

INTERVIEW WITH GLENN BONNER SENIOR VICE PRESIDENT AND CIO MGM MIRAGE MANAGEMENT INFORMATION SYSTEMS



Note from Rich: One of the benefits of having published on technology for 13 years is on occasion you have the opportunity to revisit. When I first interviewed Glenn he was only two years into the industry and he was CIO of Mirage Resorts. Mirage Resorts merged with MGM to become MGM MIRAGE and this past April also acquired Mandalay Resorts. As he discussed with me, much has changed in seven years, but unfortunately a lot has not. His candor regarding what works and what doesn't was truly a breath of fresh air. A great interview that I am sure you will enjoy.

Rich: How long have you been in the role of CIO here at MGM MIRAGE?

Glenn: This January it will be nine years.

And you were a consultant first?

I was a managing consultant with Microsoft in the Microsoft Consultant Services (MCS) practice.

How did you end up in hospitality?

Well, I was doing some work for Promus Hotels when I managed the consultant business for Microsoft in Memphis, Tenn. Promus was one of our big clients and we were developing a hotel system for them.

Is that the system they use now?

Promus Hotels, as well as Doubletree Hotels, was acquired by Hilton. The system we developed was called System 21 which was enhanced and renamed OnQ. But yes, it is the same system.

And before hospitality?

That's how I got into hospitality. Prior to that project I was always in manufacturing and engineering.

Do you have any regrets?

About hospitality? I think the last time you interviewed me, I said that I felt it was something simple that I could get involved in because it was just a user interface and database.

(Laughing) If only it was that simple. Thinking back to the first time I interviewed you, when did the Bellagio open?

In October of 1998.

So, it was over seven years ago that we did our first interview.

Yes.

So, have your thoughts of the hospitality industry changed over seven years?

Yes. At the time I felt Mirage Resorts (now MGM MIRAGE) could go in and do our own thing and make a difference in the drive toward Intel-based systems. I have come to realize that you

need vendors to come along and implement change. I try to be an active leader in the industry. As I look back on the past nine years in this role, it hasn't changed much in terms of interfacing requirements, costs of interfacing and inoperability. Those are things that, obviously, we need the vendors to come together to help solve that problem, but it hasn't occurred.

How are you trying to change this?

I think that instead of using the dollars from MGM MIRAGE to influence change, I have gotten involved with different industry groups like HTNG to influence the industry.

Are you satisfied with the progress that HTNG has made?

Yes. I think HTNG, for a non-profit, just lead by the hoteliers and vendors in the business, has done pretty well. Obviously, there is a good bit of sweat equity in terms of people donating their time including the vendors that are also donating their companies' time to participate in these demonstrations or developing white papers and so forth. As you look at other industries that's the way it happens. If you don't drive it like this then you have a set of products that do not interface and each vendor must write a separate interface to communicate. The reality is that all these systems have to play together at some point.

Do you think the industry will ever reach a point that if you are a technology supplier, you will need to be HTNG compliant to have success in this industry?

I hope that there would not have to be standards but rather norms that an HTNG organization would influence in terms of its vendors. There would be norms for say implementation of scalability. Software products are developed because someone with a great idea created a product in his/her garage or as a spin-off of a previous company he/she worked for. There is a product concept, but that product, typically, when in its infancy does not have the checkmarks or norms to make it successful.

How so?

They may not cover the scalability aspects and they may not cover the reliability aspects. In larger hotels if we want to implement and use this product, the vendor would do well to have those checkmarks. Those are norms that an HTNG-type organization would help new vendors establish and also help new products coming into the market. The more widely accepted they are, the more successful and less costly they would be in terms of downtime and so forth.

Historically, no matter what kind of application, it has always been a disadvantage for a new vendor in our industry to come into the market because they do not have the library of interfaces or the ability to have systems talk to one another. Do you think as the HTNG initiative actually progresses or continues to progress it will encourage new types of technology coming into the marketplace? The opportunity for success would be easier if you didn't have to go through the whole process spending years developing interfaces, right?

