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**January/February 2019**

- The Next Big Thing:  
Instant Scratch-off Games
- Regulators navigate a landscape of  
technological change and market disruption
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**Rebecca Paul Hargrove**

**President of the World Lottery Association**

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**Subscriptions**  
Annual Public Gaming  
International magazine  
subscription rates:  
United States: \$145 USD  
Canada & Mexico: \$160 USD  
All other countries: \$225 USD

**Public Gaming  
International Magazine**  
Published six times a year and  
distributed to readers all around  
the world. Electronic version is  
e-mailed and is also available on  
our news website:  
PublicGaming.com.

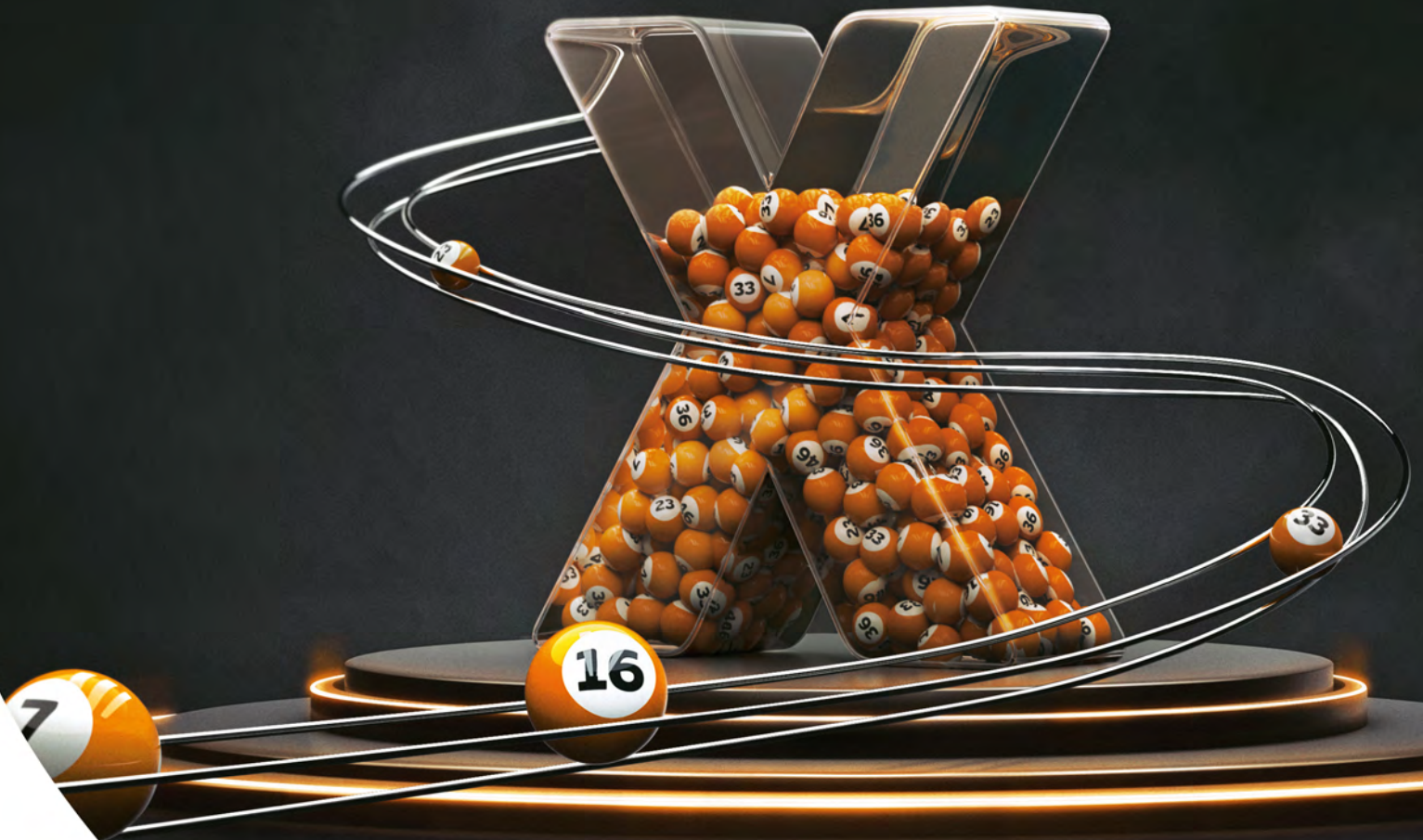
January/February 2019  
Volume 46, Issue 1  
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Public Gaming Research Institute  
cISSN: 1042-1912



