

THE INNOVATION GROUP OF COMPANIES



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Client and Company News for March 2007

One group can advise, raise capital, build and market your next development

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See us at NIGA, Booth 1114

Come and meet members of all four affiliates of The Innovation Group of Companies at the Indian Gaming '07 Trade Show and Convention in Phoenix, March 25-28. Staff from The Innovation Group, Innovation Capital, Innovation Marketing and Innovation Project Development will be on hand to answer any questions and provide insight into what we can do for your next project.



Steve Rittvo
Chairman
The Innovation Group of Companies

Hear (and party with) us at G2E Institute in

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**NIGA
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APRIL

**G2E Institute
Panelists and Sponsor
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Media Buying and Planning for the Casino Industry

By Joe Witterschein
VP Marketing Services
The Innovation Group



There is an old adage that says, "When it comes to advertising, half of it works for you and half of it doesn't. You just never really know which half." This pessimistic definition may be true in many consumer industries, but should never be applied to the casino industry. That is, if you can help it. I say you can. Face the facts, today's gaming operators, regardless of the size of the property, are knee-deep in more data than most know what to do with.

You know or should know most of the customers who walk through the door. They hand over to us their names, addresses, birthdates and anniversaries, along with reams of other information when they fill out your player's club application or check in to your hotel. The players with the longest history on property along with those who are your highest-rated players all have or should have relationships with your host staff. You do know who your customers are. As it relates to advertising and media, you have a running head start. But, do you know what to do with that information?

Effective advertising, which, at its roots, is supported by solid media planning and intelligent media buying, should be built around this tremendous amount of information you are already sitting on. But you need more. The devil, they say, is in the details.

Many will agree that "cost-effective" advertising is about eliminating waste - the percentage of advertising that you pay for that doesn't work and doesn't deliver. Chances are you've been attempting to advertise your property, promotions, casino games and hotel to the wrong people. Knowing *who* the gamers are and *where* they are should be your starting point. [more >>](#)

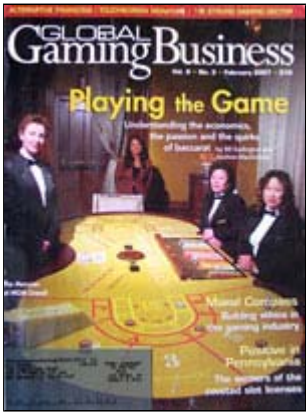
New Orleans



Bob Kelly

This year's G2E Institute will be in New Orleans, April 10-12, and members of The Innovation Group of Companies will be represented on panels at the event. The Innovation Group of Companies chairman Steve Rittvo will be moderating "The Contemporary Casino: Multi-Use Projects and Modernism" on Wednesday, April 11; and Bob Kelly, president of Innovation Project Development will be on the panel, "Budget Busters: The Rising Costs of Construction," also on April 11.

In addition, The Innovation Group of Companies will be sponsoring the Networking Cocktail Reception on Wednesday night, April 11, at Muriel's in the French Quarter, with a balcony overlooking historic Jackson Square. Hope to see you there.



Innovation Capital on the capital markets and alternative sources of financing

Matt Sodl authored a feature article in the February issue of Global Gaming Business Magazine on sources of financing for the gaming industry. Matt describes the impact of private equity firms and hedge

funds on the gaming industry. The pools of available capital are now enabling gaming management teams and developers to consider new gaming projects and acquisitions much more aggressively than could have been imagined just a few years ago with traditional commercial funding sources. Now that many gaming jurisdictions across the U.S. have modified licensing regulations, they allow a greater level of investment by these return-driven institutional investors. This change has enabled the gaming industry to attract massive amounts of capital, which, on average, is more flexible and cashflow driven in nature. Read the whole article at:

<http://www.theinnovationgroup.com/maint/docs/AlternativeFinancing.pdf>

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Paragon is becoming a more complete destination resort



The Tunica-Biloxi Tribe is undertaking a \$100 million expansion which will double the resorts size by adding a range of amenities. In an Associated Press story reported in the

Guest Column

"Caesars Windsor" - A Branding Strategy

By Karl Gagesch, Sr. Vice President, Development OLG



"The Caesars Brand is what we aspire to in the world of casino gaming in North America and around the world. Today's announcement has positioned our property here in Windsor to become the latest addition to this first class family of companies, one that will provide the most exciting and entertaining experiences to our existing and new customers." Duncan Brown, CEO OLG (December 15, 2006)

In December 2006, OLG and Harrah's Entertainment announced the signing of a Caesars trademark licensing agreement that, upon completion of the CDN\$400 million expansion project in early 2008, will bring the Caesars brand to Casino Windsor. This branding strategy represents a key component of OLG's Casino Windsor redevelopment and expansion program which includes: a new 400-room hotel tower, a refreshed



gaming floor, new Food & Beverage options, a 5,000 seat entertainment centre that will bring Las Vegas-style entertainment to the casino and 100,000 sq. ft. of new multi-function convention space. Upon completion, "Caesars Windsor" will offer a world-class gaming and entertainment experience that will be unequaled among Detroit/Windsor casinos.

