

# Table game yield management has arrived

Buddy Frank, CDC Gaming Reports · July 11, 2019 at 12:59 am

There's probably no position in the casino industry where experience is more critical than that of a table games manager. They need to use their collective wisdom, honed from years in the pits, to accurately determine the right spread of games, proper table minimums and dealer schedules to maximize efficiency and profits. At the same time, they also need to focus on game protection and great guest service.

It's the kind of complicated decision-making that seems like a natural application for computerized data crunching. Indeed, most "slot tracking systems" were modified decades ago to also collect basic table game and player data. Unlike slots, table games have no automated data collection. They utilize pit clerks and supervisors to manually input the basics such as bet limits, players, occupancy and games open or closed. This gave managers the basic data about volumes and player ratings. What was missing was how to use that data to effectively boost profits. At least until recently.



*Venetian Macau*

Tangam Systems, which specializes in table game optimization, estimates that 15% of the 40,000 tables found in larger casinos are now using their "yield management" tools. And, according to company president Maulin Gandhi, they are on track to hit 10,000 tables or 25% of the market within two years. Perhaps surprisingly, their software does not collect any additional data, rather they use the property's existing data to make recommendations for actionable changes

that can increase yields both in real-time and from improved planning.

It's been something that operators have had on their "want list" for years. Tangam's SVP of Operations Ari Mizrahi joined the firm three years ago, but that was after decades in the Pits as an operator. He says, "we didn't need more spreadsheets, what we needed was answers."

How to "price" games was one of those critical queries. When should limits go up or down? Mizrahi said that most casinos today believe in dynamic pricing of their games to maximize profitability. However, those on-the-floor spot decisions are generally made by dozens of different pit managers each with varied backgrounds and even many from different jurisdictions. While they all offer sound judgement, the reality is that critical elements, like limits and spreads, could vary widely depending on who was making those calls. "The biggest surprise most operators comment about when they begin using our software," Mizrahi says, "is that they had been executing pricing strategies in a manner inconsistent with company philosophies."

Tangam's "TYM Live" module was designed for that issue. Using real-time data, the system provides timely recommendations at either the pit-stand terminal or on a handheld mobile device. Mizrachi says, "the 'Live' side is the sexy part of our software." Once management, or the table games executive, has set a philosophy, the software provides real-time yielding recommendations based on that direction. A pit boss can then act on the recommendations or add a comment as to why he/she didn't. It then allows management to review the results. If recommendations are seldom followed, it offers a training opportunity for those making the calls to improve and more closely align with company goals.

Gandhi noted that there is quite a difference in how their software is perceived in different markets. "In Asia, where there is a much greater concentration of table game products and overall revenue share, operators already devote considerable resources to analyze data. Our products were well received there because we make their analysts more productive." He cited several examples where projects that took weeks in Macau, could be accomplished in just hours using Tangam's software.

He contrasted that to the North American market, where "non-technical table managers can validate their 'gut feel' to boost performance." He said, "often a pit manager will make a move that is right, but it could be delayed by an hour or two. Making those moves earlier with a product like 'TYM Live' can make a huge difference in yield."

Gandhi said one of the more valuable features of their program is to provide managers with the data they need to convince others that a change in staffing or product mix is needed. "Often the manager knows they need more staff but can't convince the CFO that those extra games, with the corresponding increased labor costs, is worthwhile. Our software shows them the data and demonstrates the likely improvement in win/hour and profit. That's when the magic starts to happen." Likewise, the opposite occurs when Tangam can identify and recommend changes to prevent inefficient overstaffing.

In their marketing materials, Tangam quotes several top executives who swear by the software and services. Galaxy Macau's Director of Operations and Optimization Richard Longhurst said, "TYM was instrumental in delivering growth in EBITDA by improving operational and labor efficiencies while empowering our staff to execute positive changes to the floor and simultaneously enhancing player experience."

"The value of our customer experience at our properties is priceless," said Melissa Price, senior vice president of corporate gaming at Caesars Entertainment. "The real-time data gives us a deeper insight that allows us to quickly adjust to customer needs, while also establishing new business goals and tracking the success of our strategy."

Improved scheduling is certainly another of the first benefits that managers who've installed the Tangam software realize. "Getting the pricing, spreads and game mixes

correct not only boosts profitability, but it also results in a higher degree of guest satisfaction by having the right products that players are seeking,” says Mizrachi. As operators get more sophisticated, they can use new KPIs (Key Performance Indicators) like “game pace,” “under-capacity hours,” “under-spread hours,” and “under and over-priced hours.”

Tangam will either lease or license their software to clients, but both options provide a high level of services and support. Depending on their needs, we’ll talk with operators on a weekly or monthly basis answering questions about what the data is showing. Mizrachi says, “When they are considering adding or removing tables, we can provide them reports and analysis on the impact of such moves to support or question the changes.” He noted that they are always available for “ad hoc analysis,” but that he personally visits each client no less than three times a year to provide them with individualized data showing potential opportunities that they may want to consider. Each client also is assigned both technical and operational account managers from Tangam to offer advice and counsel.

Mizrachi said one of the most satisfying aspects of his job is “seeing the light bulbs go on” during their training on how table games make money. “There has been a lack of understating of these basic concepts at many levels of table game management”. One the of surprising things Mizrachi heard during a training was: “I have been in the business for 30 years, but really didn’t have a full understanding how we made our money, until now”

That fundamental training alone would seem to make Tangam Systems a winner at any table.

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