I'm not going to say new vendors, but I think it gives new products a better chance of success. I do not look at it as it's going to give the product a better chance of success, I think it allows the more rapid adoption of technology. Anytime HTNG stood in front of vendors, we said, "Don't be afraid because this will allow you more opportunities to sell your product." If you have a system with 20 custom interfaces, your only alternative is to purchase a new system and replace all of the interfaces. There are fewer opportunities for vendors because of the fear of failure and the costs associated with changing everything out. I call this the complete body transplant. You don't often want to do a heart transplant, but in terms of a hotel system if you have to do a heart, lungs, liver and brain transplant then obviously there is a bigger chance for failure.

How would you define success for HTNG?

One of the fundamental premises is that, if you go back to the original white paper,

it says we are not satisfied that most hotels are currently working on older technology platforms. Typically the industry is tracking 15 years behind actual technology. The way I look it, if HTNG is successful, we will have more technology that is unobtrusive, allows the guest to experience the property and the leisure environment without having 12 remote controls in their rooms among other benefits. If HTNG is successful, the real issue is the more rapid adoption of technology that's out there like voice interfaces. Obviously, if we cannot get the interfaces right, we are never going to get to the point where the guest can say "close the blinds" and they automatically close.

Glenn, you seem to be going down the path for creating standards. Is HTNG about standards?

The realization is that we need standards. When I was with Microsoft we started the Windows Hospitality Interface Specification which we called WHIS. That kind of morphed into HITIS in terms of those specifications and now with OTA. I think in the end, the realization is that there are standards out there and standards bodies need to continue. It's just that our vendors aren't using them. The idea now is that we have to demonstrate how you would use those standards. One example is the HITEC demonstration in 2004 where we showed interoperability. One of the things that we are actually taking live this month at MGM MIRAGE is we've implemented that HITEC interface specification using Biz-Talk, which is Microsoft's Web services messaging engine, and we are using the same message formats to implement our credit card processing and cross-property charging that internally we call the Central Messaging Engine 2 (CME2). We currently have the Central Messaging Engine 1, and it has served us well, but it's time we move on. We have taken those interface specifications from the HITEC demonstration and implemented our credit card processing using them. We have plans to take it live with an InfoGenesis interface this month. Then, as we bring up our MICROS OPERA hotel platform at Treasure Island in mid-October we will also be bringing with that the interface messaging capabilities.

Continuing with HTNG, you are involved with a new initiative that will be more focused on gaming, correct?

Yes, think about all our large properties where we are destination resorts with gaming. There are many systems on the gaming side and the same problems exist in the gaming side as in the hospitality space.

Meaning?

The systems and interfaces typically don't work together and every time you put a new system in you must have a custom interface written. When new vendors enter the space, they typically don't follow the norms of reliability, scalability or quality. A group of gaming CIOs solicited the HTNG Board including tribal gaming and the big corporations such as Harrah's Entertainment, MGM MIRAGE, Station Casinos— basically most of the CIOs at your CIO Summit this year.



Borgata - Las Vegas, Nevada

Nice plug. Keep going.

Those CIOs decided that they needed to do something in gaming, as was happening with hospitality and HTNG. Since I was on the board I suggested that we solicit HTNG. The board came back with a unique concept that's been used in other industries like the Open Group. We formed a special interest group. The first one commissioned by the HTNG Board and that's the Gaming Special Interest Group. Our intent is to drive specific gaming initiatives and solutions through that group, which includes vendors as well as operators.

There has always been the perception that when it came to technology, gaming was always ahead of the hotel industry. Do you think this is true today?

There is one huge difference in that gaming systems always had to have gaming regulatory certification. In some cases that may have helped the quality. That was the only difference. When you walk into a hotel and they tell you some system is 10 years old, and you say, "Wow that's surprising." Well it's the same scenario in gaming, only it's not the construction process that limited it as with hospitality, it's been the regulatory

process. Once you get something approved through the regulatory body it takes years to get regulations changed and therefore years before systems change out. Just as with the hospitality business where systems have lagged traditional technology, the same goes with gaming.

Interesting. You know there is a perception issue. In the hotel industry it seems they keep the systems way too long; much longer than other industries. It is interesting you say it is similar in the gaming industry where the technology investment seems to be more aggressive.

Certainly there is more money to be spent in gaming. Based on gaming margins, you have always had larger investments for technology solutions.

And more money inspires development, which is why I think the gaming market is more aggressive than the hotel market.