OLG's decision to brand the property Caesars Windsor was based on the following: **(1) Market Feasibility Study, (2) OLG/Caesars Relationship, and (3) Total Rewards Customer Loyalty Program.** [more >>](#)

Photos Courtesy of Casino Windsor

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Recent Transactions

Shreveport Times, the 500,000-square-foot expansion of the Tribe's Paragon Casino Resort is described as including an eight-story hotel with an artificial bayou in its lobby, three movie theaters, a full spa and fitness rooms and a new 550-seat buffet. The Innovation Group did the feasibility studies and operating projections for the entire expansion and all of its components, as well as sized the components and made suggestions as to amenity mix. We also provided the studies that helped management to secure financing. In addition,



Innovation Project Development is helping to oversee the actual

construction of the project, functioning as an owner's representative. Read the whole story at:

<http://www.theinnovationgroup.com/newsletter/pdf/ParagonExpansion.pdf>

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The Mohawk adding a new dimension for the Catskills



The St. Regis

Mohawk Tribe is getting closer to the end of their ten-year long approval process to getting a new casino south of the Catskills. In "Mohawks close to building casino in Catskills" by Dana Hendrickson on Syracuse's News 10 online, Chief Lorraine White is quoted on the next step as being the land being put into trust by the federal government. Governor Elliot Spitzer has

already approved the plan. The Innovation Group has been working with the Tribe for most of their process, and did the market assessments for the development. Read the entire story at:

<http://www.theinnovationgroup.com/newsletter/pdf/MohawkCasinoGettingCloser.pdf>

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Planet Hollywood's big presence on the strip

"By the middle of this year, you'll never know the Aladdin existed." That was a comment by Robert Earl, co-chairman of OpBiz and founder of Planet Hollywood International, as quoted by Fresno's KFSN-TV's online news. The Aladdin is being rebranded into a Planet Hollywood Resort & Casino by the new owner, OpBiz, a partnership between Earl, private equity investor Bay Harbour and Starwood Hotel and Resorts Worldwide. The Innovation Group provided advisory services for the acquisition and rebranding of the property by Bay Harbour, which partnered with Starwood and Planet Hollywood for the opportunity. These services included a review of the

strategic positioning and physical assets, an analysis of the impact of rebranding inclusive of financial projections of revenues and expenses, and the incremental impact that adding additional residential components would have on the projected operations. Read more at:

<http://www.theinnovationgroup.com/newsletter/pdf/AladdinConversion.pdf>

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Fantasy Springs goes higher tech

Fantasy Springs Resort Casino has gone state-of-the-art in their IT operations with their selection of the Agilysys Materials Management System software for their inventory procurement systems. The Innovation Group had conducted an IT audit of the property and identified the advantages of streamlining operations with such a system.

The audit was a thorough review of departments from finance to marketing to F&B. Read



January-2007	October-2006
Snoqualmie Entertainment Authority a business enterprise of the SNOQUALMIE INDIAN TRIBE CASINO SNOQUALMIE	Snoqualmie Entertainment Authority a business enterprise of the SNOQUALMIE INDIAN TRIBE CASINO SNOQUALMIE
\$200,000,000 9.125% Senior Notes	\$30,000,000 Subordinated Notes
\$130,000,000 Senior Floating Rate Notes	\$85,510,000 Senior Secured Term Loan
Financial Advisor	Placement Agent

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Media Buying and Planning for the Casino Industry - continued

The first order of business for Innovation Marketing when taking on a casino client's media and advertising project is get our arms around their database and bring to life all of that hidden information to create a virtual map of what your customers look like, where they live, what they watch, read and listen to. That map helps to determine *realistic* and *achievable* geographic targets towards which your advertising, when created and purchased, should be focused.

