

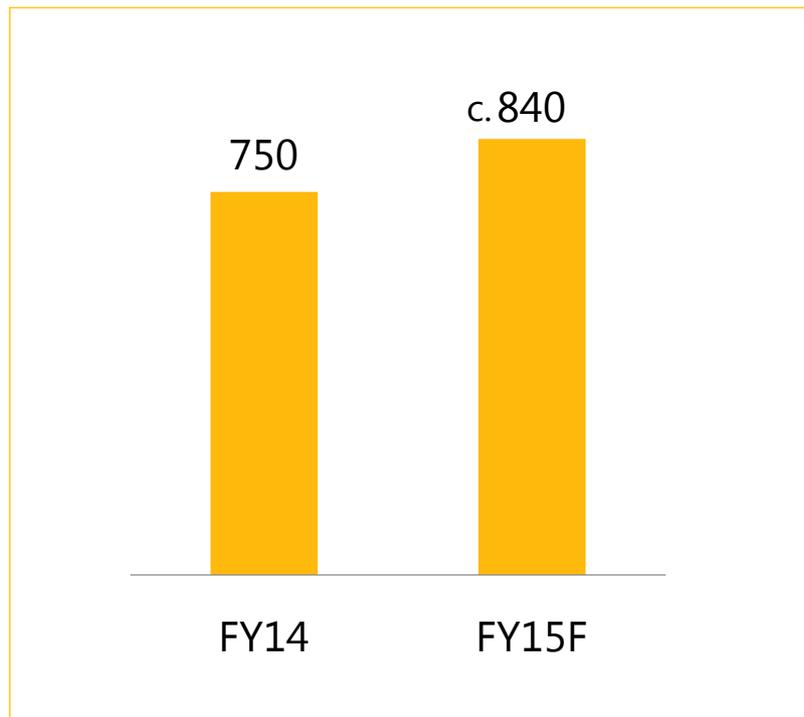


PRODUCT & TECHNOLOGY

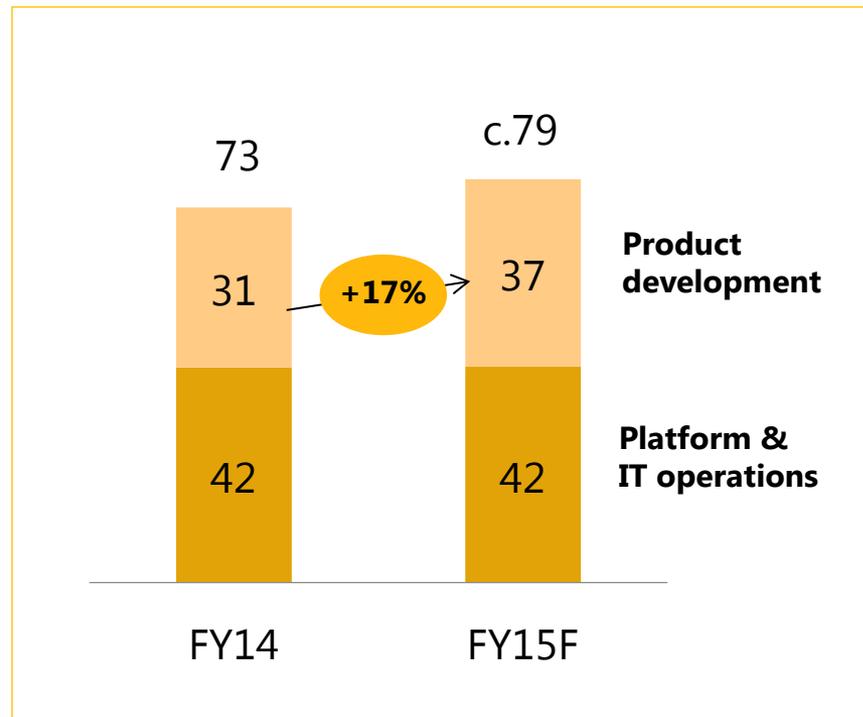
3 November 2014

Investing in product & technology

Product & technology headcount



Technology spend ¹ (£m)



¹ Excludes Betfair US

Agenda

Why Product Matters	Mark Brooker, COO
Development Capability	Paul Cutter, CTO
Platform: Growth & Scalability	Tim Morrow, Sports Technology Director
Security	Swati Lay, Security Director
Product Development	Sylvie McDermott, Product Director
Technology in Marketing	Avi Marco, Director of Enterprise Data Johnny Devitt, Online Marketing Director
Wrap up	Breon Corcoran, CEO
Q&A	



WHY PRODUCT MATTERS

Mark Brooker
Chief Operating Officer

About Me

2014



Chief Operating Officer

2013



Managing Director, Sportsbook

2010



Corporate Development Director

Before

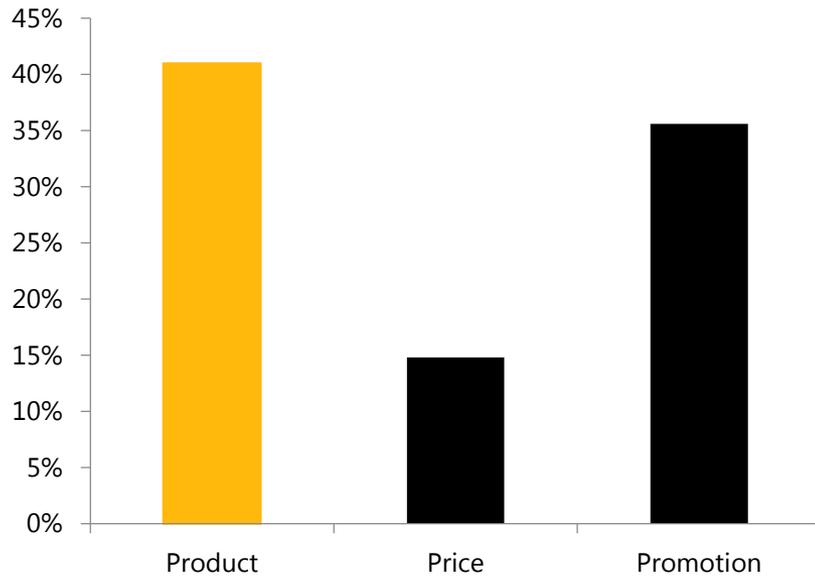


Investment Banker

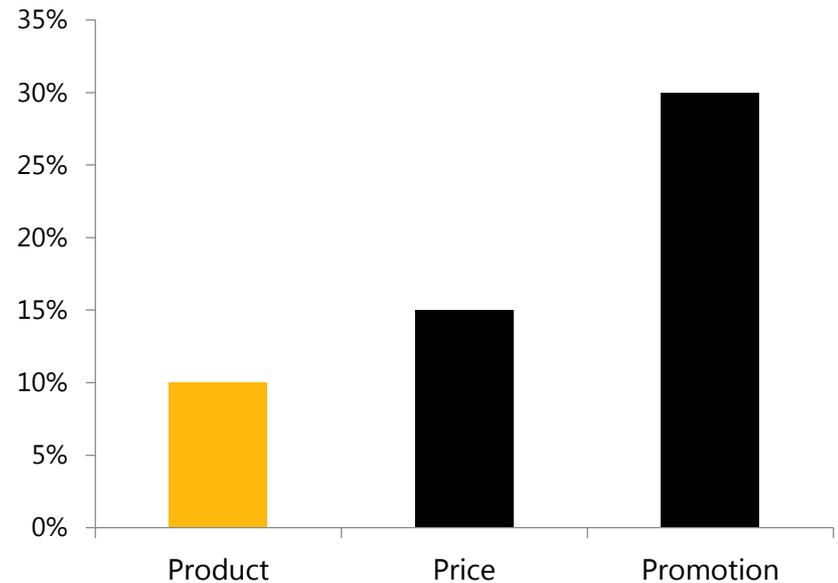
Why does Product matter?

- One of the key levers to run the business
- Helps acquire and retain customers
- Increases monetisation

Reason for joining Betfair



Early life churn rate



CASH OUT KING

HORSE RACING MULTIPLE MONDAY 27TH OCT

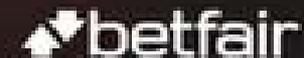
STONEHILL JACK	W	SEEFood	W
CHIDSWELL	W	MILKWOOD	W
WOLF OF WALLSTREET	W	CROWN THEATRE	W
VERY WOOD	W	PASTORAL GIRL	W
DRACO	W	BAY SLY	W
BLUE KASCADE	W	RIO TREASURE	L

£10 STAKE 12 RACES 1 LOST

CASHED OUT FOR

£10,977

#ThisIsPlay

betfair

What constitutes product development

Closing competitive gaps

Examples:

- More in-play events / markets
- Casino seamless wallet
- Virtual sports
- Arcade content / promo capability

Improving customer experience

Examples:

- Single sign on for mobile apps
- Easier promo journeys
- Improved market display
- Data visualisation

Feature innovation

Examples:

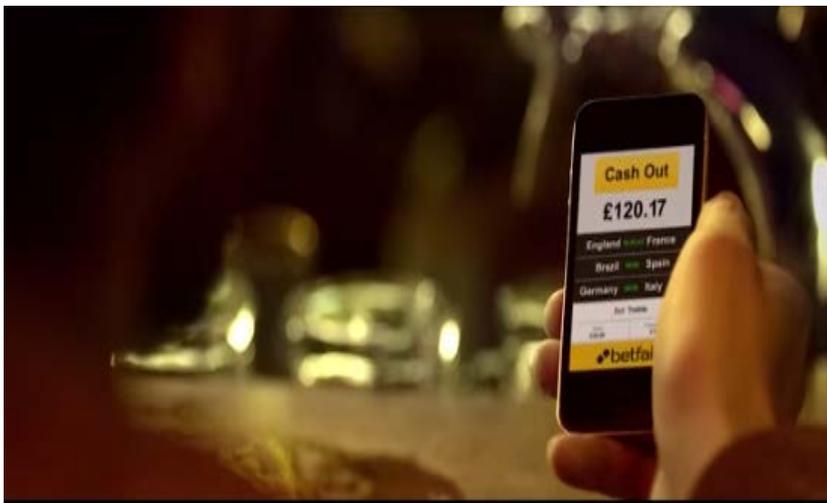
- Cash Out
- Price Rush
- Money Back Extra