In actuality that has not been the case. When I came into gaming, just as with hospitality, there were DOS-based systems. There was slow adoption. Currently, there are one or two SQL server-based systems with client server architectures. As far as I know, to date there are no .NET architectures that are out there. The gaming industry is not moving that quickly when there are quite a few .NET applications in other industries.

When I interviewed you after the Bellagio opened in 1998 you were CIO of Mirage Resorts. When did your company become MGM MIRAGE?

In June of 2000.

Today you are still going to be MGM MIRAGE but, your hotels are changing once again, right?

Yes. We started with Mirage Resorts in 1997 with four properties, moved to six with the Bellagio opening in October 1998 and the addition in 1999 of the Beau Rivage in Biloxi which just went through Hurricane Katrina. That increased the corporate employees to approximately 28,000. As you know, in June 2000 MGM Grand acquired Mirage Resorts. We renamed the company MGM MIRAGE and added 15,000 additional employees. As of April, we acquired Mandalay Resort Group, which was an additional 14 properties taking us to a total of 24 properties. We have approximately 70,000 employees and 45,000 hotel rooms and about the same number of slot machines. We also picked up the Mandalay Convention Center that is approximately 1 million square feet. It's quite a substantial operation.

So, when you get wind that an acquisition might be happening, as CIO, how do you start planning for that?

I always say, it's too late.

(Laughing) Come on, tell me.

You have to have done your planning. You have to have been prepared for the scalability that you need from a network perspective a year before. Before your boss even says, "Hey, we are thinking about buying some properties." You have to have invested in that technology and understand how it's going to scale. A good example, in 2003 we proposed to the company that we install a dense wave division multiplexing (DWDM) network which is a multi-service, fiber multiplier of sorts. As you may know, between our properties in Las Vegas we have Ethernet, fiber channel for our storage systems and voice transports. So we can only have so many pairs of fiber connecting to each of these properties because it runs through the city's right-of-way.



Bellagio - Las Vegas, Nevada

This is a good example.

There is a monthly cost associated with dark fiber. The more pairs of fibers you need, which increases on an annual basis, at some point in time you reach a cost point where it's more cost effective to use technology to solve it. In 2003 we began installing our dense wave division multiplexing network (DWDM). The telephone companies have used this technology for some time. Basically what you do is take two strands of fiber and convert it to, in our case in the equivalent of what we are using, 32 fiber paths. What that gave us was the ability to multiply the number of services we had between our properties, taking it from just one to 32. Once we heard that we were going to acquire Mandalay Resort, the vision of scalability came to fruition.



Monte Carlo - Las Vegas, Nevada

So what you are saying is...

We knew that we would only be using a small number of the 32 channels available to us until it was announced that Mandalay Bay would be acquired. This has allowed us to make it much easier to quickly turn on the services between these properties and between the computer rooms as we centralize systems and services. You must have prepared before the boss lets you know that you are going to need it. I believe that is the real charter of an IT organization.

What encompasses Mandalay Resorts in Las Vegas?

Mandalay is comprised of Circus Circus on the north end of the strip and on the other end of the strip is Monte Carlo at 3,000 rooms, Excalibur, which is a 4,500 room hotel. Adjacent to Excalibur is the Luxor with another 4,300 rooms, and then, of course, Mandalay Bay with about 4,000 rooms including The Hotel which is a separate boutique tower.

Doesn't Mandalay Bay also have a Four Seasons?

They have space leased in the top of the main tower which is a 400 room Four Seasons Hotel. It's separately managed by Four Seasons and we really don't see it as one of our properties, except for some telecommunication connectivity that crosses over.

Interesting.

Additionally in the Mandalay acquisition, we picked up a casino in Detroit. MGM MIRAGE already had a Detroit property. Since we could only have one license we chose to keep the MGM Grand Detroit. We also picked up a joint ownership with a property in Elgin, Ill., as well as a wholly owned property in Tunica, Miss., under the Goldstrike name. The other properties that we picked up were a little bit smaller. You have Circus Circus Reno, Edgewater and Colorado Belle in Laughlin, Nev., as well as the Goldstrike in Jean, Nev. Those are two properties that are smaller in nature.

