



*Our
eGaming
team*

#WeAllWantToPlay

KPMG's Diversity Initiative for the Gambling & Betting Sector

23 March 2017





Foreword

Micky Swindale

Partner, KPMG in the Isle of Man and Gibraltar

Reflecting on KPMG's record on and research into gender diversity over the past 4 years, I feel very proud of our work. We have carried out the following studies in conjunction with YSC and the 30% Club;

- **Cracking the Code (March 2014) and**
- **View From the Top (January 2016)**
- **Think Future (April 2016)**
- **Revisiting the Executive Pipeline (July 2016)**

We are convinced that our clients in all sectors will achieve greater commercial success, combined with lower risk and greater engagement levels, by diversifying their Boards, their talent and their customer bases.

As KPMG's Head of Global Relationships, Isabelle Allen, points out, this is likely to become more, not less, important: *"We are going through an unprecedented period of change, and what worked in the past is not likely to work in the future, and no single person has the answer. We therefore need to equip ourselves with different perspectives and adopt a different approach to looking at issues, including different leadership styles.*

"This is where the women agenda comes into play, not as a gender issue, but a different way of looking at things and a different working style. Women challenge the status quo in a different way and bring a different perspective to boards."

KPMG's Global Gaming team have supported the gambling and betting setting sector in many areas over the past 10

years, and our annual eGaming Summits for the online sector in the Isle of Man, Gibraltar and now Malta, have aired the key issues for the industry as it has matured and developed since 2010.

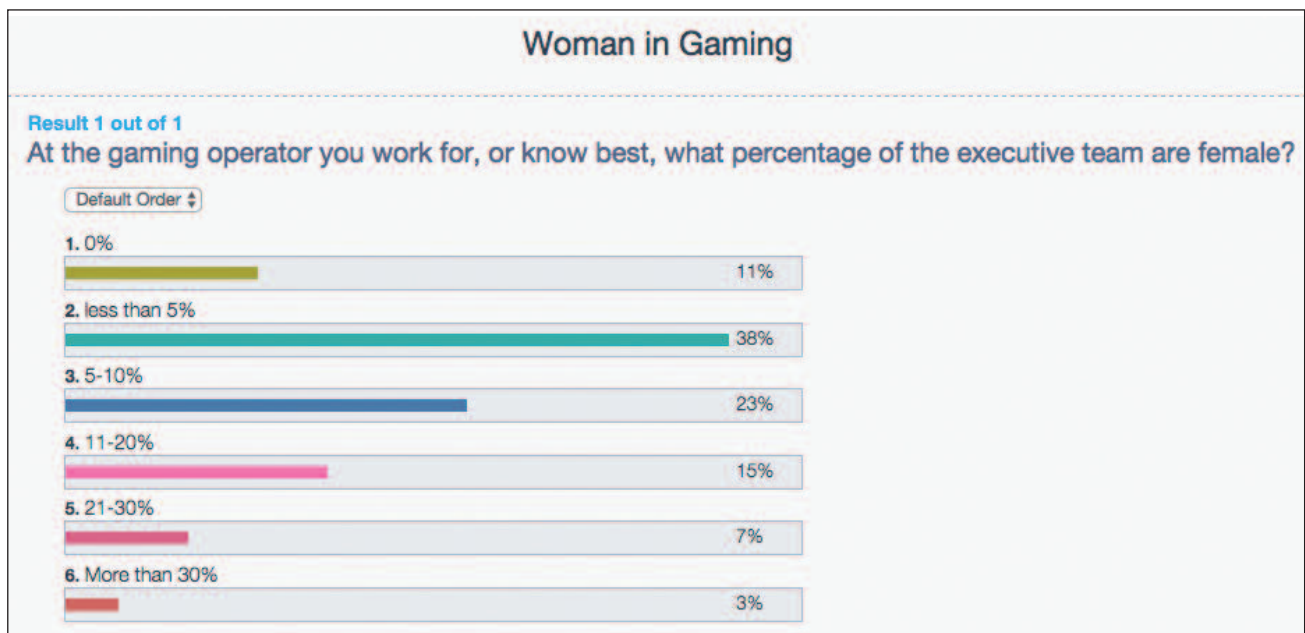
The first time gender diversity featured at a KPMG summit was in September 2016, with a roundtable for senior women in the Isle of Man gaming industry. Then our Gibraltar eGaming Summit in March 2017 featured a lively and thought-provoking workshop on gender diversity, led by me and Susan Breen of Mishcon de Reya, a prominent female advisor to the gambling and betting sector. The forum-style discussion tackled many issues but the overriding theme was the commercial cost of the current lack of diversity in the gaming sector's talent and customer base, despite being an incredibly dynamic industry and a natural home for creative and innovative women across all levels. That discussion is summarised over the coming pages;