Betfair Product Management Lifecycle



Case Study: Cash Out on Sportsbook

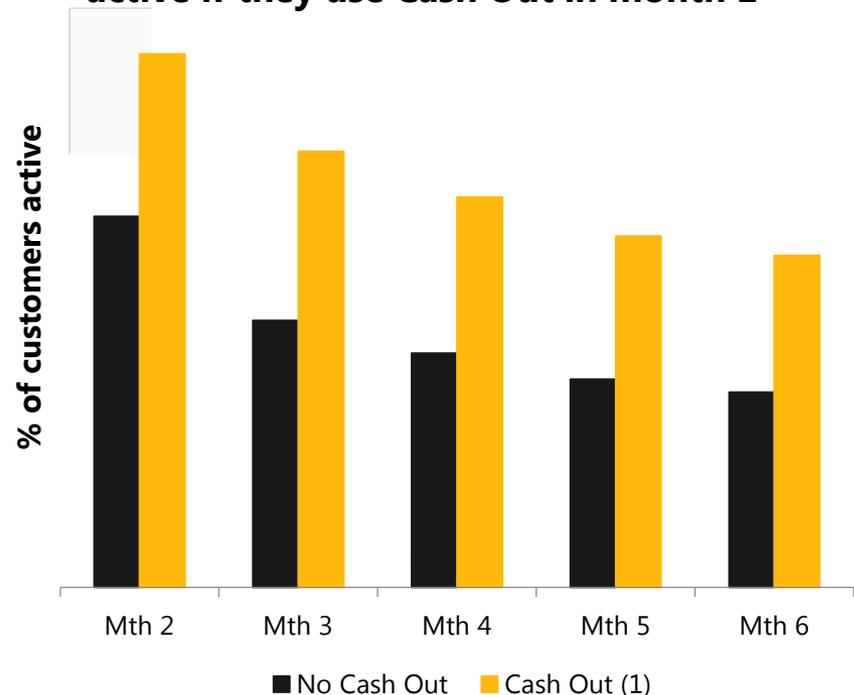
Customer Acquisition



Cash Out is 2nd most cited reason for joining Betfair

Customer Retention

Customers c. 70% more likely to remain active if they use Cash Out in month 1

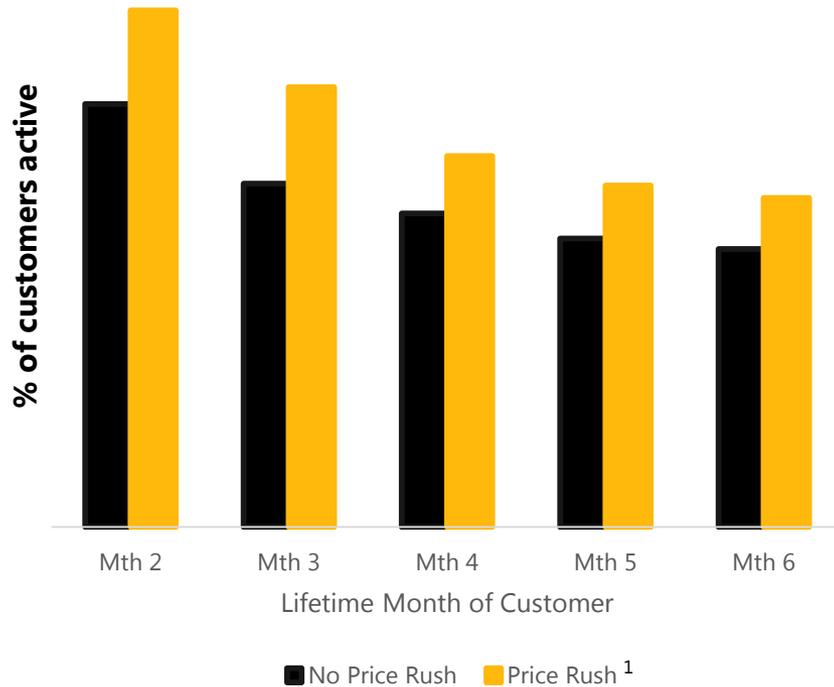


(1) Customer who used Cash Out in Month 1

Case Study: Price Rush

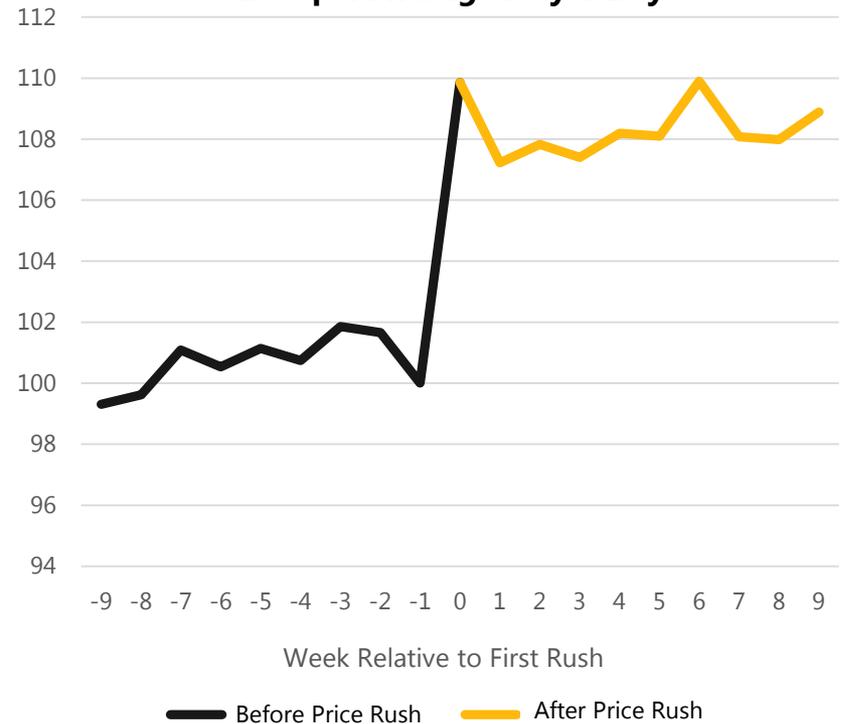
Customer Retention

Customers c.20% more likely to remain active receiving a Price Rush in month 1



Improved Monetisation

Bets per Average Player Day²

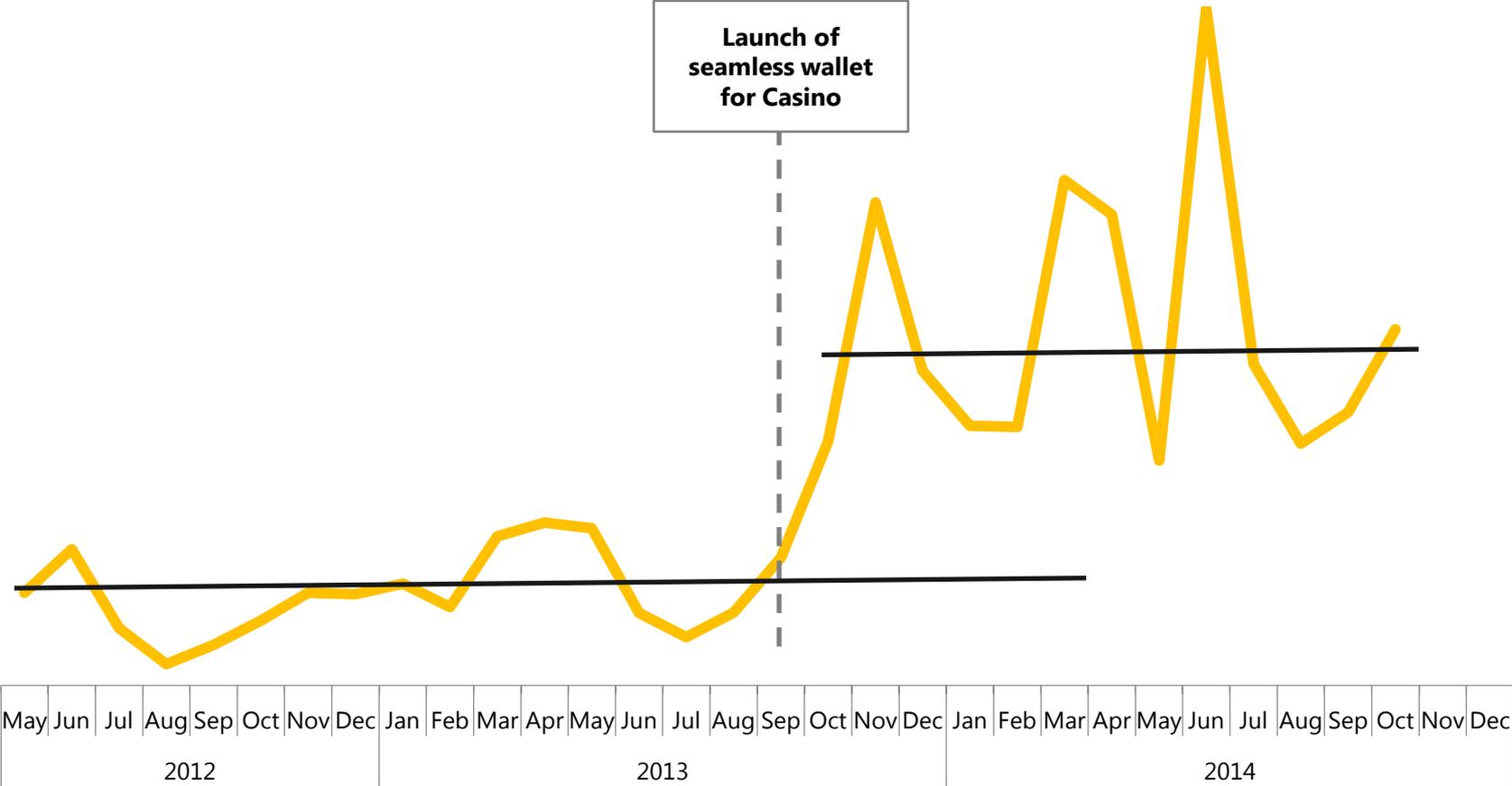


¹ Customer who received a Price Rush in Month 1

² Indexed

Case Study: Seamless Wallet for Casino

Number of customers cross-sold into Casino



Case Study: Money Back Extra

MAN CITY V MAN UTD

Get a refund as a free bet up to £25 on MATCH ODDS, Correct Score, Anytime Correct Score, First, Last or Anytime Goalscorer bets if your selected trigger happens.

- Man City win the game
- Game ends in a draw
- Man Utd win the game

Select >>

[Click here for T&Cs](#)

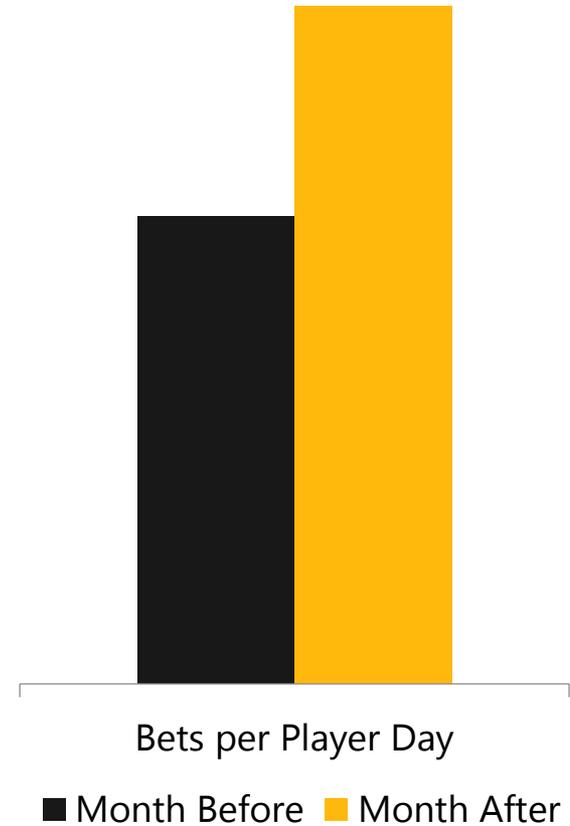
Exchange bets excluded

MONEY BACK EXTRA

CHOOSE YOUR REFUND TRIGGER

#THISISPLAY

Impact of Customer Engagement with Money Back Extra



Case Study: Cross market liquidity matching & exposure management

- **The idea**

- Match liquidity between separate markets (e.g. Correct score and Under / Over)
- Move exposure calculation to net position across related markets rather than on each individual market

- **Benefit to customers**

- Increased liquidity in secondary markets
- Sophisticated customers will be able to bet more with the same funds
- Sportsbook customers more likely to receive a Price Rush

Case Study: Cross market liquidity matching & exposure management

FK Krasnodar v Everton
Thu 02 Oct 5PM

Head to head ▾ Live on ITV 4

Match Odds - Matched: GBP 375,526

Back Lay

	100.4%			99.2%		
FK Krasnodar	2.54 £7439	2.56 £1953	2.58 £5273	2.6 £28	2.62 £13384	2.64 £11513
Everton	3 £31014	3.05 £30659	3.1 £19638	3.15 £9610	3.2 £3911	3.25 £2456
The Draw	3.3 £4377	3.35 £8636	3.4 £8593	3.45 £8000	3.5 £10080	3.55 £9270

Double Chance - Matched: GBP 830

Back Lay

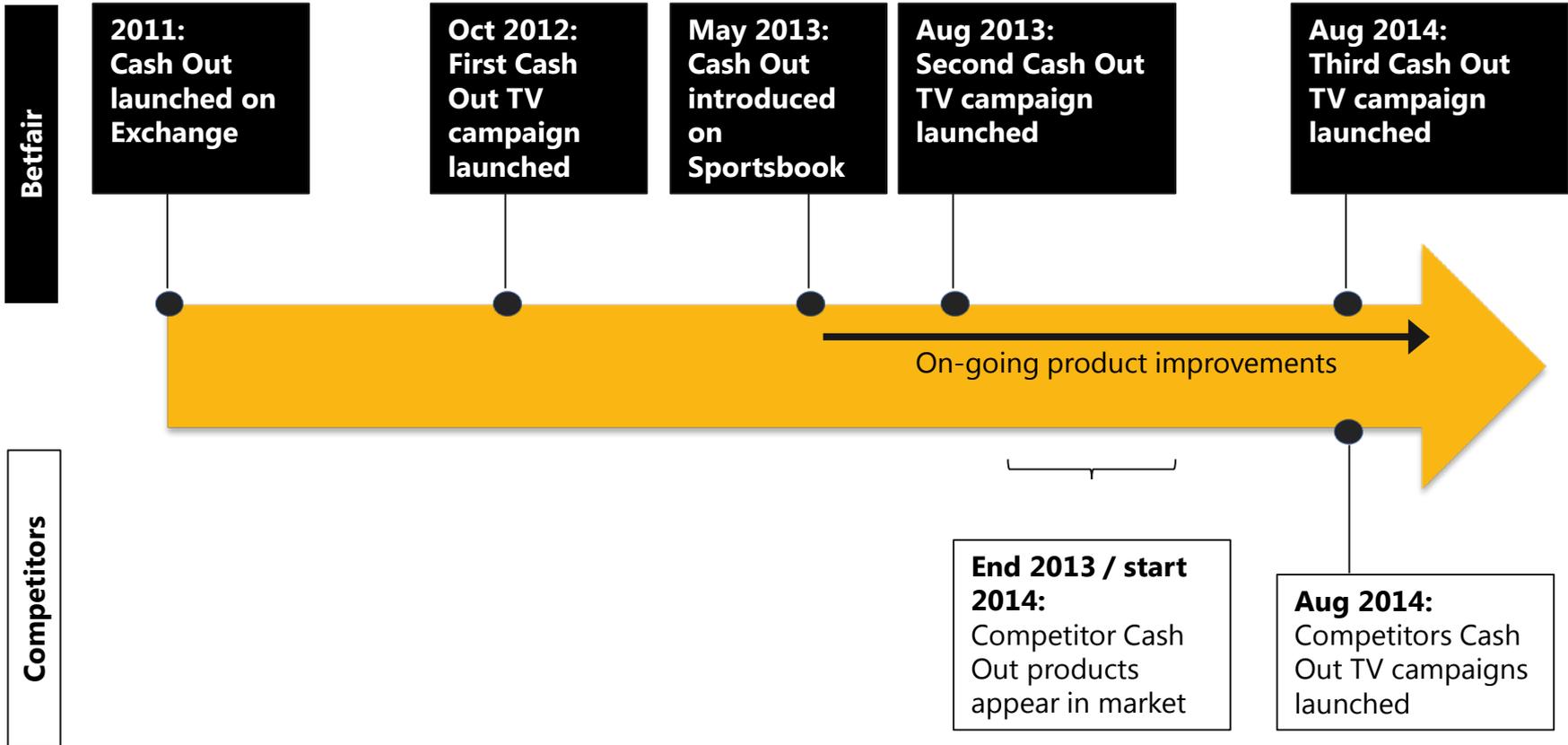
	202.0%			198.4%		
Home or Draw	1.44 £499	1.45 £563	1.47 £81	1.49 £39	1.5 £500	1.51 £499
Draw or Away	1.57 £34	1.58 £36	1.6 £1175	1.63 £41	1.66 £522	1.68 £902
Home or Away	1.38 £506	1.39 £86	1.4 £617	1.43 £78	1.44 £1102	1.46 £513

Double Chance - Matched: GBP 830

Back Lay

	200.7%			199.3%		
Home or Draw	1.45 £6712	1.46 £24773	1.47 £141	1.48 £41079	1.49 £68513	1.5 £1946
Draw or Away	1.6 £2294	1.61 £21571	1.62 £18053	1.63 £41	1.64 £8402	1.65 £14554
Home or Away	1.39 £35084	1.4 £33101	1.41 £48	1.42 £20663	1.43 £20366	1.44 £12017

How long does product advantage last?



Implications of transient advantage

- **Speed to Market really matters**
- **Commercial teams drive the Product roadmap**
- **Good in-house tech required - faster than third party suppliers**
- **Need to keep improving after product launch**

Competitive marketplace = constantly raising the bar for product



Matthew Bachner @Bachner_7 · Oct 27

@SkyBet you guys really need to add in a 'cash out' button no amount of times 1 team have let my down



Summary: why does Product matter?