What is going on with Beau Rivage in Biloxi, Miss. after Hurricane Katrina? From the IT perspective what happened?

At the Beau Rivage, we had some specific emergency plan requirements where we have a tape silo that is located offsite, although it is located inland, it was also affected by the storm surge. This is a good case study for data warehousing.

How so?

One of the benefits of data warehousing is that on a daily basis we pull all the reservations or any change in any reservations, if you checked out or whatever, into our data warehouse. Every night we have that cleansed so that all the reservations that were booked and everything in our data warehouse was here in Las Vegas in our data centers. When the hurricane first bit and we found out that the tape silo with the back up of the hotel system reservations was also bit, we were a bit panicked. After scratching our heads we said, "OK, that data is in our warehouse." We began pulling data out so that the hotel could call and refund deposits for those guests who had made advance reservations.

Is there a plan that goes into motion when you become aware that a storm is approaching?

The Beau Rivage in Biloxi operates a smaller federated IT environment. All their purchasing, upgrades, engineering and remote management is done here in Las Vegas. In Biloxi the IT employees there are responsible for operations and the physical, repair of hardware, as well as some application support. Our focus was to assist them initially in setting up the evacuation plans. We had to do this early on. We learned from our experience in October 1998 when a hurricane came through Biloxi and about \$10 million to \$15 million worth of damage was done before the property opened. It set us back and we missed our opening date. The Biloxi Beau Rivage was to open in December 1998 and we moved the opening to March 1999. When the hurricane hit, we had just opened Bellagio, and so it gave us a chance to think about the process of evacuation. For Biloxi we laid out a plan and they executed that plan. It was modified over the years but part of our role was to create a plan for how to protect our data, how we shut down systems and how to take care of them. Fortunately, at the Beau Rivage this time, because we planned the property from the normal tide level, the computer room is located five stories up from the lobby. We were able to get into the property a week after the storm and we did not have any effect in the computer room and all systems were intact. We were fortunate that the high water mark did not reach the computer facility.

Interesting. What is the current plan at Beau Rivage?

It is completely shut down. The focus for us is on the employees and the rebuilding process. All Beau Rivage employees' homes are either destroyed or in some sad state of disrepair. Our Chairman Terry Lanni and CEO Bobby Baldwin were in Biloxi after the hurricane. They surveyed the area and made announcements for the company that we will continue to pay our employees. The role of IT in this is to quickly get together the payroll information. We developed an application. As you might imagine, our employees are scattered all over the South from Dallas to Atlanta. We've committed to the employees that they will get their regular paycheck for 90 days, which is something we believe is the minimum that we can do. As you might understand, paychecks have to go to different locations. In some cases banks are completely gone and so we are working together with our Bellagio property to process payroll for Beau Rivage. We also created a .NET application that allows employees to put in a current address and where they are going to be. It is interesting that initially people moved to Houston or to Dallas. Now they are coming back to stay with family and these addresses are changing almost daily. The application has to be somewhat flexible so we can track them as they move from one location to the next so they can get their paychecks.

This is a great story.

It is a good example of IT stepping up. We knew we could set up a call center for the employees and provide a toll free number for employees to call, but they needed this additional functionality that was not currently in the payroll system. Payroll typically expects you to be in the same place, and in this case we set up an application that establishes contact, gets current addresses and contact information, and the next location where employees might be. We have received some accolades because our Internet services group responded so quickly.

What are the long-term plans for Beau Rivage?

We are committed to rebuilding. Terry Lanni announced that we are focused on rebuilding. Fortunately our property was not greatly affected because it was designed so well. We originally constructed Beau Rivage for a category four or five hurricane and, I believe, most of the windows on the property were intact. The only thing affected was the casino which sits over the water. The casino will need to be refurbished. There is some cleanup that needs to be done, slot machines need to be replaced, computers on the floor and

so forth. We believe it is our obligation as part of that community to rebuild as quickly as we can to bring the economy back.

Is there a time table as to when you think the Beau Rivage will reopen?

Our chairman has said that it could take 12 to 18 months because of the devastation to the community. We want employees back and working as soon as possible.

The reason I ask is that the Beau Rivage is the dominant property in Biloxi. Where it leads, people will follow. If you announce it is going to open, then people will be planning trips and other businesses will open. The sooner you get the area healthy and active again with people coming back everyone will benefit.