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## From the Publisher

Congratulations to the World Lottery Association (WLA) team and the Argentinian hosts for producing a fabulous World Lottery Summit (WLS) last November in Buenos Aires. Seems like a long time ago since much has happened since then. We want to thank **Jean-Luc Moner-Banet** for his tireless service and inspiring leadership of the WLA over the last six years. And we want to welcome new WLA president **Rebecca Hargrove**. I thought I knew my friend quite well but discovered so much more from gathering the bio information, listening to the stories and comments from friends, and talking to Rebecca about the basic question of “how does someone like you get to where you are today – how did you do it?” I especially want to thank everyone for sharing their Rebecca stories!

You will just be receiving this issue as we attend the Marketing Seminar produced by the European Lottery Association and the WLA, and hosted by Camelot UK Lotteries, in London. This is the tenth year in a row for attending this fabulous event and is everyone’s perfect launch into the new year. On pages 44 and 45 you will find Belgium Lottery CEO **Jannie Haek’s** personal invitation to participate in EL Congress “Success of Chance” bi-annual event to be held in Antwerp end of May.

It is fun to start the year with an issue so filled with great interviews and articles. For all the talk about the disruption of the market-place by new game styles and the challenge to connect with Millennials, there is a very bright side to this picture. Traditional Lottery marches onward and upward, generating funds for *good causes*. Unlike the “disrupters”, unlike the games that were thought to be ushering in a paradigm shift towards completely new play-styles, Traditional Lottery continues to grow in popularity. And not just for two years (the typical life-span of most of these new games that were thought to change the world), but on and on for decades. There is a renewed appreciation for this reality, and a deepening insight into what makes Lottery gaming so popular, and what is the

basis for its enduring appeal. “Relevance” used to be the theme du jour. Well, how “relevant” is Angry Birds, Pokemon Go, et al now? How many Millennials would even remember Farmville?

We devote no small amount of space in this magazine, on our news website, and in our conference programs, to the issue of regulation. That in spite of our limited ability to do anything about it. Our Ft Lauderdale conference will feature one session on the fight against illegal iLottery and another session on the implications of the recent U.S. Dept of Justice reversal of its previous rulings to respect the rights of states to control the regulation of games-of-chance. This issue has articles about the need to rationalize (different than harmonize!) the regulatory infrastructure of Europe, the breakdown of foundational definitions of “gambling” so necessary to the interpretation of regulatory laws, the technological tools to combat illegal online gambling. Whatever we can do to influence the direction of regulatory policy will have profoundly positive benefit for our stakeholders. And our strategic, game development, and marketing plans should be informed by the direction that regulatory and public policy is taking.

Regulatory issues may not be under our control. Our response to external conditions is, though. We can elevate the status of our brand and the perception of our role in society by continuing to raise the standards of excellence in Responsible Gaming. Key to doing that is to advance the process beyond doing things that we hope will address the problem, and think more expansively in a CSR (Corporate Social Responsibility) context about how to insinuate our over-arching vision of service to society into every aspect the business – not just in the brand messaging, but in game development, operations, and all business functions. The good news is that CSR values are being recognized more and more by the consumer as relevant to their decisions. And that is especially true for the next generation of players.

In the end we must focus on those things that we do control. Retail modernization is in its infancy and is poised to deliver the kind of retail shopping experience that will keep land-based retail top-of-mind for the next generation of consumers. This is a fabulous opportunity for those who take the lead, anticipate and prepare for transformational change, and join their retail partners in the mission to deliver the optimum retail shopping experience. Our editorial contributors and interviews explain how Digital is not just a *trend* in the consumer world, it *is* the consumer world. Key to effecting the kind of progress and change that will be most relevant is to have a progressive digital strategy. Connecting with the consumer in the online and Mobile digital world is about so much more than selling tickets online. And digitizing the retail shopping experience is about so much more than self-serve kiosks and ticket vending machines.