- **One of the key levers to run the business**
- **Helps acquire new customers**
- **Improves retention of customers**
- **Increases monetisation**



- **Acts as a significant barrier to entry**
- **Raises the bar for existing players**



DEVELOPMENT CAPABILITY

Paul Cutter
Chief Technology Officer

About Me

2014



Joined Betfair as CTO in February 2014

2008



Director of Software Engineering at BSkyB

2005



VP Technology at AOL Europe

Various roles leading technology teams for consultancies and web startups

1996



Ph.D. in Mechanical Engineering

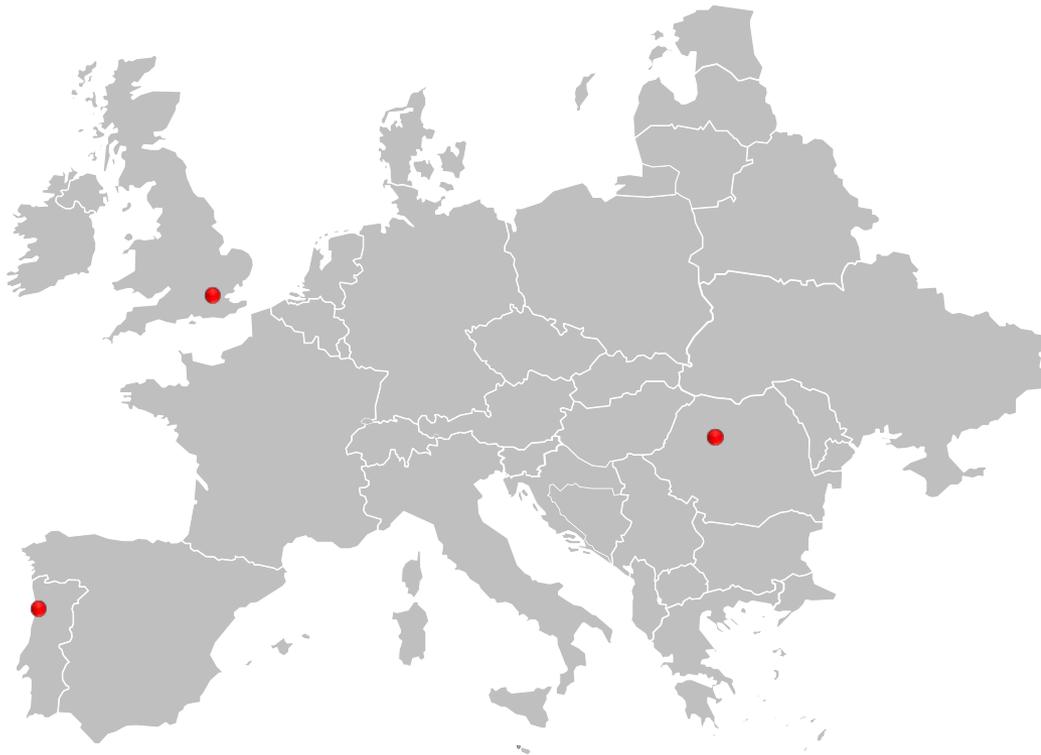
About Technology

Over 700 people with a variety of different backgrounds



Betfair Development Centres

500 developers in 3 locations



Hammersmith, UK

- 100 developers
- Sports platform development

Porto, Portugal

- 200 developers
- Sports platform and channels

Cluj, Romania

- 200 developers
- eCommerce, Games and Foundation

Buy vs Build

Mixed-mode development

- Modular architecture built on web standards
- Mix of in-house development with off-the shelf components

In-House

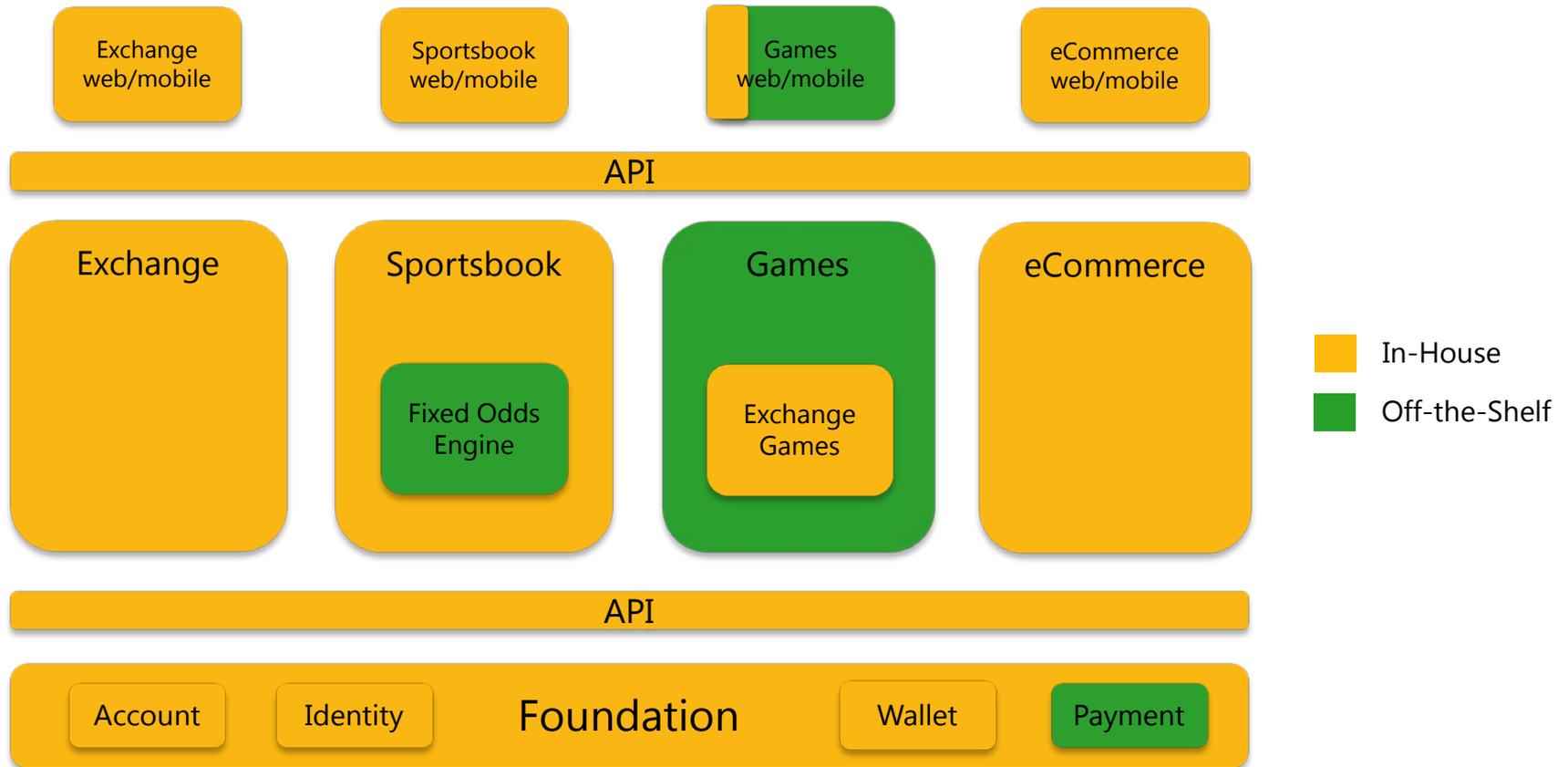
- Strategic value
- Not available on the market
- Desire to differentiate
- E.g. Exchange, Cash Out, Price Rush

Off-the-Shelf

- Commodity product
- Achieve scale rapidly
- Not a key differentiator
- E.g. fixed odds engine, gaming

Modular Architecture

Mix of in-house and off-the-shelf components

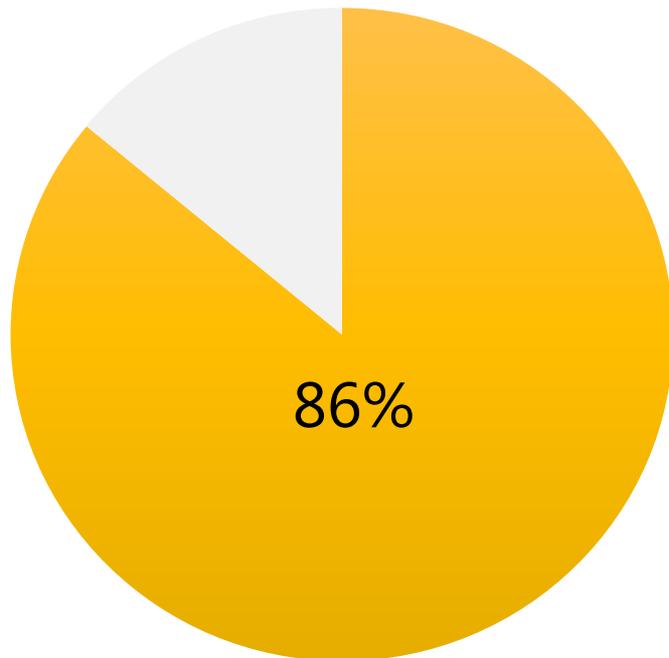


In-House Development dominates spend

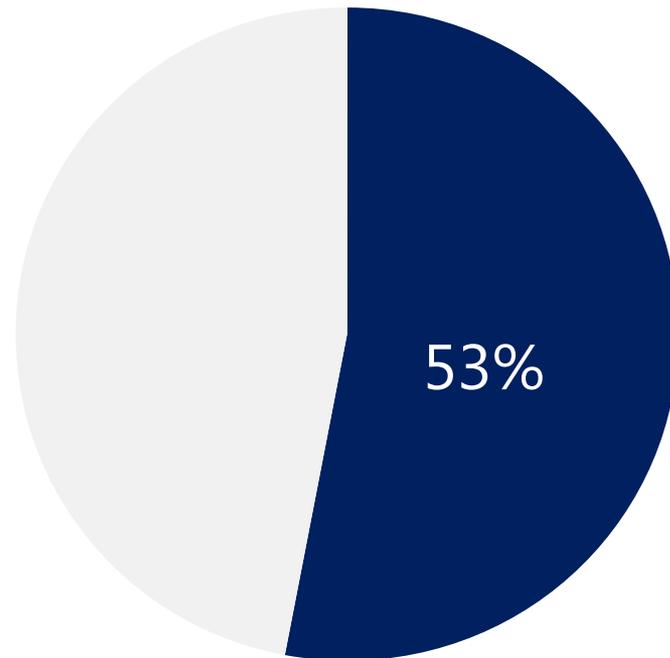
Significantly higher proportion than most competitors

% of development spend in-house (H1 2014)

betfair



William HILL¹



¹ William Hill results presentation for six months ended 30 June 2014

Benefits of In-House Development



Pace of delivery – we can control how much resource we allocate to key priorities



Innovation – we can try out ideas rapidly and accelerate the ones that work



Knowledge – we keep the knowledge of our platforms within our teams



Value – investing in our near-shore centres gives us excellent value for money

The Way We Work

Focus on lean and agile, and automation

Lean and Agile

- Teams are organised into scrums of 7 or 8 people
- Each scrum is as autonomous as possible
- Rapid, iterative development with releases every 2 weeks
- Work prioritised by commercial teams to deliver most value

High Levels of Automation

- Automated testing for the majority of components
- Tools to automate software configuration
- Moving to full automation of delivery pipeline

Summary

**Substantial
development
capability**

- **500 developers in 3 centres of excellence**
- **Deep technical expertise**
- **Vast majority of development is in-house**

**Provides
competitive
advantage**

- **Pace of delivery**
- **Facilitates innovation**
- **Allows differentiation**
- **Value for money**



PLATFORM: GROWTH & SCALABILITY

Tim Morrow
Director of Technology for Sports

About Me

2013



Director of Technology for Sports

2010



Joined Betfair as Head of Channels

2006



Architect for Ecommerce platforms at Shopzilla US

1997



BEng Computer Science

Growth provides challenges

Customer growth

- New customer acquisition
- Reactivation of lapsed customers

- Over 600k new customers acquired in LTM
- 30% increase in active customers in LTM

Events & markets

- Greater breadth of events and markets

- 240% increase in peak simultaneous markets offered LTM
- 100% increase in markets transacted per month in LTM

Signature products

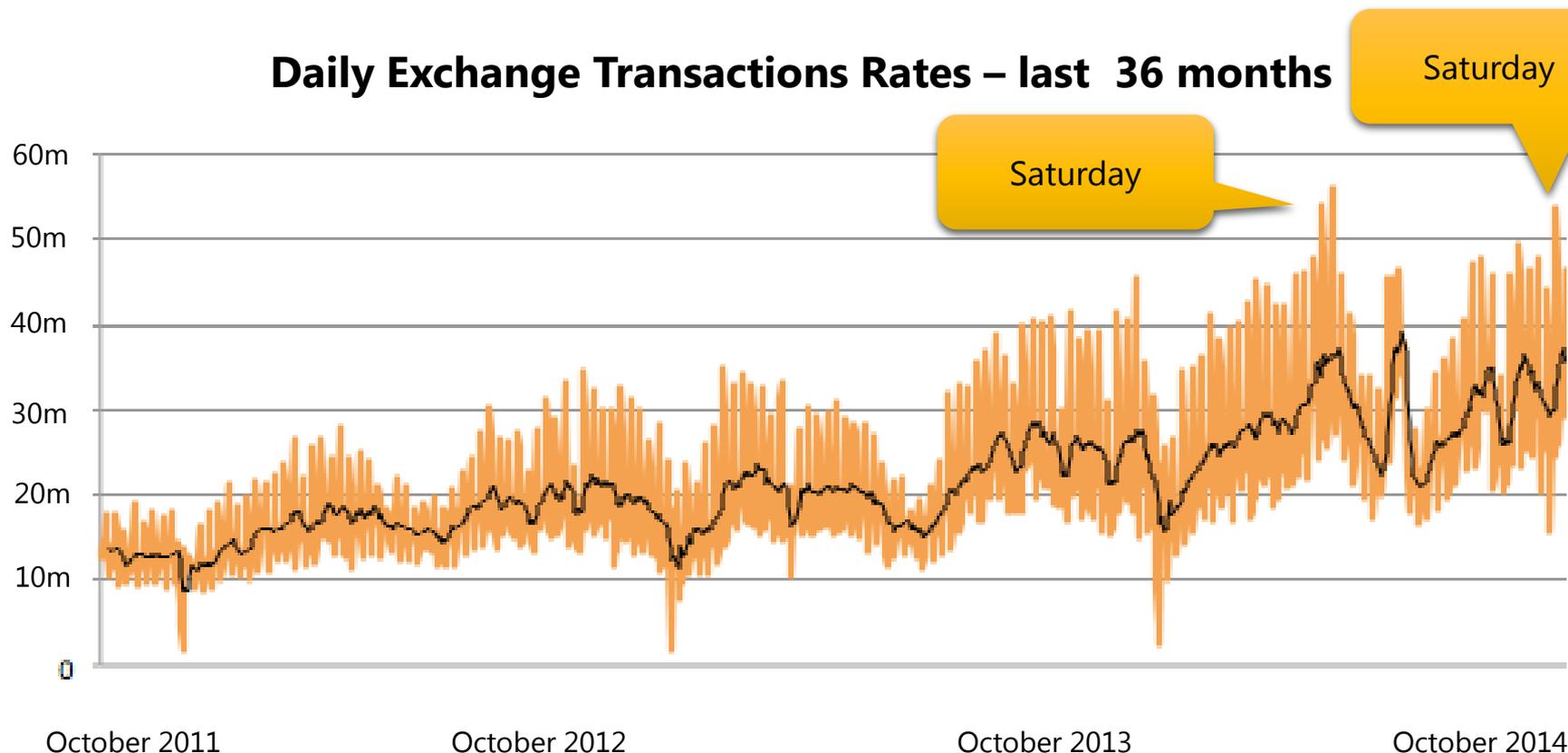
- Cash Out
- Price Rush

- Over 20 million Cash Outs in LTM
- Over 2 million bets received a Price Rush this year