Absolutely. That's the vision of Chairman Lanni as well.



New York, New York - Las Vegas, Nevada

You talked about employees in Biloxi. Talk about employees in general. How many people are involved in IT at MGM MIRAGE today?

We have about 500 IT employees. As you know our operation is highly centralized. We have our ISO-9000 systems management and help desk operations here in Las Vegas where we process all calls from every property and resolve 65 percent to 70 percent of those calls remotely. We are having a very good success rate with that. But in the end if there is some hardware issue then, of course, the folks at the properties have to go out and make those repairs. I guess from a perspective of the ratio, 400 of the 500 are resident in Las Vegas and maybe 250 of those are focused specifically in a centralized fashion. The remaining 150 or so are spread out on the properties in a 24/7 environment.

Do you do much internal development of applications?

Yes. Obviously, you want to stick to your core competency. With MGM MIRAGE being the leader in the high-roller gaming market, we've developed our own systems associated with markers called Casino Cage and Marker Management. Markers are credit instruments for high rollers, such as yourself.

(Laughing) If I'm considered a high roller your company is in serious trouble.

Those markers are like checks in the casino. You can fill out a check and say I want a certain amount of chips, and the Casino Cage and Marker Management system manages those instruments to and from the cage operation where the money is kept and out to the tables. Obviously, if that is your core business you want to develop that yourself.

I can see your point.

We have some unique demands based on how we do it and the fact we want to understand that marker scenario across each of our properties.

I know that you developed your own casino cage and marker management system for Mirage Resorts. MGM Grand Resorts also developed its own and now you have Mandalay Resorts coming on board with their own. How do you incorporate all of these systems into the new MGM MIRAGE?

Well, it takes years. This goes back to one of your other questions about if things have changed as much as I thought they would or have I influenced the changes I would like to make. And the answer is, no, especially on these systems. But it is specifically tied to the regulatory process. Obviously during the acquisition of Mirage Resorts in 2000, my goal was to combine the two cage and marker management systems into one system. At that time it was not considered to be one of the core synergies for the combined companies. But two years ago we began a .NET development effort which culminated this year with a product that we are ready to deploy after it clears gaming regulatory approval.

This is a dose of reality.

From 2000 until today, it has essentially taken us five years to understand the problem and get the previous synergies off our plate, and now we are ready to deploy a new cage and marker management system that will be used at each property.

Will you have to go through the same process with Mandalay now?

They have their own system, so we will go through the process of finding the low hanging fruit. Obviously our goal is to turn back as much shareholder equity as fast as we can based on

the acquisition. If the cage and marker side doesn't turn a significant amount of cost reduction or revenue generation then it will be put on hold and we will focus on things like GDS reservations or other things where we can get an immediate benefit. We will drive to get those deployed quickly.

You have made some changes recently with your GDS, right?

This past July, we converted the MGM MIRAGE properties to our own GDS connection. Our GDS volume has grown large enough for us to do it ourselves. We now have GDS connections to the four GDSs, and immediately after we brought that live, we started planning and implementing to do the same thing for the Mandalay Resort properties. There is a significant cost savings by aggregating all the GDS reservation transactions onto a single implementation.

How do you analyze and implement technology changes at MGM MIRAGE, especially those that are marketing driven?

Let me just give you some insight. We take the approach that our business owners (marketing, financial, casino) have to sponsor any IT initiative. We don't change for the sake of IT except for the core infrastructure we talked about earlier like our DWDM implementation.

Which are really technology tools, correct?

Right. We look to a business sponsor driving the initiative to take us to the next system platform or application. It is the same with marketing. We need someone on that side that is a visionary. We can tap into and access that vision through technology. But, unless we have the visionary owner on the marketing side, we will not push an initiative.

So?

We typically will team with someone and tell them this is a good opportunity for us to reduce costs and improve revenue. We will try to build a sponsor if we do not have one, but we never go in alone. Regardless if it is marketing applications for operations in the hotel or casino, that's the way we operate. And, I believe that has allowed us to be successful because once we have that sponsor then we have the horsepower needed to make sure it is implemented and operational.

This is good. Keep going.

