

## Case Study

### Victor Chandler International

#### Defend to Win

#### The Project

With a history of innovation from traditional roots, Victor Chandler needed to address the issue of arbitrage opportunities arising and threatening the profitability of its sports betting operations. The company turned to Botsphere, initially for a defensive solution and since implementing the new system it has found many positive business advantages flowing from the project.

#### Background

Victor Chandler senior, grandfather to the current CEO started the business by building Walthamstow Greyhound Stadium in North London in 1946. His son expanded the business with a chain of 40 betting shops around the UK, today the current Victor Chandler has taken the business on-line and worldwide. The group has customers in over 160 countries, employs over 500 people worldwide and has extensive operations in the UK, Europe and Far East.

Victor Chandler was one of the first betting companies to launch an on-line business with the formation in 1999 of [www.victorchandler.com](http://www.victorchandler.com). This was quickly followed by on-line casino ([www.victorchandlercasino.com](http://www.victorchandlercasino.com)), games ([www.victorchandlergames.com](http://www.victorchandlergames.com)), and the launch of on-line poker ([www.victorchandlerpoker.com](http://www.victorchandlerpoker.com)) in 2002.

An extensive range of in running betting has also been developed. Open 24 hours a day, the VC call centre takes over 2 million betting calls a year, from customers in more than 160 countries. VC Bet offers 24-hour betting in a secure on-line environment. The site is available in a growing number of languages (currently 12), and native speakers tailor each site to reflect the needs of local customers.

#### The Challenge

In keeping with its reputation for innovation, VC recognized the need to adapt to the changes in the market resulting from the introduction of betting exchanges. VC decided to implement RightPrice from Botsphere to help compile odds on its horse racing book in 2007 and, initially, the reason for looking at RightPrice was a defensive one.

Ian Marmion is Trading Director of Victor Chandler, responsible for some 50 odds compilers and traders working across the company's sports book, of which 8 work on horse racing. He describes the driver for change as, "when betting exchanges came along, the volatility in the market increased massively and we were looking for a way to control our liability in the market."

"Punters now have sophisticated tools to allow them to arbitrage differences in odds which arise under a manual system. If you can imagine 30 races on a particular day with maybe 700 price changes and only four or five people to change the prices you can easily end up in a situation where an arbitrage punter can take advantage of the situation. Arbitrage punters are of no benefit to us and so we needed to automate the process to remove the risk."

Having decided to go ahead with the project, the actual implementation went very smoothly. Two VC staff were allocated to deal with the integration of RightPrice into the trading system, assisted by Botsphere consultants working in London. "I thought the biggest problem was going to be acceptance," comments Ian. "However, everyone accepted it really quickly. We decided to phase the implementation and start with a couple of races. I remember I was on holiday at the time and I called in to see how things are going and to my immense surprise my manager told me they already had all the races for the day on RightPrice."

VC has been using RightPrice for six months, and it has found the benefits to exceed purely defensive ones.

"We found it was very intuitive to use and we did not have any teething problems. The most immediate improvement - aside from eliminating arbitrage opportunities - was allowing us to continuously adjust prices on horses other than the ones we were shortening. This enables us to lay many more horses in races. It also enables us to take on horses that we don't fancy. As long as our form people are taking on the right ones this means that quite aside from being a defensive move to outpace arbitrage opportunities, RightPrice actually increases our revenue and margin - going directly to our bottom line."

### **Greater Benefits**

Another improvement over manual pricing is that far from taking away the need for skilled compilers it actually helps them get on with what they are good at and makes the work far more interesting for them. They are more efficient and productive, while the de-skilling of the process which RightPrice brings to the entry level of the work means I will not have to look outside the company for staff for the medium term. It can be difficult to find good people where we are in Gibraltar this is another significant improvement, as it reduces the need for recruitment and training.

In fact it has invigorated our best people, giving them the chance to stick their noses back into a form book rather than spending time manually adjusting prices.

### **Business Case**

Before introducing RightPrice, VC established a business case for the project, based on its defensive priorities. In fact, the additional benefits meant the objectives of the original business case were easily exceeded. "We had initially set performance targets for the project based on what we thought it would do, and I was told RightPrice had delivered the expected return for the first year in the first quarter!"

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