Challenge: To scale our infrastructure while retaining reliability, performance, security and product delivery pace

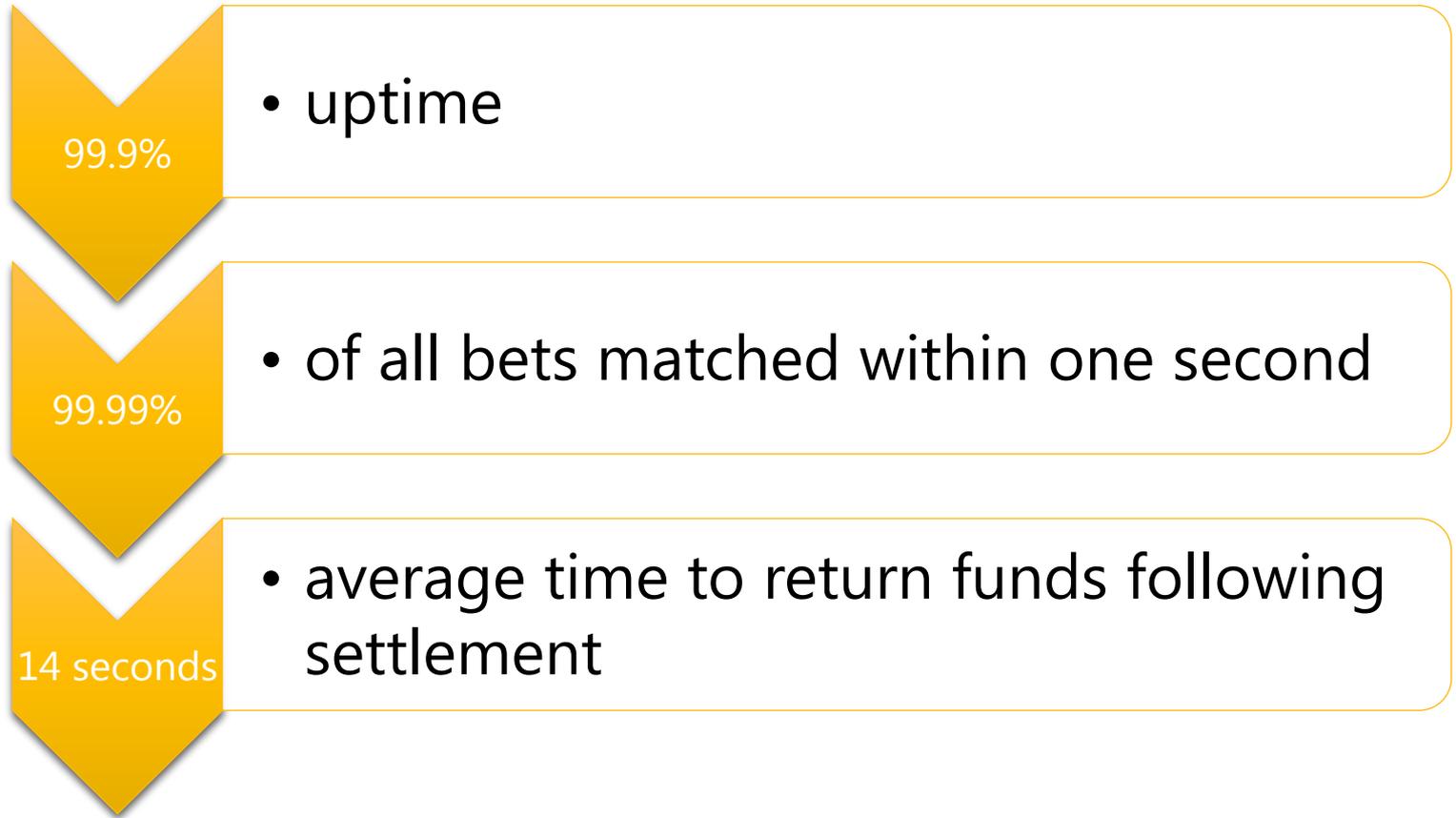
Exchange: Scale

Daily Exchange Transactions Rates – last 36 months



Exchange transactions rates have almost trebled over the last 3 years, requiring a scalable, robust infrastructure

Exchange: Performance



Exchange performance must be maintained while growing and scaling customer demand

Exchange: API

```
{
  "jsonrpc": "2.0",
  "result": [
    {
      "marketId": "1.115082007",
      "isMarketDataDelayed": false,
      "status": "OPEN",
      "betDelay": 0, "bspReconciled": false, "complete": false, "inplay": false,
      "numberOfWinners": 1,
      "numberOfRunners": 16,
      "numberOfActiveRunners": 16,
      "lastMatchTime": "2014-10-27T11:30:44.538Z",
      "totalMatched": 678912.6,
      "totalAvailable": 29825.7,
      "crossMatching": false,
      "runnersVoidable": false,
      "version": 851419116,
      "runners": [
        {
          "selectionId": 8891585,
          "handicap": 0.0,
          "status": "ACTIVE",
          "lastPriceTraded": 2.6,
          "totalMatched": 253193.25,
          "ex": {
            "availableToBack": [
              {"price": 2.58, "size": 19.45 },
              {"price": 2.56, "size": 518.24 },
              {"price": 2.54, "size": 38.88 }
            ],
            "availableToLay": [
              {"price": 2.6, "size": 27.53 },
              {"price": 2.62, "size": 907.74 },
              {"price": 2.68, "size": 18.15 }
            ]
          }
        }
      ]
    }
  ],
}
```

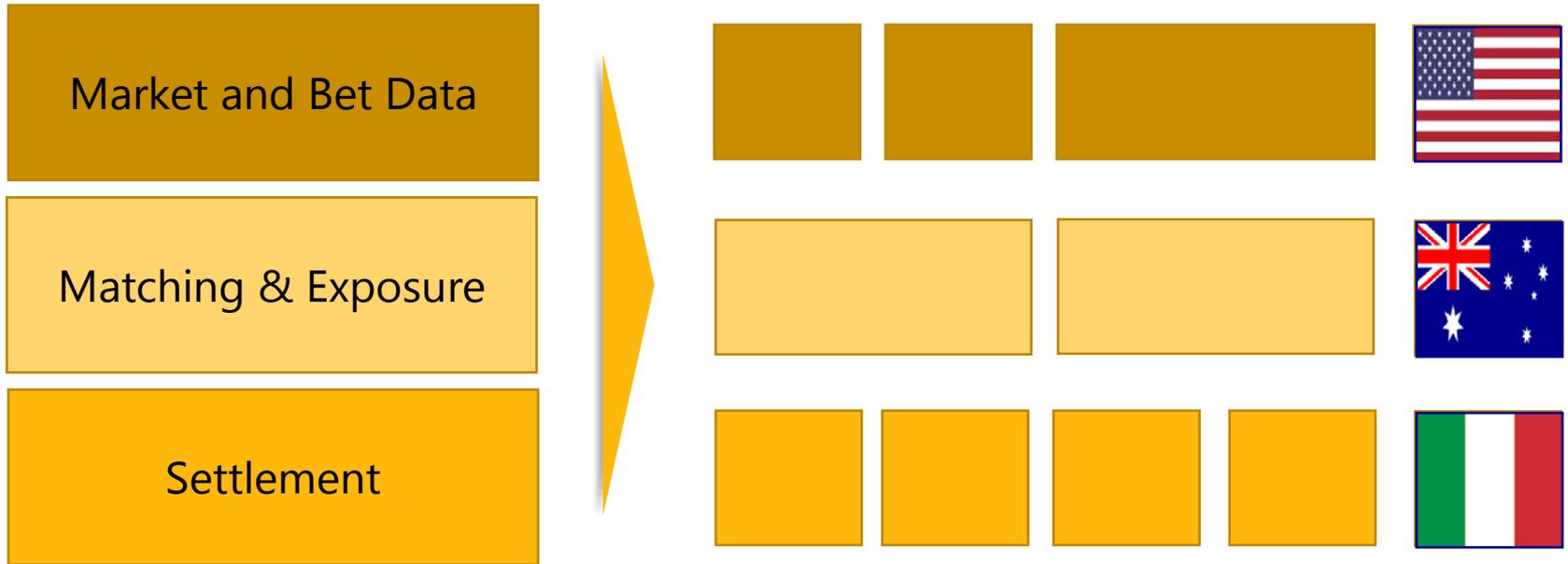
- 2.4 Billion API calls per day
- 75,000 API calls per second at peak
- Migrating customers to a new API
- Enables future growth and new capabilities



NEW API VERSION – NOW LIVE
START DEVELOPING NOW!

- LIGHTWEIGHT JSON PROTOCOL
- MULTIPLE MARKETS IN ONE REQUEST
- POWERFUL SEARCH

Exchange: Architecture



Sportsbook: Cash Out case study

CASH OUT KING
£10 STAKE 7 GAME ACCA 6 WON 1 LOST
CASHED OUT FOR £1,068

Cash Out | In-Play and Coming Up | About Cash Out | Cash Out Help

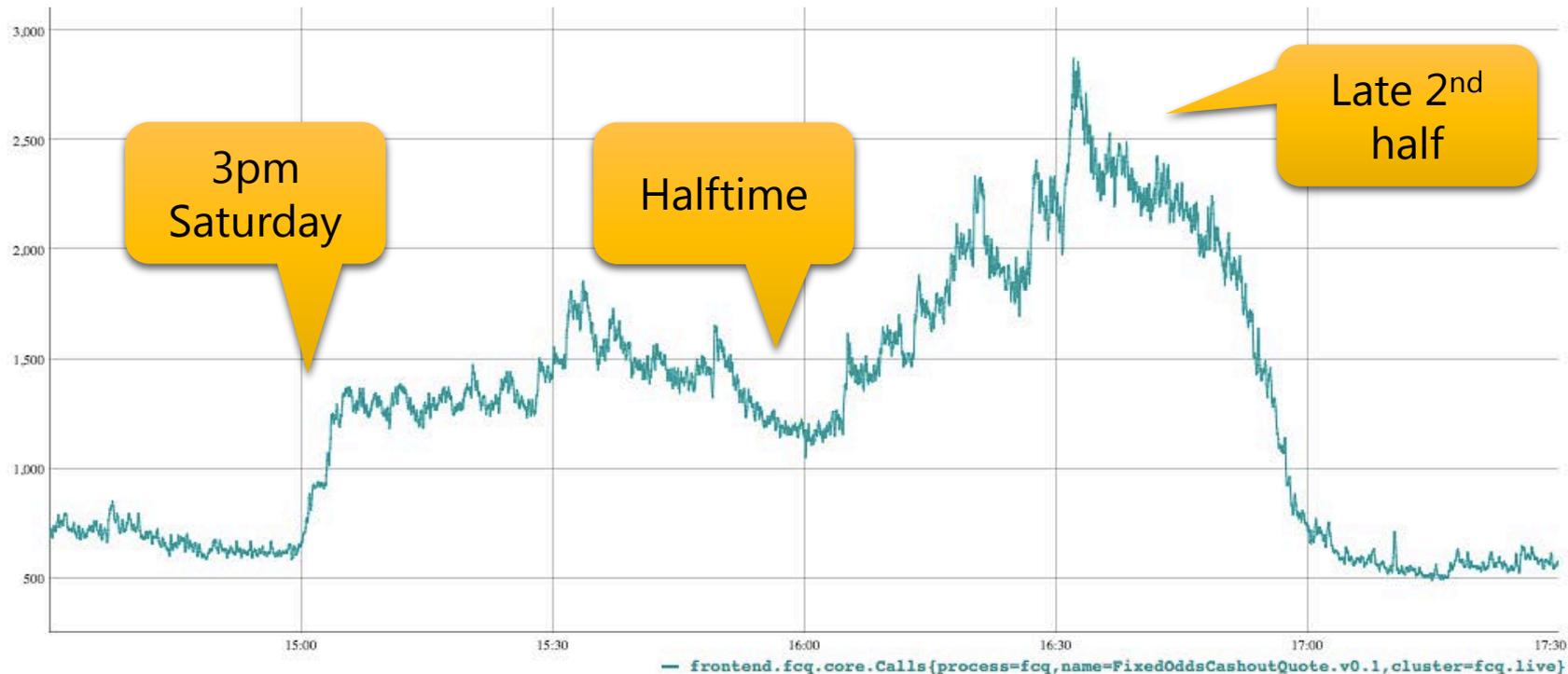
Trebles	Doubles
3 Legs In-Play £1.00 returns £2.15 Hide Leg Information ▲ Take £0.84 Profit: £-0.16	0 Legs In-Play £2.00 returns £77.15 Hide Leg Information ▲ Take £6.22 Profit: £4.22
Leg 1: Match Odds Vasek Pospisil 1/12 Leg 2: Match Odds Ruben Bemelmans 5/11 Leg 3: Match Odds Sandro Ehrat 4/11	WON Leg 1: Each Way English Summer 6/1 Leg 2: Each Way Argyle Bay 9/1
Barclays Premier League	Doubles
Winner 2014/15 Chelsea 1/2 £0.10 returns £0.15 Take £0.10 Profit: £0.00	0 Legs In-Play £2.00 returns £86.00 Hide Leg Information ▲ Take £1.30 Profit: £-0.70
Doubles	PLACED Leg 1: Each Way Forced Family Fun 5/1 Leg 2: Each Way Tulbagh Trip 12/1
0 Legs In-Play £2.00 returns £33.29 Hide Leg Information ▲ Starting in 1 Minute	Doubles
Leg 1: Each Way Searching 7/2 Leg 2: Each Way Royal Connoisseur 11/2	0 Legs In-Play £2.00 returns £27.60 Hide Leg Information ▲ Take £1.26 Profit: £-0.74
Doubles	PLACED Leg 1: Each Way Sioux Chieftain 3/1 Leg 2: Each Way Nitro Nori 5/1

- 70% of all bets eligible
- 40% of active customer sessions on page
- Higher average time on page

