 users today.*

*Our YouTube site, our most popular video has over half a million views and we send blogs out from all personalities every day on various bog sites highlighting what is happening in racing to keep fans up to the sport.*

*And there are many other alternatives, such as video on demand, broadband and mobile, which are also attractive opportunities to participate.*

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*Lastly, to close up, global participation and co-operation is critical. We highlight international racing every single day to between 30 million and 60 million homes through our partnership with "At The Races". They in return have a reciprocal agreement with us.*

*When Irish and UK racing ceases in the UK, TVG takes over "At the Races" broadcast in the UK and Ireland. That reciprocal exposure to drive people's interest consistently in our audience is critical. Global pools offer a tremendous opportunity.*

*The idea of a global Trifecta is something that we are highly anticipating becoming much more of an active and engaging experience so that all of our audiences can participate in large pools in the same sport.*

*And finally, sharing successes of what has worked in other countries. We are looking to adopt many principles in the US by learning what has worked in other territories and applying them in the US.*

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