Hope to see you in London early February and then at PGRI SMART-Tech the end of February! There is a very special Women’s Initiative in Lottery Leadership Seminar immediately following the PGRI event on Feb. 28. See [PublicGaming.org](http://PublicGaming.org) for more conference and Seminar info.

- Visit [PGRItalks.com](http://PGRItalks.com) to view videos of the presentations and panel discussions at PGRI Lottery Expo NYC, and interviews at WLS Buenos Aires.
- Mark your calendars for February 26 to 28. PGRI SMART-Tech will be held at the Hilton Fort Lauderdale Hotel in Florida. See [PublicGaming.org](http://PublicGaming.org) for details like hotel reservations, conference registrations and program.

Paul Jason, Publisher  
Public Gaming International Magazine



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# Raise the Bar on Sales

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# Rebecca Paul Hargrove

## The Making of an Industry Leader

### **November 21, 2018: Elected President of the World Lottery Association**

**2016:** Founder of Women's Initiative in Lottery Leadership (WILL)

**2012-2018:** Senior Vice President of the World Lottery Association

**2011:** Board President of the Multi-State Lottery Association

**2009:** Chair of Powerball Group

**2005:** Charter Member of the Lottery Industry Hall of Fame

### **2003: President and CEO of the Tennessee Education Lottery Corporation**

**1997:** President of North American Association of State & Provincial Lotteries (NASPL)

**1993:** President and CEO of the Georgia Lottery Corporation

**1990:** President of International Association of State Lotteries (AILE)

**1987:** Secretary (i.e. Director) of the Florida Lottery

**1985:** Director of the Illinois Lottery  
Rebecca Hargrove is a native of Indianapolis, Indiana, and an alumna of Butler University, where she earned a BS degree (1970) and an MS degree (1974) from the College of Education. She was Miss Indiana and the fourth runner-up in the 1973 Miss America Pageant. Gymnastics was her performance specialty. She then honed her skills as a TV weather-person, first in Indianapolis and then in Springfield, Illinois. While living in the state capital, Rebecca became involved with Republican party politics, rising to the position of Chair of the Republican Party in Illinois, before being tapped to run the Illinois Lottery.

When Rebecca moved to Tennessee, she met state legislator Jere Hargrove, who was a Democratic member of the Tennessee House of Representatives (Majority Leader from 1996-2000). Since state law prohibits marriage between a state representative and Lottery employees, Jere did not seek re-election in 2006, and the day after the election (November 8, 2006), Rebecca and Jere were married by Governor Phil Bredesen in the governor's mansion.

Over the last three decades, Rebecca has built three of the nation's most successful state lotteries from scratch — Florida, Georgia and Tennessee — turning them into multibillion-dollar enterprises that have helped fuel the industry's explosive growth. At each turn, she has re-shaped state-sponsored gaming into highly sophisticated commercial enterprises. This resulted in increased sales and net funds to the beneficiary year after year, with a focus on Responsible Gaming and growing playership as the cornerstone to sustainable success.

Before she moved to Florida, Rebecca led the Illinois Lottery to post a record \$1.3 billion in sales in 1987. When she got to Florida, she wasted no time setting more records. — \$95 million in sales in the first week, then on to become the highest-selling lottery in the country, including

Rebecca was selected as the Tennessee Education Lottery's first president and CEO in September 2003. After starting ticket sales three weeks ahead of schedule on January 20, 2004, the Tennessee Lottery closed out its first fiscal year of five months by transferring more than \$123 million to the state's education fund - roughly 40 percent more than the initial goal of \$88 million.

At the 13th General Meeting of the World Lottery Association (WLA), held November 2018 in Buenos Aires, Argentina, Rebecca was unanimously elected President of the WLA. The election of the first woman to the position of president of the WLA was a landmark occasion both for the Association and the global lottery community. Rebecca succeeds outgoing WLA President Jean-Luc Moner-Banet, Director General of Switzerland's Société de la Loterie de la Suisse Romande, who led the Association for the last six years



Launch of Lotto7 in Illinois in 1987

California, which had a population of twice the size of Florida.