Great product features demand increased scale

Sportsbook: Cash Out

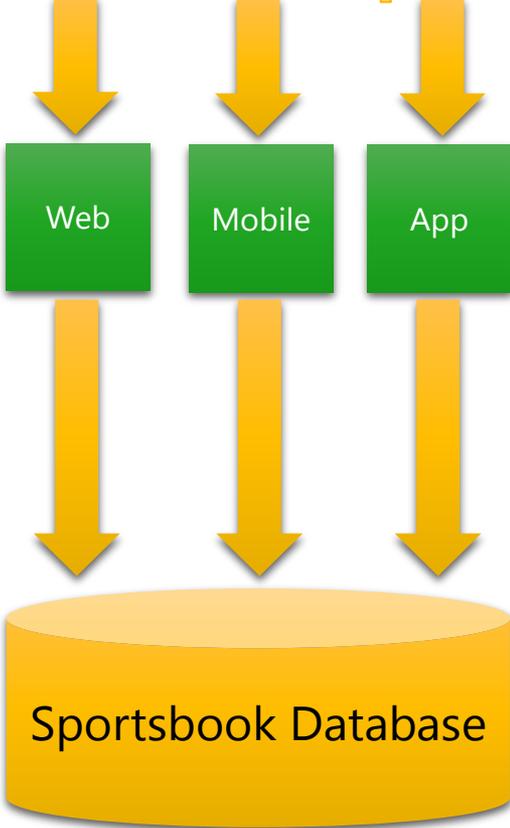
Demand for Cash Out quotes (number of quotes per second)



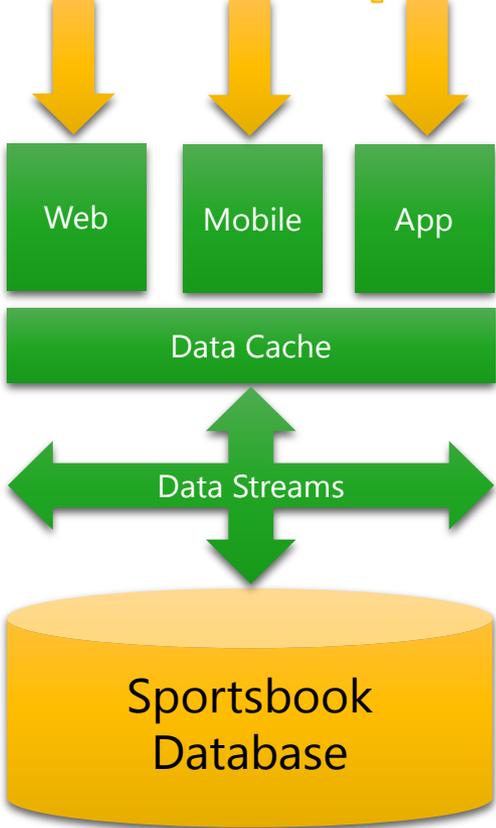
Since last year we have scaled Cash Out quoting by 5x

Sportsbook: Architecture

Customer Requests

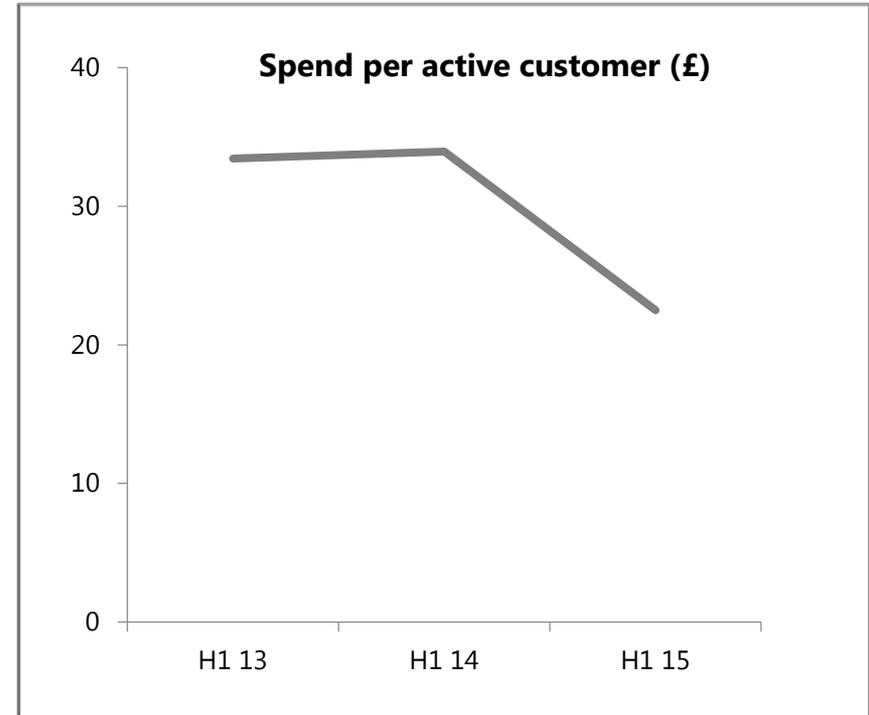
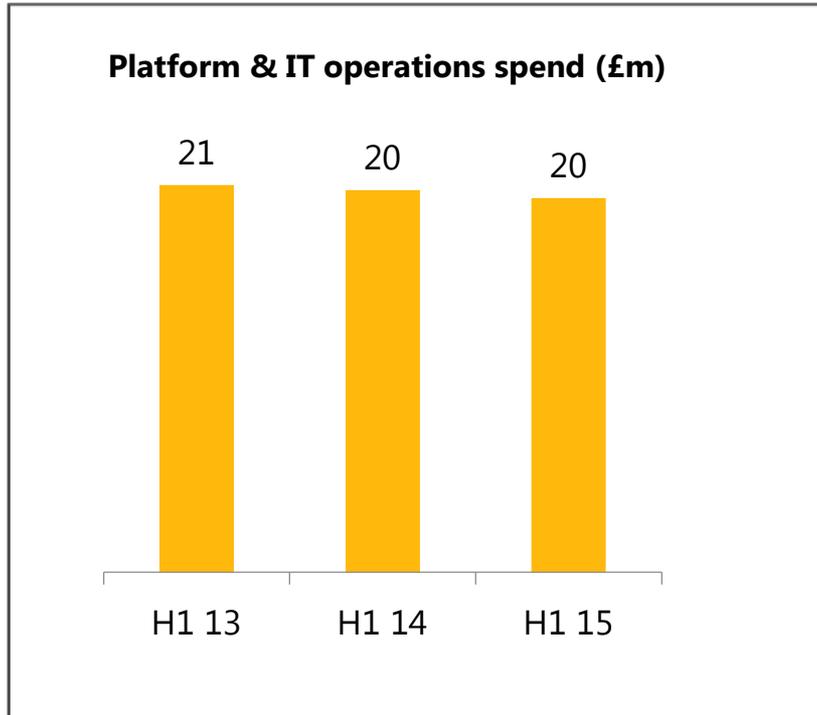


Customer Requests



Plan to scale by multiples not by fractions

Scalable, cost efficient infrastructure



Flat spend during a period of strong growth shows the scalability of our infrastructure

Summary

- Growth & new product features place increasing demands on infrastructure
- Investment in hardware & architecture has allowed us to manage increasing scale efficiently
- Continuing to invest in anticipation of further capacity growth

We are rising to the challenge of growth



SECURITY

Swati Lay, Director of Security

About Me

2012



Joined Betfair as Director of Security in January 2012

2009



Head of Information Integrity & Protection

2008



Head of Security, Commercial Bank, Global Payments & Wealth

2007



Head of Technology Risk, EMEA

1998



Head of Threat Management, Information Security & Privacy

1997



BS in Electrical Engineering

Betfair takes security seriously

**Business
Model
Demands**

- **100% Online**
- **c.£300 million of customer funds and data**

**Significant
resources**

- **Over £5 million per year spent on security**
- **40 IT security professionals**

**Experienced
team**



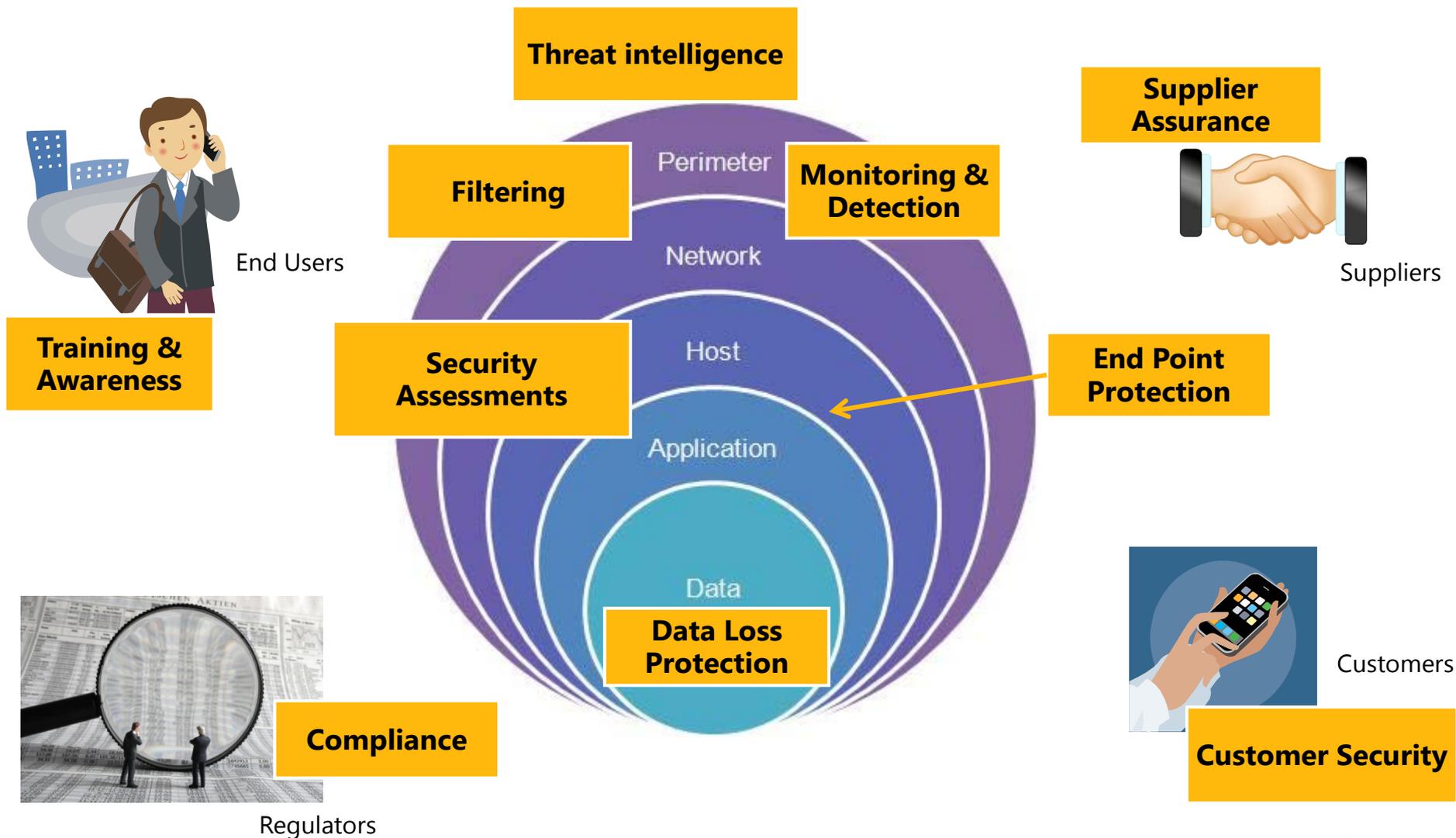
MINISTRY OF DEFENCE



vodafone



Defence In Depth



Customer Security

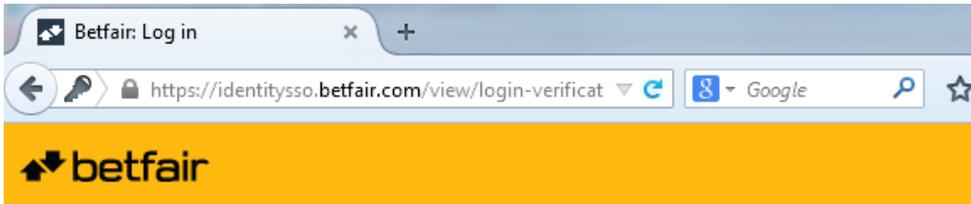
- ✓ **Real time ID verification**
- ✓ **2-Step Authentication**
- ✓ **Mobile PIN**
- ✓ **Email Security Alerts**

Customer Security – Real time ID Verification



- ✓ **Faster**
- ✓ **More Secure**
- ✓ **More Accurate**
- ✓ **Reduces Fraud**

Customer Security – 2 Step Authentication



Please enter the verification code from your Google Authenticator app.



Verification code

Login

Having problems logging in? ▾

- ✓ **Bank level protection of your Betfair Account**
- ✓ **Reduces chance of account compromise**
- ✓ **Customers spend more after enabling 2-Step**

Customer Security – Mobile PIN



- ✓ **Faster**
- ✓ **PIN tied to your mobile**
- ✓ **Convenient and secure**

Customer Security – Email Security Alerts



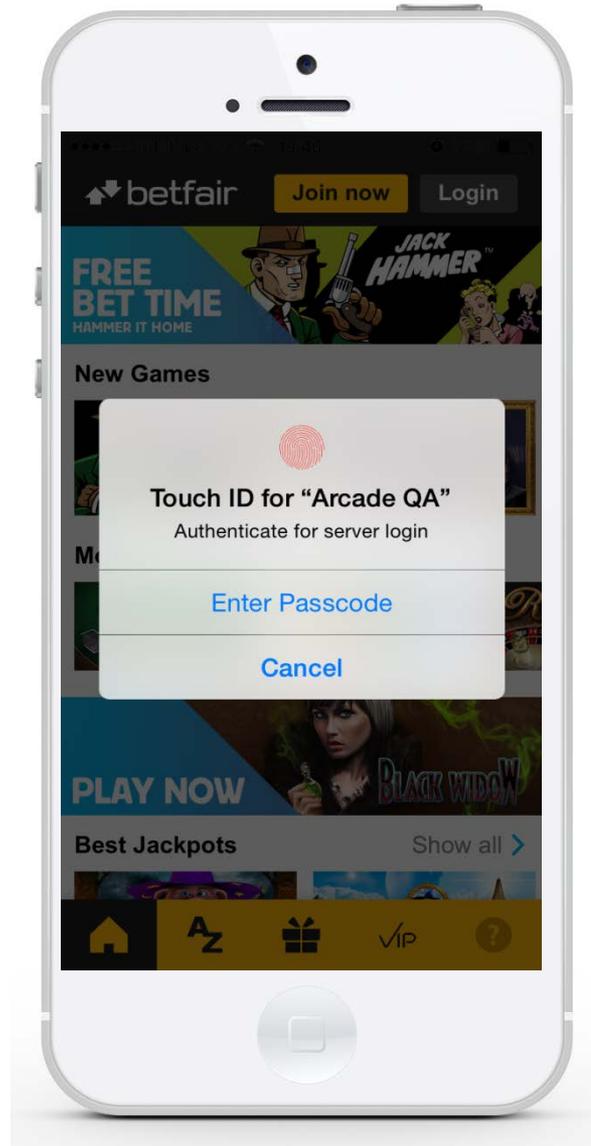
Your Betfair account [redacted]