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Gender Diversity Workshop, KPMG eGaming Summit, Gibraltar

23 March 2017

Before heading to the workshop room, a poll had been run across all the 280 delegates at the summit, the results of which are shown below:





The workshop opened with the fact that, although diversity on boards is widely accepted to be desirable for a range of commercial, ethical and societal reasons, the statistics show that in practice boards in the UK consist overwhelmingly of upper-middle class caucasian men aged 50 or older. This is true for most sectors, but in financial services and gaming the lack of diversity at board level is quite stark. Setting out the business case was Micky Swindale of KPMG: "Several studies have shown that companies with diverse boards in terms of race, social mobility and gender, perform better. In a recent article by Helen Walton of Gamevy, another champion of diversity, she quoted the following areas of improved performance by diverse boards:

- **42% performed better in terms of sales;**
- **66% performed better in terms of return on capital invested, and;**
- **53% performed better in terms of a return on equity."**

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Susan Breen of Mishcon de Reya pointed to other industries where women on boards are under-represented: "In my field of law this is true, as it is in accountancy and other financial services. But why is it particularly so in Gaming, one of the most creative and innovative industries out there?" Ms Breen expressed some support for targets on boards, as it enables companies to take control of diversity from the top, but pointed out that unconscious bias was often responsible for stopping women "progressing through the ranks." She described this as "perhaps the most invidious issue", adding: "We must tackle this at an endemic level, change the way organisations think about women and change attitudes to recruitment generally."

The discussion then moved on to winning talent and, drawing on the KPMG 'Think Future' report, questioned whether gaming are missing out by not recruiting enough women? Of university graduates, 60% are female but the research shows that they will avoid sectors which are perceived to be male-dominated. We see this in practice in operators where the majority of marketing teams are populated by men when, traditionally, marketing has been a female-dominated function area.

Ms Swindale suggested that a more positive public image would help, even in the gaining of new market share from women. "The statistics tell us that 52% of all online gamers are female, this contrasts with online gambling where participation by women is much lower (12.8% of women in the UK gamble online compared with 20% of men). It strikes me as incredible, in such a creative and innovative space, that more isn't being done to court the female market." This is true even in Bingo, a vertical with a female-dominant customer base. Ms Breen recommended that companies take stock of the way they market products,

and actively seek “the creative influence of more women, to collaborate with the men, in the advertising of games and sports betting campaigns.” But the argument for broadening customer base can be flipped on its head. Ms Swindale, “Bingo is traditionally a female market, but 30% of its players are now male. This may be because it’s currently marketed as a ‘party’ game. But is there a recognition that women might also want to bet on sports, or play casino or poker?” In fact, one industry giant has adopted a strategy. PokerStars have retrained their marketing teams to specifically market poker to women players - with results; they’ve seen an upsurge in their female customer base. But retraining existing male staff is just one option: upping the intake of female employees is a far better way of avoiding (consciously or unconsciously) biased approaches to advertising and marketing.

There are encouraging signs from one operator, who has even embraced a dynamic timeline for its gender diversity. Gaming firm NetEnt is a market leader in this, promising to

spectrum, who don’t always elicit a positive reaction, and delegates felt that powerful women are frequently derided by a male-dominant media, whose agenda is all about gender stereotyping. So, even if you don’t like Angela’s policies, or Theresa’s trousers, workshop attendees agreed on the importance of upholding and promoting those women in leadership roles across all spheres.