The Innovation Marketing research staff provides the kind of key learning that will help your property and help your brand from a media perspective and beyond. In addition to providing the in-depth media research that forms the foundation for sound media planning, we also deliver and apply a variety of brand management tools, focus group development and execution, survey design and project management, and player and guest satisfaction measurement, all with an eye towards defining for you the key target audience. So that all of your advertising works for you.

Using Innovation Marketing for your **Media Services** can result in significant ad cost savings for your property. Our media team consists of destination-marketing experts specializing in media/market research, planning and buying. Additionally, their ability to build relationships, negotiate and steward your media buy ensures that each dollar is spent wisely. Our media purchases often result in bonus exposure, or *added-value* that can achieve as much as 40% above the purchased amount.

Our Media Planners lead clients through the complex and rapidly changing media landscape. Research skills are essential to identify the right target, define specific media usage patterns and to detail the competitive setting. These are the mechanisms that make the planning task more accurate, effective and accountable. Media planning takes research, and combines it with industry insights and goals from the marketing plan to:

- Set media objectives
- Define the communication strategy
- Recommend the ideal mix
- Develop budget options and specific tactical recommendations

Our Media Buyers work closely with our planners. Media Buyers must understand the fundamentals of strategic planning in order to effectively negotiate and implement a plan. At Innovation Marketing, planners guide our buyers to provide a comprehensive understanding of a client's marketing and advertising objectives. Our dedicated team of six media specialists has over 75 years of collective experience, and will aid your team in:

- Purchasing media at the lowest cost possible
- Garnering the highest *value* in the marketplace
- Ensuring media runs accurately, timely, and as ordered
- Delivering your message to the right audience

As you can see, there is more to media services than meets the eye. The absolute best way to make sure you're getting the most out of your advertising budget is to align yourself with an experienced casino industry-focused firm that understands the who, what and where of your customers. Let Innovation Marketing map that out for you.

Joe Witterschein, a 24 year casino industry veteran, is VP of Marketing Services for The Innovation Group. Based out of Minneapolis, he oversees the marketing aspects of The Innovation Group of Companies projects and clients.

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"Caesars Windsor" - A Branding Strategy - continued

In September 2004, The Innovation Group prepared the **Casino Windsor Expansion Project Market Feasibility Study** for OLG, which included a redevelopment and expansion program, as well as outlined the branding opportunity. The objective of the business plan was to combat the environmental challenges facing Casino Windsor including: increased competition from the three Detroit casinos; introduction of the provincial smoking ban in May 2006; strengthening Canadian dollar; and increased border security and identification requirements. In addition and after almost 10 years, Casino Windsor was approaching the time in its life cycle for a refresh of the property. Research and Analysis prepared by The Innovation Group report indicated that the branding of Casino Windsor under the Caesars brand would generate a significant increase in gaming revenue



and strengthen Casino Windsor's position in the market. In addition, customer research by The Innovation Group provided essential guidance to the Food & Beverage strategy that is critical to the non-gaming amenity programs that will support the new Caesars brand in this market.

Bringing Caesars to Casino Windsor allows OLG to leverage the long term **OLG/Caesars Relationship**. Casino Windsor is owned by OLG, the government agency responsible for gaming facilities and lotteries across Ontario. The casino is operated by Windsor Casino Limited, a consortium between Caesars Entertainment and Hilton Hotels Corporation. The decision to redevelop Casino Windsor under the Caesars brand, one of the most respected and recognized brands in the North American casino market, is a natural extension of the strategic relationship with the casino operator.



The Caesars brand also allows OLG to utilize Harrah's preeminent marketing and customer loyalty program - **Total Rewards**. In conjunction with the re-branding initiative, Caesars Windsor will introduce several new customer service and marketing programs, including Harrah's Total Rewards, the casino industry's foremost customer loyalty program. Total Rewards will allow Casino Windsor patrons to earn Reward Credits based on play and redeem these credits for use on meals, merchandise, trips, concerts and other benefits at Caesars Windsor or any other Harrah's-operated casino, including those in Las Vegas, Lake Tahoe, Atlantic City and New Orleans. It is anticipated that by offering total rewards, Caesars Windsor will be able to grow its business from players in the Detroit market and

extend its reach into neighbouring states. Caesar Windsor will be the first casino outside the United States to offer the Total Rewards program.

In early 2008, the redeveloped and expanded Caesars Windsor will create a world-class gaming and entertainment offering. This facility will set a new standard for gaming, luxury accommodations, high-caliber entertainment and a level of service that will be unequalled among the Detroit/Windsor casinos. The newly branded Caesars Windsor will be a natural fit for the premium gaming experience that the Caesars brand represents.

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