Dear Swati,

At Betfair we take your account security very seriously. This email has been sent to alert you to some recent activity on your account: [redacted]

- ✓ Alerts on changes to your account
- ✓ Special alerts for key accounts

Customer Security – What's Next



Summary

- **Our business demands high levels of security**
- **We meet that with our security team & security investment**
- **We take our customers' security extremely seriously – supports stronger acquisition and better retention**



BREAK





PRODUCT DEVELOPMENT

Sylvie McDermott
Product Director

ABOUT ME

January
2014



Product Director

2011

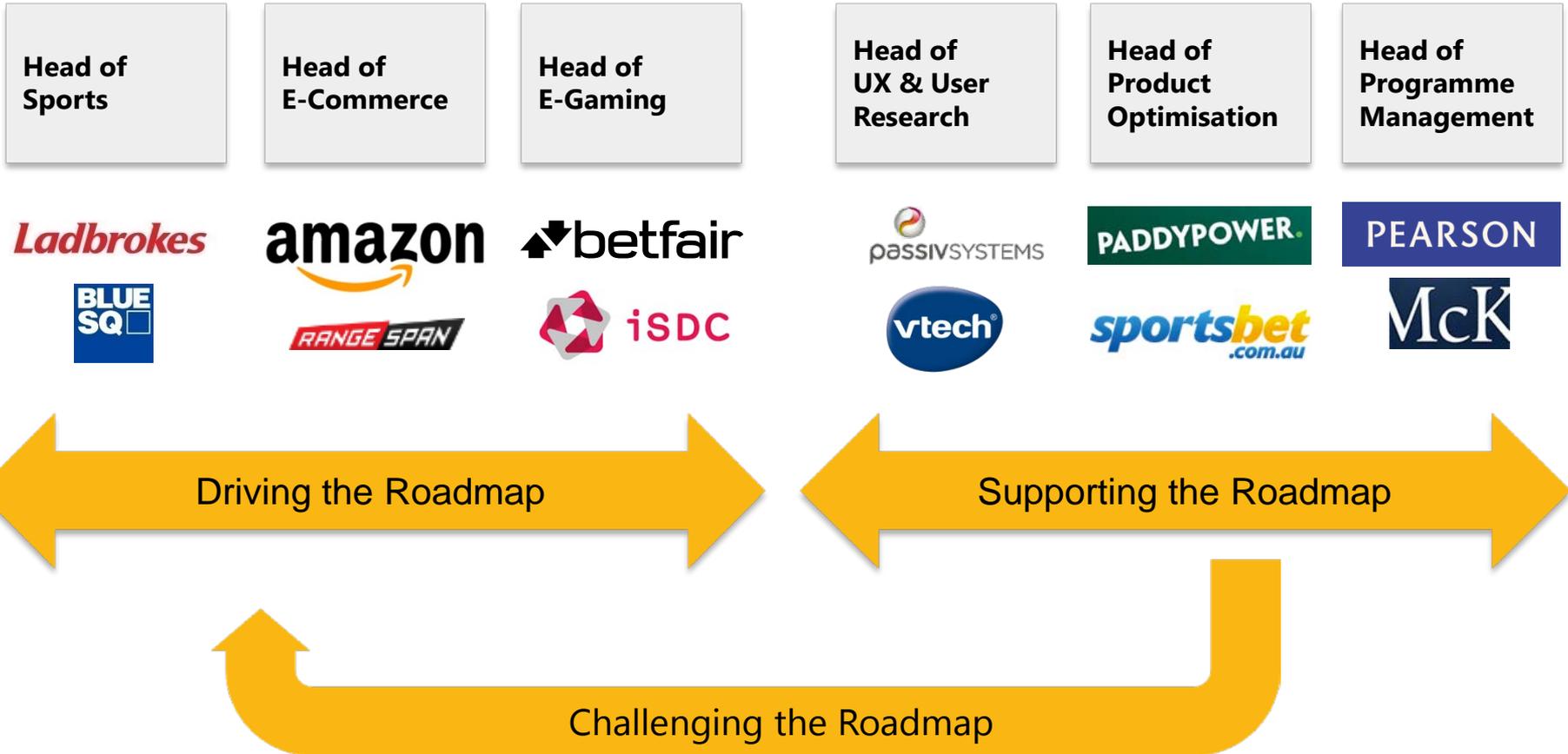


Head of Mobile

Before



PRODUCT TEAM



BETFAIR PRODUCT MANAGEMENT LIFECYCLE

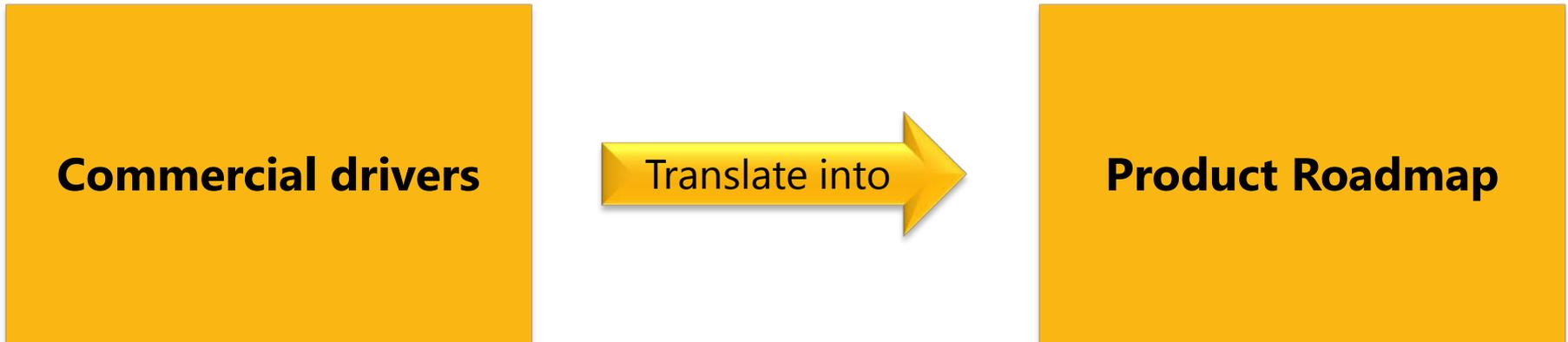


1- CLEAR COMMERCIAL OBJECTIVES



CASE STUDY: World Cup

The World Cup 2014 represented our biggest opportunity to acquire customers. As games were in the evening, we understood that our mobile proposition needed to compete to offer a better experience than our competitors.



BENCHMARK AGAINST THE COMPETITION



CASE STUDY: Cash Out – Bet 365

1



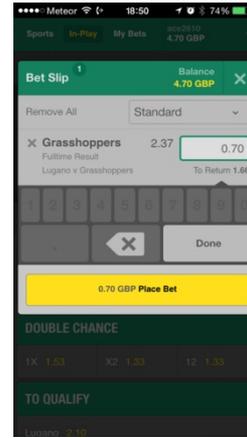
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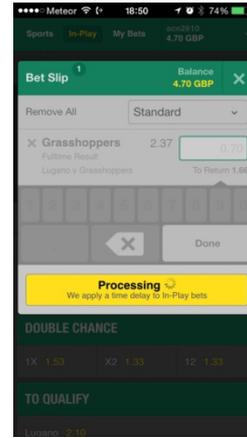
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4



5



6



7



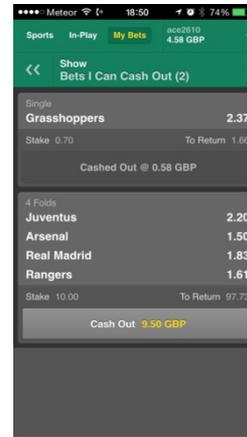
8



9



10



AND HERE IS HOW WE DO IT...



CASE STUDY: Cash Out – Betfair

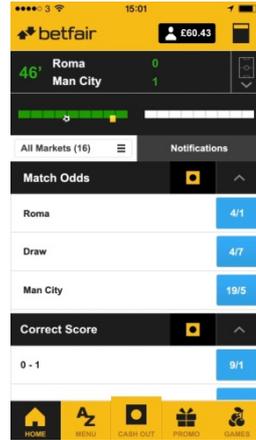
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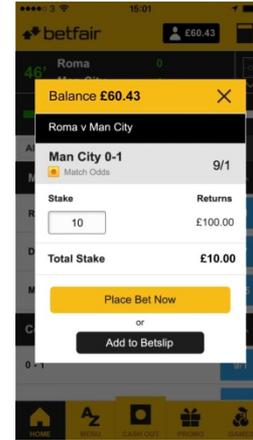
2



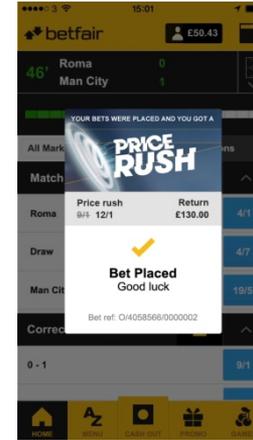
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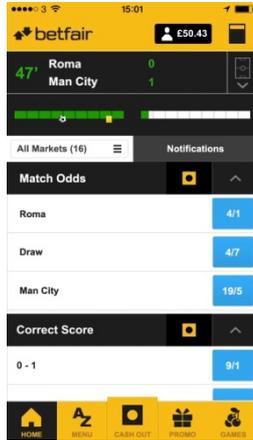
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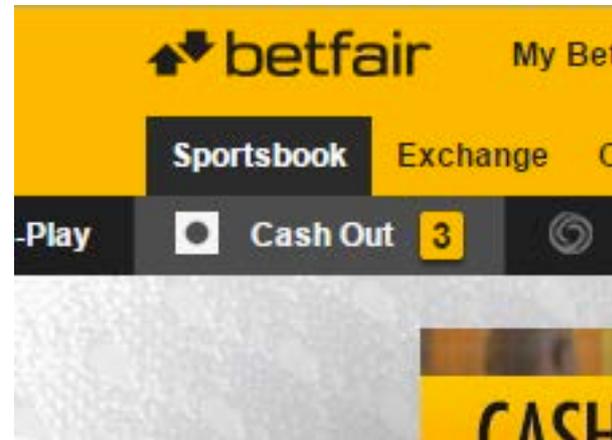
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7



8

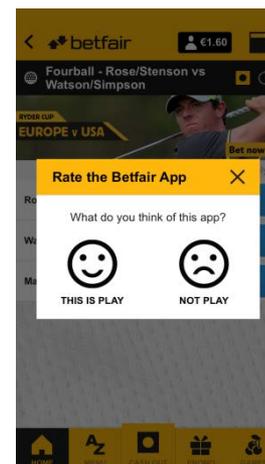
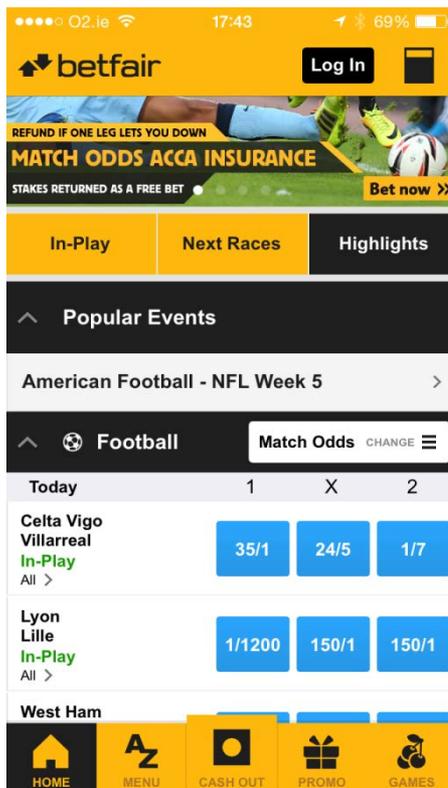


3 - INVOLVE THE STAKEHOLDERS

CASE STUDY: iOS Sportsbook app



- Commercial
- Brand
- Marketing
- Customer Care
- Trading
- Technology
- Development Team



4 - LOOK OUTSIDE FOR INSPIRATION

CASE STUDY: Cross-Sell



Target: 120000

RISK IT'S OUR ARCADE

Mastering Betfair: How to Make Serious Money ...
Pete Nordsted
★★★★☆ (23)
Paperback
£20.39

The Definitive Guide to Betting on Football ...
Kevin Pullen
★★★★☆ (14)
Paperback
£9.89

The Definitive Guide to Betting Exchanges ...
Paul Kealy
★★★★☆ (3)
Paperback
£11.56

Gentleman's Guide to Calculating Winning ...
Graham Sharpe
★★★★☆ (17)
Paperback
£6.99

YOU WANT WITH THAT.

betfair Exchange

American Football

Australian Rules

Baseball

BLACKJACK

Biggest Win: £2,910.00 Play

DEAL OR NO DEAL

CLEOPATRA

Biggest Win: £8,110.00

Biggest Win: £12,932.00

HOME MENU CASH OUT PROMO GAMES

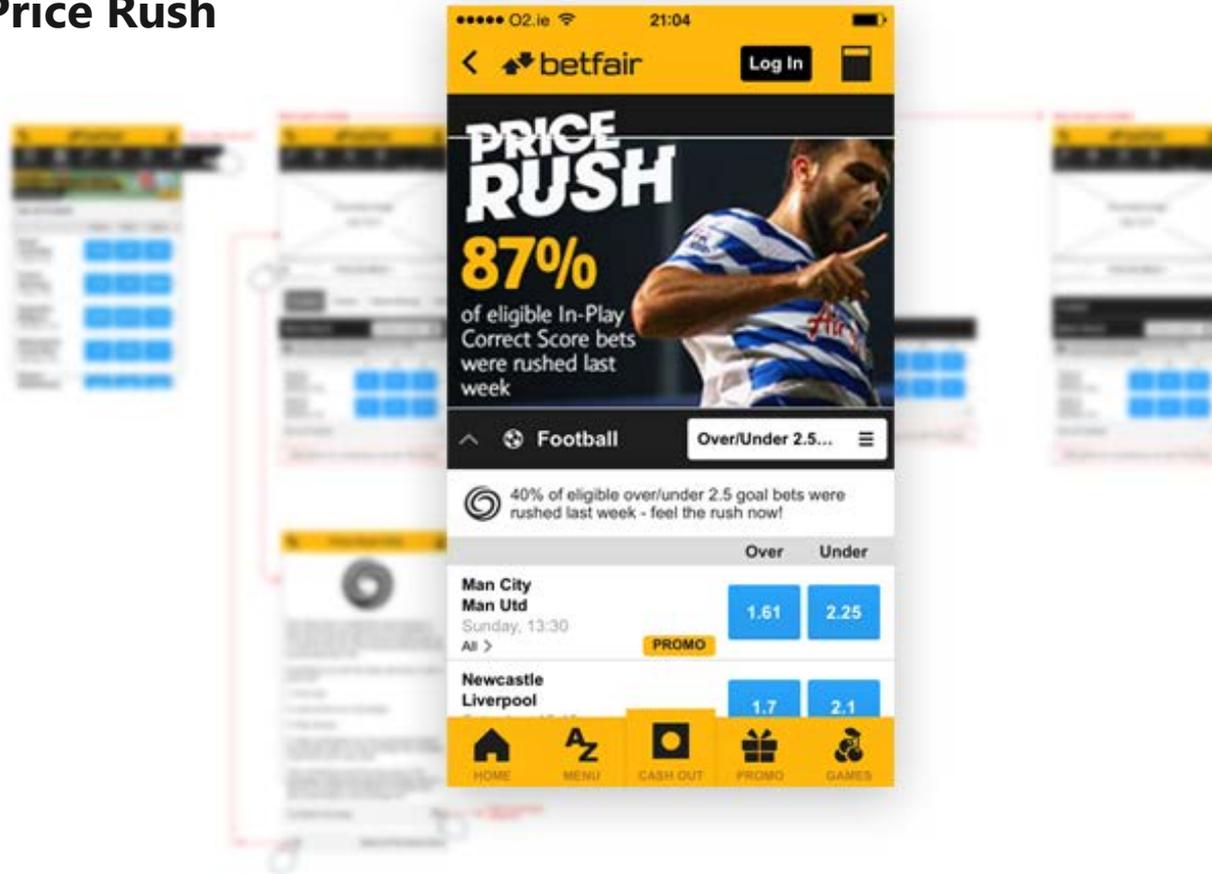
Home Sports Cash Out Betslip Promotions

5 - PRIORITISATION WITHOUT LOSING THE VISION



All our designs included full product features but were gracefully de-scoped to stay in line with timeframe.