Except, of course, strong women are sometimes seen as aggressive women. It’s important not to let the idea of women advancing in the workplace be seen as a fight. According to one attendee, “It is a struggle to get ahead. But men are naturally defensive, so they’ll react, if they sense a fight. It’s our responsibility to enable that dialogue, and not turn it into a battle.” Is it true that assertive women in the workplace tend to get labelled? The extent of blatant sexism is surprising, said one attendee.

“My employer has 25 executives, and only 4 of us are women. If we disagree about something, a male colleague might say, ‘she’s on her period,’ or ‘she’s a

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achieve 50/50 parity in the workplace by the year 2020. Having won several titles at the 2016 Women in Gaming Awards, this company is fully committed to achieving its goal and is already well on the way there. Enrico Bradamante, MD of NetEnt in Malta, was cited as a driving force behind the scheme.


Delegates felt that industry events can also let the side down, in terms of how women in gaming are portrayed, pointing out that every year, at industry events, large numbers of scantily-clad women are employed by exhibitors to man the stalls. “It has a negative effect,” said one attendee, “because it’s a conference about gaming, and women like me who are there to network, gain information on new products, and generally court new business, are walking around surrounded by girls with barely anything on. Is it a wonder that our male acquaintances, on that day at least, take us less seriously?” Another attendee said that women should “Stop bemoaning the status quo! Accept the industry as it is today, but take positive steps to mobilise more women. It will take a long time” and pointed to the inclusion, at this year’s ICE, of a conference stream on gender diversity as evidence of the changing dynamic at such events.

The effect of positive female role models was a talking point too but, other than Denise Coates at bet365, there were few names of high profile senior women in the sector forth-coming, as the pre-workshop poll had indicated. In the world of politics, Margaret Thatcher, Angela Merkel and Theresa May were cited as examples of strong female leaders. But these are women at the extreme end of one

dragon, a ball-buster’. The truth is, a man would never say that about another man; he would praise his assertiveness. Men can’t cope with strong women. Sexism is still prevalent, and most of the women I know become resilient to it. They tend to work harder than the men, to achieve the same.” Others pointed to the common theory that some women start to behave like men, to progress at work and questioned why women can’t simply be women, and still get ahead?

This may have been one reason why only one male attended the workshop, suggested Ms Swindale. “A few male delegates asked whether they could attend this workshop. Of course, they could, I replied. Yet they are not here. Are they afraid, intimidated even?” Without the presence of men at the debating table, however, less progress is made, according to Ms Breen. “It’s disappointing, because if your CEOs were here for example, they could listen to our concerns, and our solutions.”

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Does this gender stereotyping lead to male recruiters being afraid, almost, of recommending women for senior jobs? Ms Breen fears this is the case. Indeed, some recruitment agencies simply don't put forward female candidates for positions in Gaming and, even when they do, interviewers can misunderstand the differences between how men and women typically portray themselves in an interview setting. Ms Swindale spoke of a recent recruitment process where two candidates were completely level on paper – but in interview, the male candidate came across as significantly more confident. "That doesn't make him the better candidate, by any means. He just sold himself more positively and, arguably, less accurately. Women are intensely self-analytical in how they present themselves. A woman will look at her experience and skill set, and ask herself whether she is up to the job, before responding. A man says yes to the job, and worries later about whether he meets the criteria or not." There needs to be a general call of encouragement across the industry for more women applicants, said attendees.

Sadly, this is a common scenario in the recruiting of women, in many sectors. It may stem from early conditioning, according to one workshop attendee: "Around the time of puberty, girls' interest in science and maths wanes.

They become very aware of their looks and body. They sometimes lose faith in their scholastic ability, and may even 'dumb down' to impress boys. At this critical point, boys and girls should be reminded, and encouraged, to continue to achieve. We need to instil this idea of parity in everything, at this age: boys and girls are equals. Of course, hormones do kick in, but self-worth, based on ability and not looks, should be a priority." In fact, delegates felt, today's teenagers make up the generation where this is potentially coming true. The overall concept of 'gender fluidity' is helping them to not see gender as such a massive issue, or as a barrier to success.