During Rebecca's 10 years in the Peach State, ticket sales increased 10 percent a year as the Georgia Lottery generated more than \$6 billion for education, funded scholarships for more than one million students attending in-state colleges and universities and more than 500,000 four-year-olds who attended Lottery-funded pre-Kindergarten programs.

in glorious fashion. His service and ongoing counsel is appreciated by Rebecca and the global community of government lotteries.

Rebecca is a charter member of the PGRI Lottery Industry Hall of Fame (class of 2005). More recently, she founded WILL, Women's Initiative in Lottery Leadership. As chair of WILL, Rebecca is fulfilling a mission that is especially personal to her — helping women achieve their goals and live their dreams. ■



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## Rebecca Hargrove

President & Chief Executive Officer,  
Tennessee Education Lottery Corporation  
President, World Lottery Association



# A Personal History: Making your own luck

### PGRI Introduction:

*Rebecca Hargrove is a public personality known by most everyone in this industry. And some of us know bits and pieces of her personal history. I asked Rebecca if she would be willing to fill in the blanks and answer a basic question – how did she get to where she is today?*

**Paul Jason:** What advice would you give to someone who aspired to build a career like yours?

**Rebecca Hargrove:** First and foremost is simply to do the best you can at the job you currently have. Frankly, that is all I have ever done.

**Let's start with the job you held prior to your appointment to be director of the Illinois Lottery.**

**R. Hargrove:** Thirty-five years ago, I was working for the NBC affiliate in Illinois. I started as a weekend weather girl and did local inserts in the Today Show. I ended up in advertising and sales and produced commercials for my local clients. That was a wonderful opportunity to hone public speaking and performance skills as well as sales and marketing skills. I had volunteered to work on political campaigns in Indiana before moving to Illinois, so I also volunteered for the Republican party in Illinois with a determination to make a difference. Working on political campaigns is a wonderful opportunity to learn how to get things done within a political environment. I forged relationships with

the leaders of the business community and others who had the power to influence public opinion. I learned how to raise funds and how to recruit, organize and motivate volunteers. That led to my election as Republican State Chairwoman in Illinois, and then my efforts were noticed by Governor Jim Thompson, who appointed me to be the director of the Illinois Lottery.



**That was at a time when the background of lottery directors was typically law enforcement.**

**R. Hargrove:** The focus in the first fifteen to twenty years of the modern lottery industry in the U.S. was prevention of fraud. Once everyone had confidence that the established methods and infrastructures were effective at preventing corruption, the focus began to shift over to marketing and optimizing financial performance. In the middle 1980s, there were several appointments, which like mine, were based on the goal of evolving the lottery into a market-driven enterprise.

**But your master's degree is in secondary education.**

**R. Hargrove:** When I went to school women were either in nursing school or studying to be teachers. I went down the education path because I pass out at the sight of blood. There were exceptions to this rule – I hope everyone saw the movie Notorious RBG – but that was my experience.



I entered the Miss America Pageant in 1972. This was when its ratings were as high as the Super Bowl. The Miss America Pageant was huge, a must-see program when the TV viewing audience had only four network stations to choose from. And nobody from Indiana had ever won, so being in the top five was a big deal. I was then hired to do weekend weather by the ABC affiliate in Indianapolis. This began a career in television, which helped me when I moved to Illinois and changed the whole path of my life.

I think of every activity as a learning opportunity that can be applied in ways that may be quite unanticipated. For instance, a large portion of my high school and college years was devoted to gymnastics. That led to jobs in coaching, which I now think is a big part of what the CEO of large corporate enterprises does. I don't know if there are college curricula that teaches us how to recruit and motivate talented people to be the best they can be and work together as a team. And yet that is a vital skill-set that CEOs need to learn. Coaching gymnastics provided that education for me. And if we are good



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students of life, taking every opportunity to learn and improve and embrace this process as our life-long endeavor, we are prepared when presented with opportunities to apply that learning. I am sometimes asked to do commencement speeches, and my theme is always you make your own luck. We are all presented with opportunities. Insofar as we have been diligent learners and creatively apply what we have learned, doors open and take us to increasingly challenging assignments.

