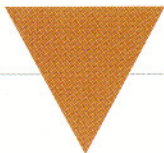


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RETROSPECT

BY GLENN BONNER

EFFICIENCY: THE ODDS-ON FAVORITE



WHEN ONE CASINO OPERATOR ACQUIRED ANOTHER, IT BET THAT IT COULD CENTRALIZE AND INTEGRATE OPERATIONS.

When MGM MIRAGE acquired Mandalay Resort Group in April for \$7.9 billion, the combined company became one of the world's largest gaming entities. MGM Mirage, consisting of 11 properties, had more than 43,000 full-time employees and \$4.2 billion in annual revenue. Mandalay Resort Group included 13 properties and 29,000 employees, and had \$2.8 billion in annual revenue.

Our goals: Take advantage of the synergies of the combined companies by centralizing information-technology operations and standardizing operating systems, software applications and networks—wherever possible. And ensure that operations run smoothly during and after the transition.

In fact, we did exactly that when MGM Grand acquired Mirage Resorts in 2000. The Mirage I.T. department, where I was CIO, was asked by MGM Grand management to integrate and run the newly combined company's information systems.

We saved \$150 million a year by centralizing and integrating operations, including information technology.

Our company is aiming for a significant bottom-line savings with the Mandalay acquisition. That benefit will only come about by making the two operations work as one.

As a larger company, we have a big advantage: We have an experienced information-technology team, including those who worked on the merger of MGM Grand and Mirage Resorts.

We inherited about 50 programs from Mandalay, bringing the total number of applications we manage to 289. That includes three different hotel property management systems; at least two variations of SSA Global's Infinium enterprise resource planning software for human resources, payroll and finance; and several loyalty management systems.

We are working to either integrate or standardize at least 50 of those 289 applications.

Previously, we had consolidated more than 140 Microsoft SQL Server databases onto one Unisys Itanium 64-bit platform. These databases provide everything from lost-and-found tracking to spa and salon reservations. Our goal is to migrate the Mandalay SQL Server databases to this primary Unisys



platform, enabling us to eliminate nearly a dozen servers.

We don't intend to immediately unify all of our systems. Take, for instance, our hotel property management systems. While we previously had two, including one that was custom-built for MGM Grand, we inherited another one from Mandalay.

In information technology, replacing a property management system is a lot like performing a heart transplant. When do you want to do that surgery?

The answer: not until the day before you die. Both a heart transplant and a hotel property management system replacement are extraordinarily difficult. If anything goes wrong with a property management system, which is in use 24/7, the business could suffer a tremendous setback in customer service and revenue.

Another key system: the help desk. We had a centralized help desk; Mandalay did not. We believe you can make overall operations more efficient by having a single, centralized service process.

Of the 24 I.T. employees previously at Mandalay Bay Resort, 19 were reassigned to work in the parent company's I.T. department to focus on the help desk and other centralized support functions. The remaining five at Mandalay Bay continue to work at that site to focus on desktop management.

By centralizing help-desk functions and deploying technology in the Mandalay Resort Group's properties that enable the help desk to access and fix problems using remote machines, we reduced by one-third the amount of time it takes to provide service. That's because we no longer needed to travel between the service points to visit individual desktops.

Just as with playing poker, we prefer to place our bets and take an "all-in" approach to projects that have better odds. ◀

—WRITTEN WITH ANNA MARIA VIRZI

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