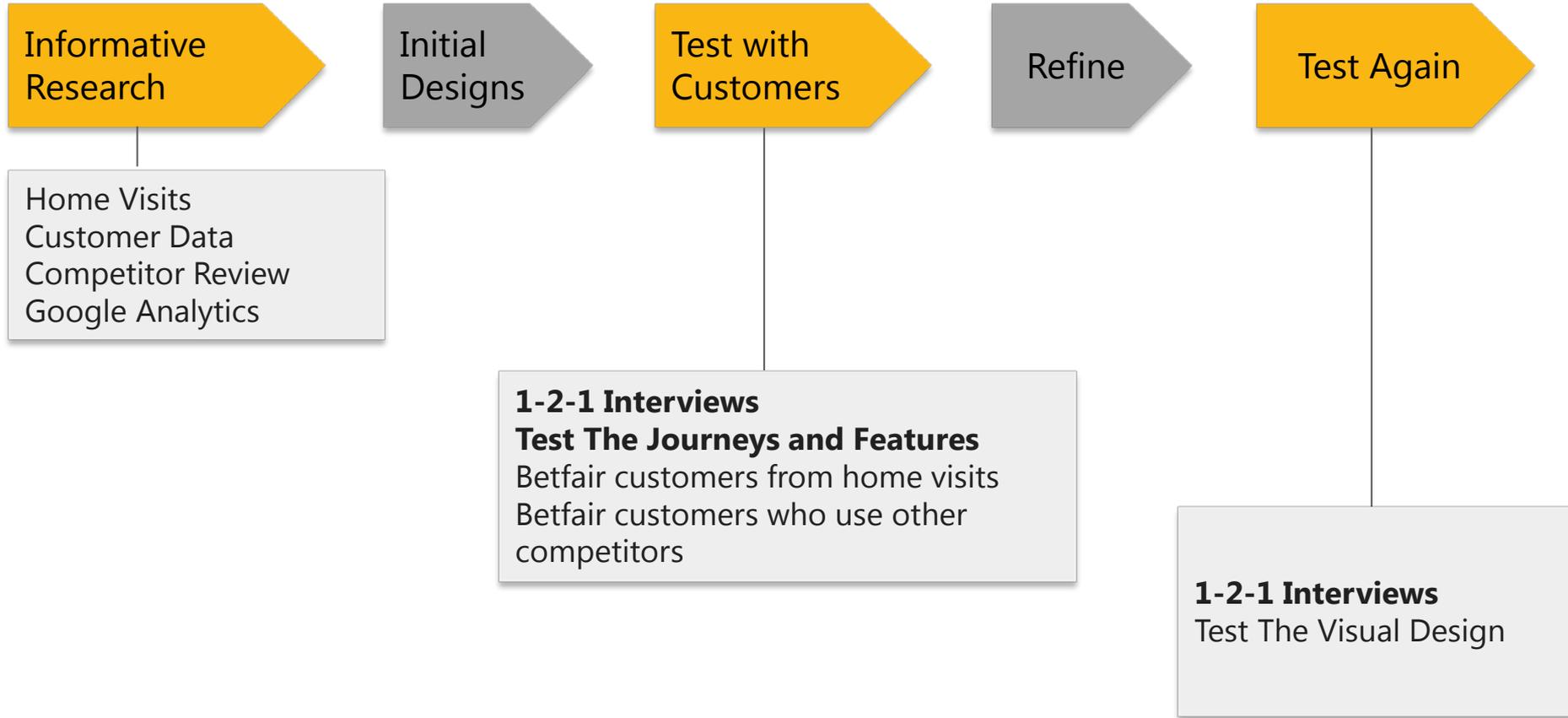
CASE STUDY: Price Rush



6 - TEST WITH CUSTOMERS – OURS & THEIRS



CASE STUDY: Arcade Redesign



User Research

Stimulate ideas, validate concepts & test assumptions – all early on, before we commit to Development

HOME VISIT FEEDBACK

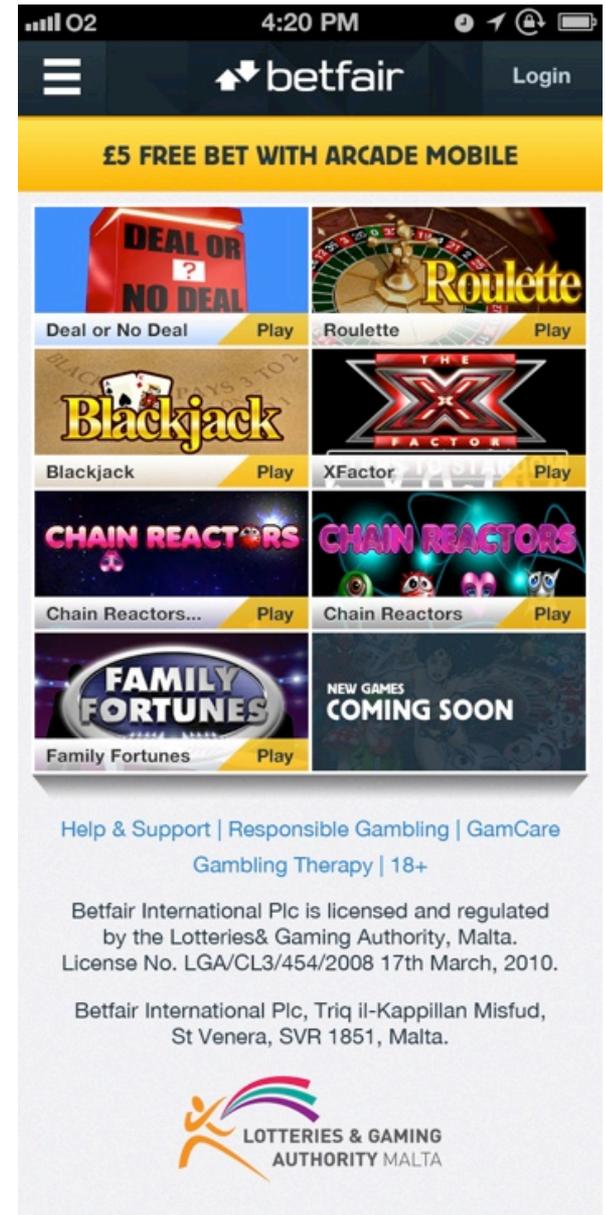
Too much content – difficult to read

I want an experience that reflects my interests

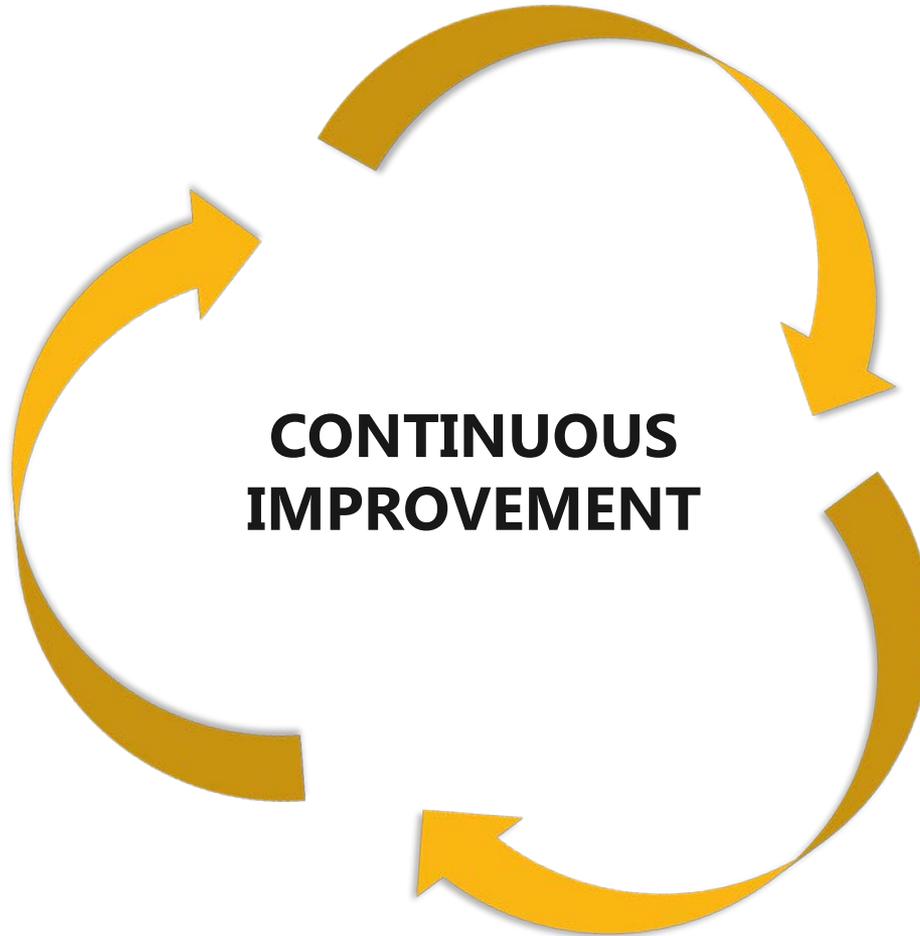
VIPs want to be more engaged

I want to know what other people are playing

All gambling sites are the same to me



7 - MEASURE, REVISE & ITERATE



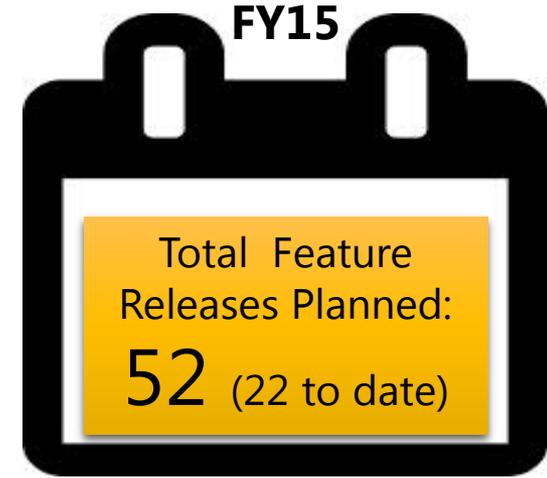
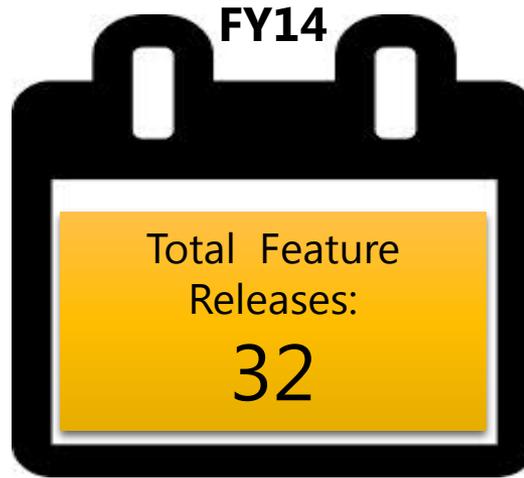
**CONTINUOUS
IMPROVEMENT**

BETFAIR PRODUCT MANAGEMENT LIFECYCLE

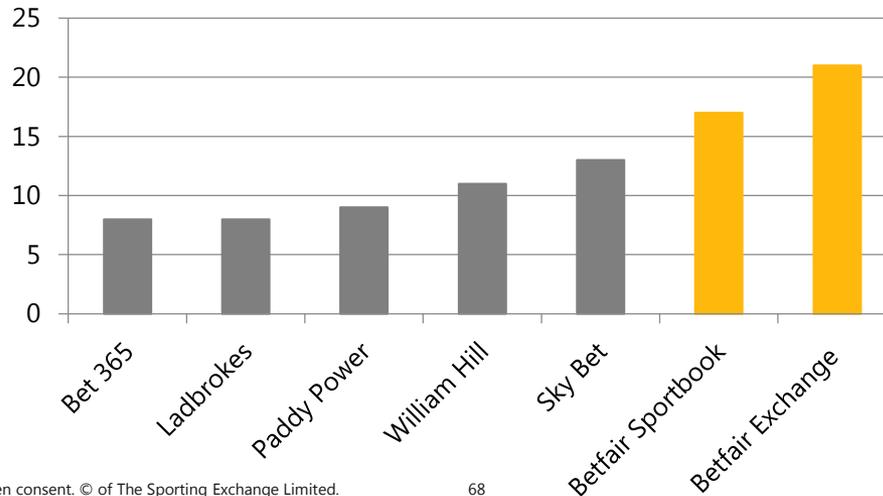
PACE



PACE



Number of IOS app releases since May 2013
(Source App Annie 29/10/2014)



Summary

- **We own and control our product roadmap**
- **Our product roadmap is driven by our commercial objectives and customer insights**
- **We are constantly benchmarking and seeking improvement**



TECHNOLOGY IN MARKETING

Avi Marco, Director of Enterprise Data Services
Johnny Devitt, Online Marketing Director