I would add that it all starts with finding the inspiration within ourselves to be the best that we can be. For me, that inspiration is rather straightforward - genuinely caring about people and the mission to help and serve is my motivation. I am also driven by a desire to make a difference in this world, and that is what keeps me excited about coming to work every day.



Holding the first Florida Lottery ticket in 1988

**By the time you were in your late 30s, you were the go-to person for practically any job in this industry.**

**R. Hargrove:** Not quite! That was when I was recruited to start the Florida Lottery, which was my opportunity to apply lessons from Illinois. One of the things I learned seems quite obvious now but was not so obvious then. As a marketing enterprise, Lotteries should not be managed as a division of the Department of Revenue. The Illinois Lottery had well over a billion dollars in annual sales. That is much more like a large Consumer Product Goods corporation than a state agency. So I

worked with the Illinois governor's offices to execute an executive order in July 1986 to make the Illinois lottery a free-standing agency. Before that change, our sales team was comprised of former tax collectors. Now I was freed up to hire sales reps from CPG organizations like Coca-Cola and P&G.

Officials from Florida contacted me to learn about how to set up their Lottery. I explained the need to look at the corporate organizational model rather than the state agency model. The management structure has to support a complex enterprise that includes finance, sales, marketing, accounting, auditing, product development, legal, etc. And the cultural DNA is not administrative - it's entrepreneurial and results-driven. That is what the legislature and governor of Florida wanted for their Lottery so they hired me to make it happen.

**A couple years ago, I participated in the annual sales meeting at the Tennessee Lottery and was amazed at the high-octane energy that resembled the atmosphere of a football half-time rally to motivate the team to surpass stretch goals.**

**R. Hargrove:** That is an example of why Lotteries need to be allowed to operate separately from state government. Our cultural DNA is just completely different. Lotteries are given financial objectives which must be met, rules and constraints within which they must operate, and are expected to set the highest standards for integrity, RG (Responsible Gaming), and CSR (Corporate Social Responsibility). Lotteries are subject to intense scrutiny and oversight, and are expected to operate with complete transparency. That's all as it should be. Additionally, Lotteries operate within a political environment that can be unpredictable and even capricious. For better or worse, that's the reality. We had convinced our Illinois stakeholders, and I went on to explain to Florida stakeholders, that the day-to-day management of a market-driven enterprise should be allowed to function with some degree of independence from state politics.

I would add, though, that we are driven not by sales, but by the goal to maximize net funds transferred to our beneficiary, which in Tennessee is Education. By that metric, this was an especially good year as sales grew 7%, but net funds/profit grew by an even higher percentage - 9%.

**Back to the Florida start-up. You make it sound easy, or at least all according to plan.**

**R. Hargrove:** There was nothing easy about it. I probably learned more in the startup of the Florida Lottery than in any other instance in my career. Building an organization tasked with driving and supporting a billion-dollar-a-year organization; setting a much more ambitious timeline for achieving sales targets than had ever been attempted; creating everything from scratch - it was exciting but not easy. There was a plan, but things did not always unfold as expected so there were also countless mid-stream adjustments to the plan. Thankfully, I had a great team and a fabulous COO (Dave Bausch), we all worked hard, and everything worked out terrific.

**How have things changed for women in the workforce from when you graduated from college?**

**R. Hargrove:** There were no women admitted to any Ivy League schools or service academies like West Point or the Air Force or Naval Academies. There were very few female lawyers and the big firms in New York didn't hire women. In some states, women were not even allowed to serve on juries. It was a whole different world, and so I was mentored primarily by men since there were very few women in positions of power.

Sharon Sharp is one exception. She served in various leadership roles for the Thompson administration in Illinois, mentored me and became my best friend. Sharon ended up following me as director of the Illinois Lottery, but she was an early and most valued mentor. That is why I think it's important to pay it forward and to help other women have those same kinds of opportunities. I think women are still not adequately recognized for their talents and hard work and subsequently are not always given the same opportunities as men. Things have definitely improved by a wide margin, but there is still much to be done.

**And you are doing it. You once told me this story about a government initiative to increase diversity and inclusion in the workforce...**

**R. Hargrove:** The African American population in Tennessee is somewhere between 16% and 18%, and so I was told that I had to have 18% African American participation in our workforce. I said I didn't think that's what they really wanted because I'd have to fire half of my workforce to get to 18% since we were already over 50%.