You asked how we operate with marketing folks. Our senior vice president of leisure marketing came to me and asked, how can we wrap these Mandalay Resort properties in quickly because they are currently paying

a higher GDS cost than we are at other properties. Based on the number of GDS transactions it's about 'x' number of dollars, and the faster we start saving 'x' number of dollars, the faster we can turn it back to our shareholders. We have mapped out a plan to quickly implement this GDS service for the Mandalay Resort properties.



Luxor - Las Vegas, Nevada

You are instituting some major system changes including OPERA from MICROS. How does a company of this size institute change and what motivated the technology changes?

We put pressure on our properties any time we have a system that is behind the technology curve. And so we will give them that little nudge that says this architecture and these systems are going to be more expensive to maintain because they are not current, mainstream technology. It will be harder to find employees to manage these and harder to keep up with changes because we might have to put a system in we can't just purchase off the shelf. We play the role of gently nudging our operators to let them know that their technology is behind the curve. Now, typically, they know it before we do because they see that an interface is stale or they don't have the functionality that they would like to have. Then we begin the process of capital planning to identify what we need to make that change and what benefit there will be. For OPERA, it is the ability to cross-property sell. From a hotel perspective, all of our hotel systems are independent. They run independently because they are associated with these large properties and so the cross-property selling process is almost impossible. We selected MICROS OPERA to have an integrated central reservation environment where we can migrate all the properties into the same reservation pool and then at that point we can cross-sell. We believe the upside is to be able to appeal to the needs of the person who is calling; whether they are calling New York, New York or whether they are calling Monte Carlo.

Many of your initiatives seem to be motivated by your wanting to leverage all your properties here in Las Vegas.

True. Earlier, I mentioned our credit card processing engine. It also does cross-property charging. If you stay at any of our properties, except the Mandalay Resort properties for now, you can cross-property charge. You can charge items and services to your room if you are staying at the Grand, dining at the Mirage, Bellagio or New York New York. You can just walk across the bridge and charge it back to your room. This has been installed for the last five years at all of those properties.

Is this a simple process? Does a guest use just a room key?

Yes. You just give your name, room number and the property where you are staying and the interface will allow the wait staff to query the system and then validate that you are in that room. It is a pretty cool technology and a good example of where we have been able to leverage technology. The traditional side of this is that it would work only if everybody is on the same hotel system. We would love to be on the same hotel system, but the problem is that I can't within a five year window. As I start converting properties we wind up either acquiring or making a decision on a new hotel system. In five years I don't know what that is going to be, and so by the time I get all these large properties deployed, which takes years, I am starting over. You are never in the ideal situation where you can say that you are on the same hotel system across the board.

What do you mean?

We started thinking about what opportunities there are out in the market and what is currently available. Back in 1999 and 2000 we looked at message queuing. It was readily available and IBM had their own M-Q series on the AS/400 system which is now called the iSeries. Microsoft had MSMQ and they were both compatible in terms of message queuing functionalities, in fact you could use one or the other. So we created this cross-property charging environment using messaging technology. It was a simple way to take a complex problem and break it down and use new technology to solve it. We implemented XML in terms of passing the messages back and forth and used a SQL server as the backend database. In our case we used Microsoft MSMQ and we created and deployed it in 2000 and it has worked very well.

And this is still being used today?

This year we are in the process of replacing it with BizTalk because it gives an additional layer of interpretation allowing us to script the translation of message formats. We think that will add flexibility and allow us to deploy things quicker. That is a good example

of where you can take technology such as the Web service messaging specifications—which are all standard whether it is IBM or Microsoft, put it to good use to solve a problem and positively affect revenue for the company.

You talked about putting OPERA into all of your properties. With properties as large as yours, how long a process will this be?

The good news is if you architect it right, our approach with OPERA is to build this multi-hotel system on a single Oracle RAC. It is essentially a grid of computers that we can keep adding to in order to meet scalability. Our approach is to have that single implementation set up and ready to scale. In our case we just plug in an additional database engine as we add a property or two database engines depending on how large they are, as well as the application servers using a blade server environment. So, if you can imagine, you have a RAC of database engines which are redundant so that if you lose one everything keeps running and you lower your risk of failure. Now we also have a high availability environment which we have the entire system replicated to a different data center. With that set up, the first installation is the toughest for us. Once it is implemented it's pretty easy from the IT perspective. The real pain is on the property side where, as you might imagine, you will have 400-500 employees per property that have to be trained and, of course, those are the ones who greet you at the front desk and check in our guests. If the process does not happen fast and effectively it affects guest service. For us in IT, it becomes easier as we deploy the next property, but from a property perspective there are training issues and changing the business process to match the benefits that you expect to gain from the new system.