About Me – Avi Marco



Enterprise Data Services



Our Mission



To make data accessible on demand

We collect a lot of data

220m

rows of data selected for processing through our warehouses every day

450bn

rows of data in our data stores

55bn

rows of data refined into our extreme performance Enterprise Data Cloud

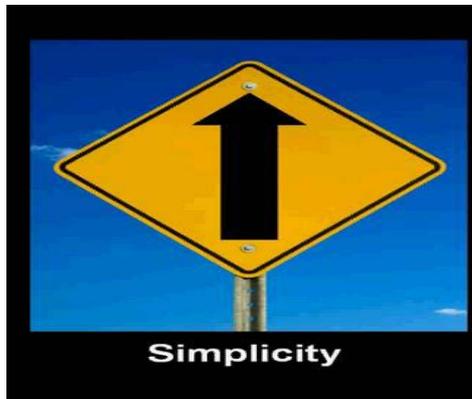
Keeping it simple

Simplify access and timeliness of insight that matters



We have stripped away complexity and harnessed the power of the cloud to achieve:

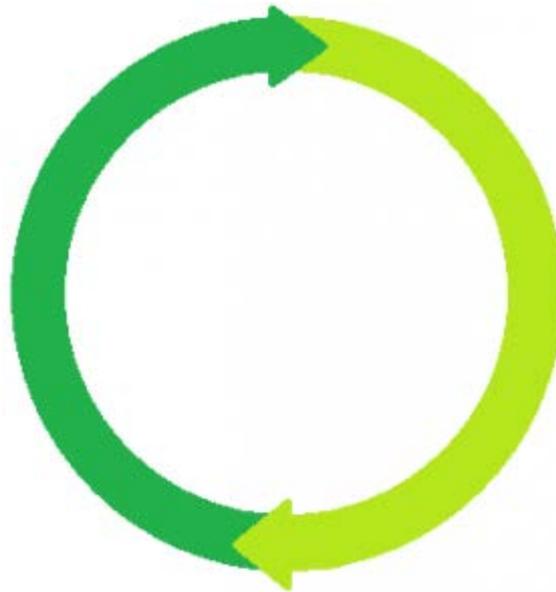
- **Near real time data** (e.g. marketing effectiveness can now be seen within minutes)
- **Reduction in average query times** from hours to minutes to seconds
- Up to 90% of queries are **self-served** by end users



We provide the means for the business to make decisions

Data to Insight

- Gather
- Measure
- Consolidate
- Report
- Analyse and Augment



Insight to Action

- Set Strategy / Targets
- Implement
- Action New Process
- Correct Strategy
- Cycle

About Me – Johnny Devitt

2013



Online Marketing Director

2007



Various marketing roles at Paddy Power

2001



IT delivery

1998



Management consultancy at PwC

1994



Mechanical engineering

Sportsbook enables our Marketing to compete



- Exchange marketing is tough & complex for promotions
- Sportsbook enables marketing on a level playing field



Sportsbook promotions & product features are the platform for “Go to market”

Our Marketing is competing *responsibly*, *effectively* and we are *scaling efficiently*



Competing is doing the basics brilliantly



CPA

Activation
volume

Customer
Segmentation

Customer
Tenure

Multi Product
Usage

Multi Platform
Usage

What is setting Betfair apart in marketing?

What is setting Betfair apart in Marketing?

- **Our marketing is enhanced by our tech & data capability**
- **Our people know what excellent looks like**

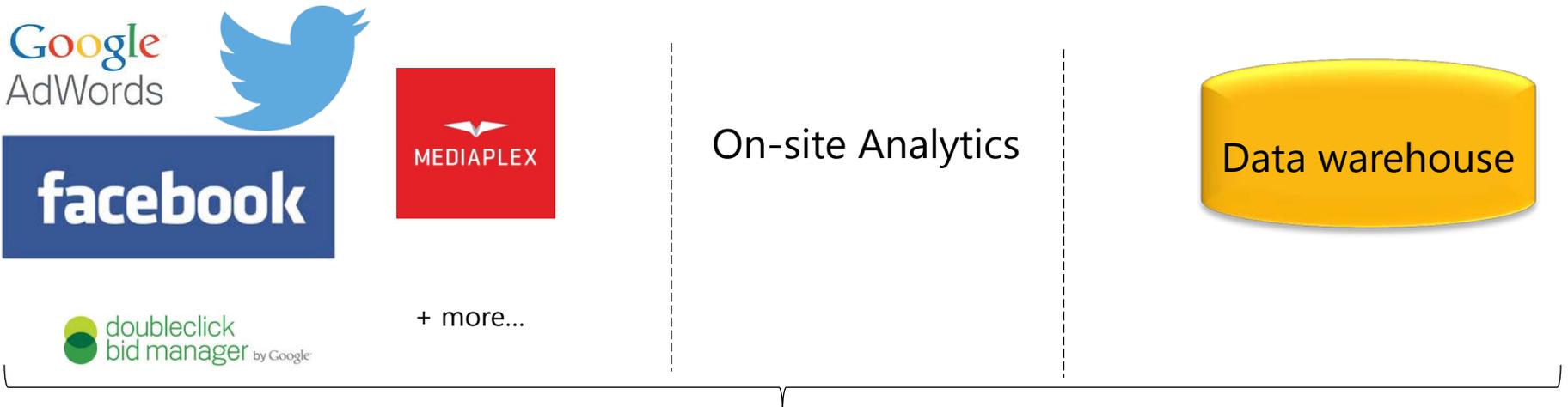
Our technical & data capabilities enable our marketing to be iterated quickly & fail fast



How are these capabilities activated?

How does Data Management enable fast commercial decision making in Betfair?

- Digital Landscape is dispersed, spend running in multiple locations
- Acquisition happening in shorter bursts closer to events
- Scaling up/down spend is key & depends on cost per acquisition (CPA)
- Conversion optimisation is important in order to reduce CPAs



Our marketing dashboards now link our multiple big data sources and make the data actionable within minutes

Display Media Buying, we are media neutral and audience positive

We get performance by:

Focusing on 3rd Party media buying

Iterating segmentation of lookalikes

Yesterday

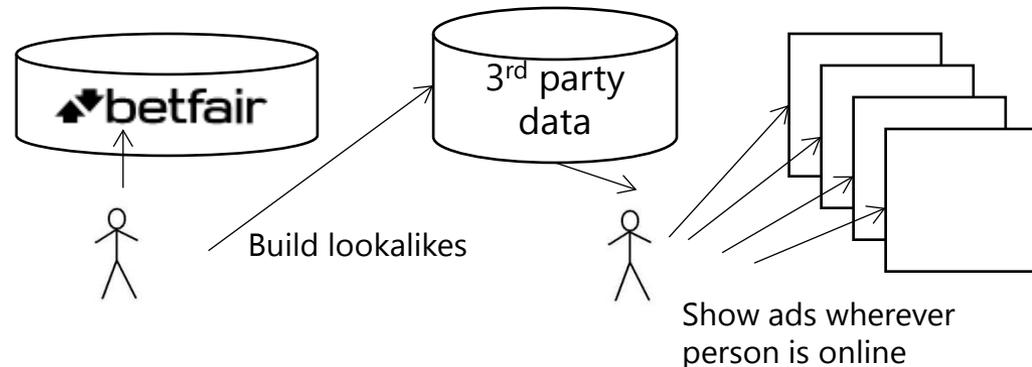
- Target based on demographics
- Buy media in websites
- Wastage high as audience relevance low



- Lots of ads wasted to wrong target
- Reach limited to site

Today

- Find lookalikes of customers
- Use 3rd Party data (cookies) to find lookalikes
- Target users wherever they are online

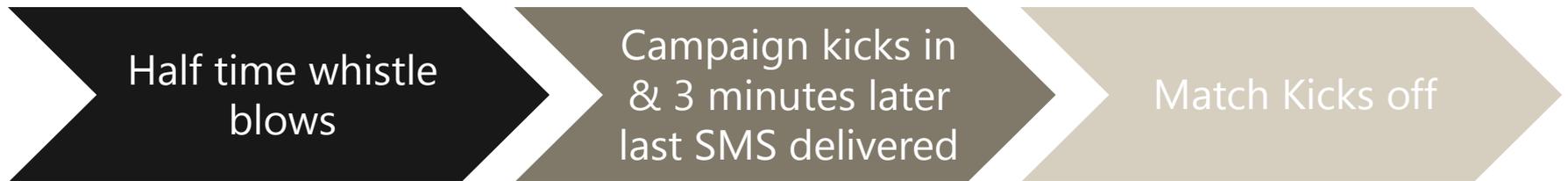


- Far more relevant audience
- Reach larger as can be anywhere online

How does Data Management enable CRM automation and decision making in Betfair

Example Half time Cash Out campaign

- Challenge : "Run a cash out for profit SMS campaign to cash out positive profitable bets at half time on a Saturday"
- Realisation by technology that marketing effectively needs access to all the data all the time → Enable our marketing tools access and action our data securely



- Some customers cashed out for the profit → Happy customers
- Portion recycled for second half

Our team's heritage understands Exchange customers, our newer team knows what excellent looks like in digital and paid social marketing

The logo for PaddyPower, featuring the word "PADDYPOWER." in white, bold, sans-serif capital letters on a dark green, slightly tilted rectangular background.The logo for Sky, with the word "sky" in a colorful, lowercase, sans-serif font where each letter has a gradient from orange to purple.The logo for Santander, featuring a white flame icon on a red rectangular background, followed by the word "Santander" in white, sans-serif capital letters.The logo for Mansion.com, featuring a small red and white icon of a building facade to the left of the text "MANSION.COM" in black, sans-serif capital letters.The logo for betfair, consisting of a yellow square background with a black icon of two arrows pointing up and down, followed by the word "betfair" in black, lowercase, sans-serif font.The logo for CityIndex, with the word "CITYINDEX" in black, sans-serif capital letters, where "INDEX" is highlighted in yellow.The logo for Ladbrokes, with the word "Ladbrokes" in a red, italicized, sans-serif font.The logo for Nationwide, featuring a blue rounded rectangle with a white icon of a person climbing stairs, followed by the word "Nationwide" in white, sans-serif capital letters.

THOMSON REUTERS

**We've brought in experience that has proven delivery capability
We know what excellent looks like
Team is indexed with gambling and financial services bias**

Summary

Our tech is enabling our marketing to perform better

- **We can track our digital spend effectively**
- **We don't talk about big data; we have it actionable for business**
- **Enabling our tools to access our data is changing how we think of campaigns**

Our People have the right experience

- **Our Marketing team can operate at pace**
- **We know what excellent looks like**
- **We are prepared to fail fast**



WRAP UP

Breon Corcoran
CEO

Competing in a crowded market



- Increasingly difficult to win through marketing alone
- Product differentiation is key for acquisition & retention

Competing on product is not trivial

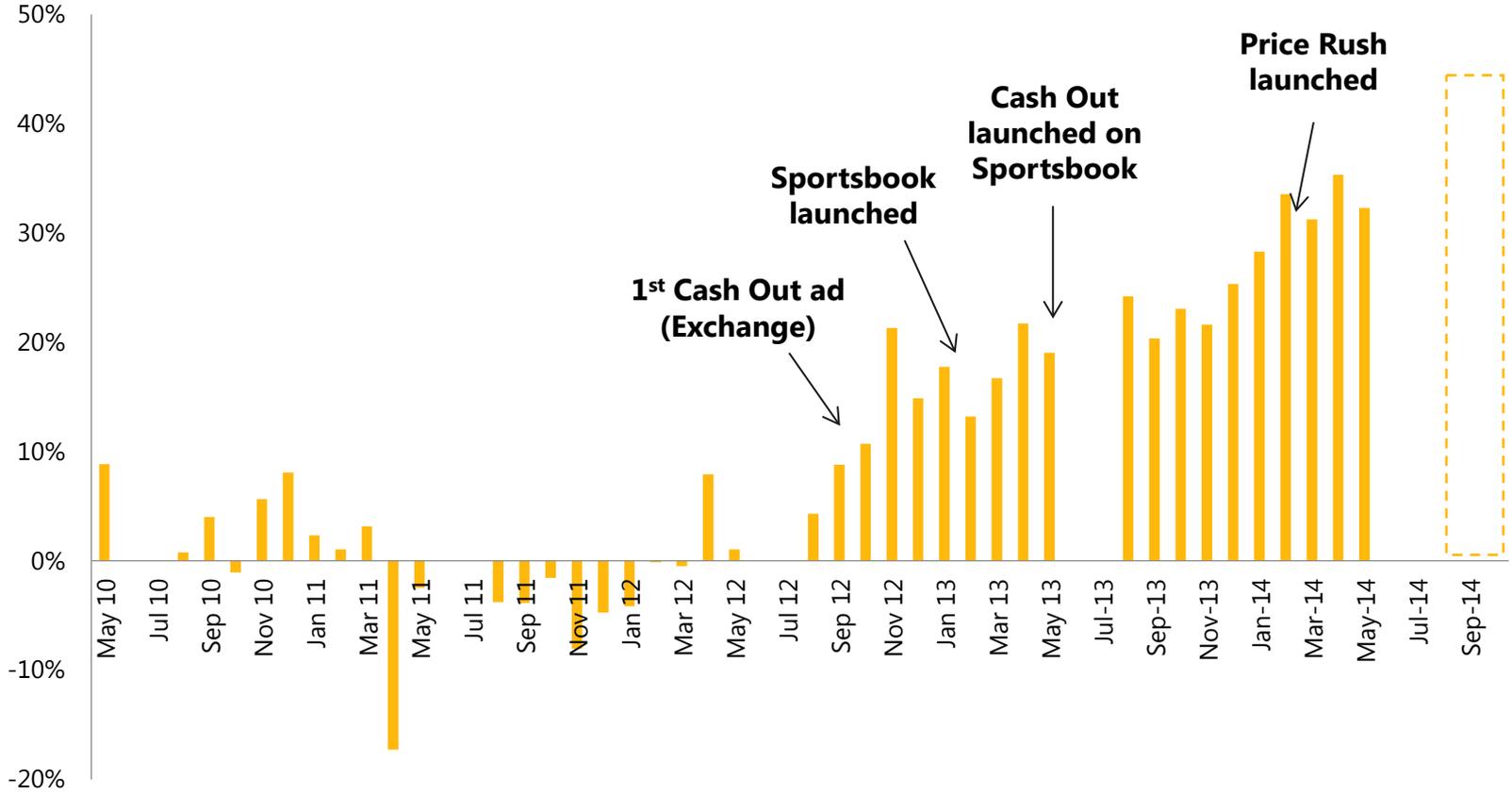
We are well placed:

- **Efficient in-house development capability**
- **Not encumbered by retail considerations**
- **Brand heritage of innovation & differentiation**
- **Evidence that we can develop products that resonate with customers and dictate the industry agenda**

We believe that Product is one of Betfair's competitive advantages

Combination of product & marketing investment is working

UK&I monthly active customers, YoY % change



Note: June & July removed in all years due to impact of football tournaments





Q&A