The best way to champion diversity in the workplace, is to tackle it all levels, said Ms Breen: "Within HR departments, at recruitment level, on a mentoring level. We need to open the boards to women who are rising to FD or COO, and be more accepting of the mix, and the need for part-time working, where that's required. You shouldn't have to be an outlier and completely driven before anyone will take you seriously." But women in senior management must do their bit too, others pointed out, "It shouldn't be a case of pulling up the ladder behind you. Via mentoring and other structures women can help other women reach the top." Women tend to respond better to mentoring, rather than a fast-track programme or similar, said Ms Swindale. "It's the one-to-

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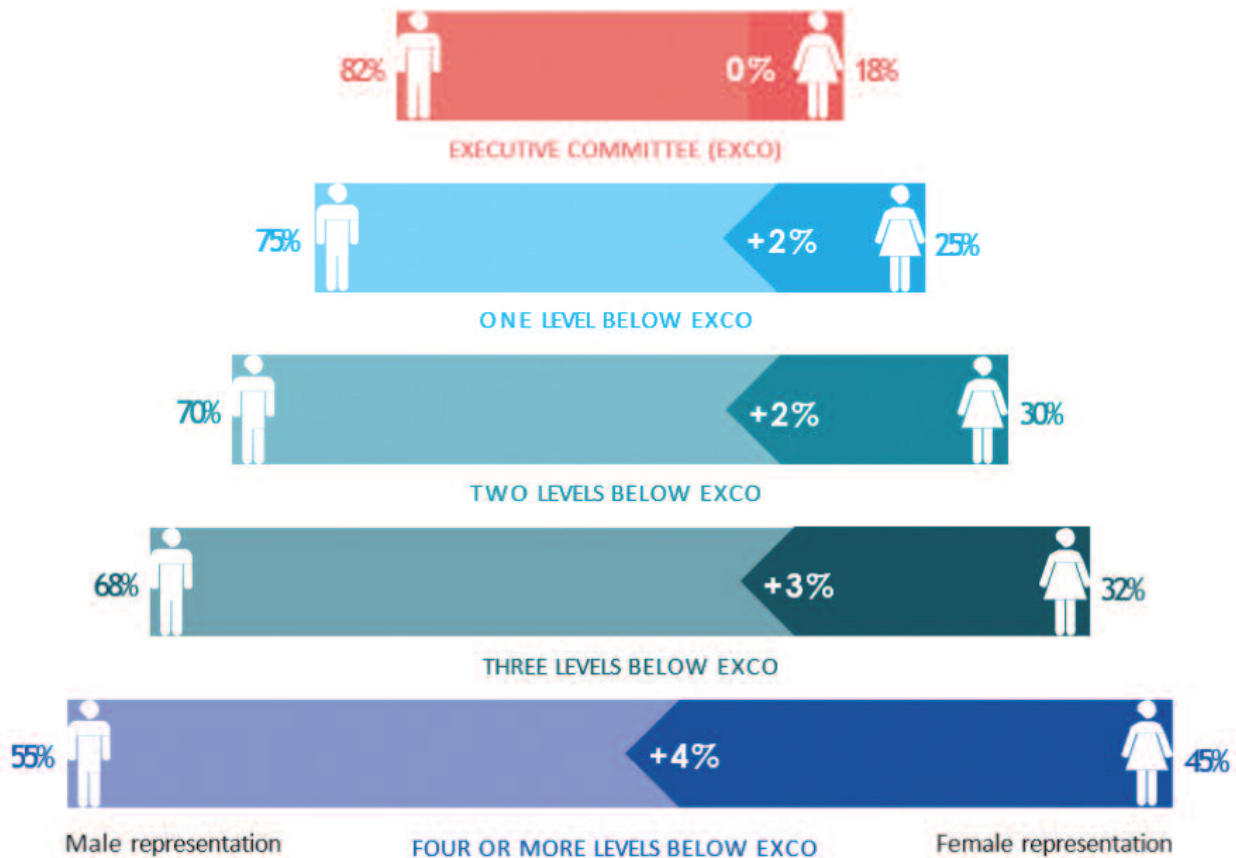
More can be done to address the issue of unconscious bias. In some sectors this is very entrenched – in the police force or the military for example – but in gaming this should be more elastic because it is a relatively new industry. Even in financial services it is changing. "When I first started in the City of London, nobody ever talked about women getting to the top. Now it's routinely part of the dialogue. I still have contacts there, and they say, it's as if the City is actually biased more in favour of women now, than of men," explained one attendee. But again, it should be tackled on a cellular level. Initiatives such as the Women in Business Group in Gibraltar, could spread to other jurisdictions. "In the early stages of development, it's basically a working party set up to help mentor women across several sectors."