I started my technology career as a PMS installer and training specialist. There are always two steps; having your staff learn the system and then having them embrace it.

That is very true. There is new functionality when changing systems, hopefully for the better.

Let's go back to the original question. Do you have a vision of where you will be in the next five years?

I just gave you some of the issues surrounding our planned installation of Treasure Island. We expect that we will find some issues in terms of the way the system works, and we expect that we will need to ask MICROS for some changes. As you can imagine those changes are not going to happen over night. You have to plan in a three-month cycle to work through those changes, get them implemented, reinstall the Treasure Island, test

it and get it up and running. That changes the business process again. So anytime you ask for a change, you are asking for it because you want to make the process more efficient which means the business changes. In a big property you have to have your business processes down to a science. If not, it's a melee.

Give us an example.

On a good Sunday you turn 1,800 rooms. It's a complete nightmare if something is not working correctly. Now go to a 4,000-room property where you are turning over 2,400 rooms. The issue is that if the processes and procedures in the property are not working well, then the corporate 40-hour per week IT staff gets called in on the weekend to fix problems that we caused the end users. (Smiling)



Treasure Island - Las Vegas, Nevada

(Laughing) Keep going.

Our goal is to not produce any of those problems. After we implement Treasure Island there will be a three-month period where we have to resolve any of those operational issues at the property, improve the system through request for change from the vendor, and once we are done there is a stabilization period. Then we have this problem that we like to call a business problem, and that is where our business from the week before New Year's Day through Super Bowl weekend is very, very busy. We have about a month where we absolutely can not make any changes to anything because that is our peak business period.

How about early December?

Early December is typically pretty quiet, but everyone is preparing for that month and a half of peak business. Chinese New Year and Super Bowl weekend are big weekends in the gaming environment. If I install Treasure Island in October, suddenly I'm looking at March at the earliest to get my next property installed.

It seems like your whole project is going to be dictated by the Treasure Island installation?

Exactly. Now how much of that effort is IT? It is just us installing some fixes, making sure the systems are up and running, and after that we can turn on as many properties as we want. We could turn on a property every day but the business couldn't sustain that. Optimistically, if you can take all your trained deployment teams in a 4,000-room property and train 400-500 people in a period of two months, you've done pretty well. So once we get through Treasure Island, get our procedures down and we start the next deployment based on the fact that coinciding with end of year, Super Bowl, and all those good things, it will be six months since we had Treasure Island up and running. After that, the plan is every two months we convert a property.

I will check back with you in March to see how you are doing. Who goes next?

The Mirage will go live in March.

You mentioned earlier Sunday turn overs at your properties of thousands of rooms. Does it still back up the check in and check out process?

Yes, but I think it has gotten better.

How?

As you know from your CIO Summit, we saw a great interest in the kiosk technology, especially the check in/check out process. Also even though we have had check out for some time on the TV screen you know how people are, they leave their brains back at the room and they walk downstairs and go, oh, we should have checked out on the television. I think the thing that has changed is that now there are more ways for people to check out. These options will increase some because of kiosk technology. As these technology changes happen it makes it easier to turn 3,000 rooms. I think technology certainly enabled that and it does make it easier. But no matter how many stations you have at the front desk, you always have queue problems when thousands of guests arrive while thousands are checking out. Plus there is the issue of what to do you with baggage for checking-in guests when guests due to check out are still in the rooms.

You will always have problems because of the size of your properties. I am asking where technology comes into play in addressing these problems.

If you arrive at McCarran Airport here in Las Vegas, you are able to check in to your hotel while you are waiting on your baggage in the terminal. At the McCarran Airport you go down the escalator to baggage claim and turn right and there is the MGM MIRAGE check in. Guests can check in and hand in their baggage over right at the airport. They may not be able

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