How you present the business case for gender diversity is extremely important too. Indeed, much discussion centred around how best to brand any future workshops. "Why don't we call it 'Increasing Your Profit Share'?" said Ms Breen. "That's the case right there for women on any board. It's the impact they can have on profit. I recently read a statement put out by Virgin Rail, written by a woman, which projected that by 2025 there is potential for US \$12 trillion worth of extra economic activity available, by mobilising women into the workforce at all levels and particularly senior management." It's this sort of empirical evidence that can help convince male management to support targets on boards. "The neutral sell is the better sell. We should ask, do you understand the economic profit argument for having diversity? Do you understand the negatives of group-think pervading?" Marketing agencies may help in this too, said Ms Breen, as they are skilled at packaging and presenting big ideas with natural balance.

Women also have other qualities that can boost business. "There is a theory we are less risk-averse, but this could be a good thing. The financial crisis of 2008 was caused by men taking too many risks. Greater caution could lead to higher profits in the long-term," suggested one attendee. Ms Breen spoke about risk in law: "The evidence that I've seen is that mixed boards de-risk the group-think problem. Women are to my mind just as versed in risk/reward metrics as men, and what you end up with is a better balance." Delegates felt that women often possess more emotional range, tend to see the bigger picture, and are better at mediating in the case of inter-staff conflicts, and so mixed gender boards are equipped to make better decisions.

The workshop looked at the 'Cracking the Code' research conducted by KPMG in 2014. The report considers the myths around why women don't achieve as highly as men in the workplace. It also examines the impact of The Thirty Percent Club – a collaborative initiative set up with the aim of having 30% on boards of representation by women, by the end of 2015. "There's an assumption that men and women advance equally, and then women hit a glass ceiling, whereas in reality, even with the same qualifications and the same experience and the same abilities, women lag right from the outset. So even at 4 or 5 levels below exec co, you are still not at 50/50 parity. Women do use the right strategies to advance their careers, but for men, it pays off more often, and more quickly. It's just the way it is. So it's from the start of a woman's career, that more care, more mentoring, more attention is needed," explained Ms Swindale. Sadly, very little has changed on boards since the publication of that report three years ago, and the 30% initiative did not hit its 2015 target – even more sadly, KPMG's most recent report 'Revisiting the Executive Pipeline, looked at progress between March 2014 and July 2016 (overleaf) and concluded "At Executive Committee level, we cannot confidently predict a timescale for women to ever reach a 30 per cent tipping point"

2 year shift in the proportion of women in the executive pipeline (2014 and 2016)



Percentage of women occupying positions at each level in the executive pipeline across our sample of FTSE organisations as at the beginning of 2018.

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To encourage diversity, KPMG advise a three-pronged approach: recruit, promote, retain. Depending on your company, there are a few ways this can be achieved, and compliance, marketing and the business strategy models can all be employed. The outward face of your company needs to support diversity too, according to one delegate, “I recently took the first ever business delegation over to Israel, from Gibraltar. At first it looked like I would be the only woman, in a team of 12. It was really important for

me to include other women, so I had a serious chat with my boss. In the end, we were four women, and eight men. But I’m pleased to have represented Gibraltar, internationally, with a better ratio.”

Inclusivity is key. “It’s why we chose our tagline, #WeAllWantToPlay,” explained Ms Swindale. “Diversity should extend to not just include the women with the men, but all social classes and races. Because, ultimately, we do, all of us, want to play.”



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