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I have always felt that diversity and inclusion is vital for a productive business. It stimulates open-minded creativity, it connects us to an array of life-experiences, and this is the catalyst for an effective market-driven operation. It's also the glue that binds our team together, creating a more resilient culture embraces the new and the different and makes us all that much smarter.

**What would you regard as your greatest strength and biggest weakness?**

**R. Hargrove:** Well, they are probably one and the same. I'm fiercely loyal. I think trust is a hard thing to find, and a valuable thing to keep. Those people who earn my trust are those I'm most loyal to.

**What are some of your high-priority goals or action-plans for the WLA?**

**R. Hargrove:** The first thing I want to say is that serving the membership of the World Lottery Association is truly a privilege and honor. The strength of this organization is its membership. In particular, I want to thank and commend my friend Jean-Luc Moner-Banet for his incredible leadership over the past six years and for providing us all with the foundation upon which to continue to build. I will be proud to continue his initiatives and the values he ingrained in the WLA. Jean-Luc will continue to be involved,

and I welcome his counsel. And as head of the Sports Betting Integrity Committee, Jean-Luc will follow-through with the initiatives he's already spearheaded to prevent corruption in sports-betting. Second, the work of Lynne Roiter as Secretary General is often underappreciated. I don't know where WLA would be today without her.

My first action is to talk with Association stakeholders and members to get guidance for how the WLA can deliver the most value to its members. We want to increase engagement and involvement of the members by ensuring the Association is channeling its resources in the right direction.

Another goal is to continue our work towards integrating CSR and RG. Lynne Roiter is heading the CSR Committee and she wants to evolve RG from something we do to something we are. The WLA aspires to help its members set the highest standards for socially responsible organizations. This is important, not just because it is the right thing to do. It is part of our brand-promise, the attribute that differentiates us from others in the games-of-chance industry. And it goes hand-in-hand with another priority, which is to formulate action-plans to combat illegal iLottery. Operators who violate the laws of any jurisdiction anywhere in the world are by

definition operating illegally. As chair of the Illegal Gaming Committee, Andreas Kötter will be forging an international approach towards addressing this pressing problem.

I also want to thank Dato Lawrence Lim Swee Lin for chairing the Security and Risk Management Committee and Younes El Mechrafi for chairing the Audit Committee. The WLA executive committee members and regional association representatives are committed to leading us into the future, rich with both opportunities and challenges.

**What are you most proud of in your nearly 35 years in this industry?**

**R. Hargrove:** Other than raising a near total of 15 Billion dollars for education, I think it would have to be the coaching tree. Eight lottery CEO's have worked for me directly. So that continues the legacy of raising money for good causes.

**Thank you for sharing, Rebecca. I think I speak for everyone in congratulating you for all of your amazing accomplishments, in thanking you for all that you have done to drive progress and innovation in this industry, and for your friendship, which is the most valued treasure of all.** 🇺🇸

**Friends of Rebecca:**

*Following are reflections on memorable moments, experiences, and observations of Rebecca Hargrove's life of service to the Lottery Industry, as recollected by some of her many friends. Arranged alphabetically by last name. (Apologies to anyone who may have been left out!)*

Rebecca Hargrove has mastered the ability to unlock lotteries' potential to transform lives and generate funds for good causes in the communities they serve. She has repeated this success in multiple states with passion, perseverance and an innate understanding of how to consistently drive growth in lottery sales and profits. I'm excited that she is now extending her immense talents to the global lottery industry, and wish her every success in her role as the first woman President of the World Lottery Association.

—Renato Ascoli, IGT

Rebecca was one of the first Directors I met when I first joined the Lottery back in 1996. At that time, Rebecca was the director of the Georgia Lottery. I quickly learned that Rebecca was held in very high esteem by all of those in the Lottery industry, having previously run the Illinois Lottery and then running the Florida Lottery, from startup, before being recruited to Georgia, and ultimately leading to her current position as President and CEO of the Tennessee Lottery. No wonder she has been referred to as the "Michael Jordan" of lotteries!

While Rebecca has made many changes over the years, there are some things that never changed – her ability to lead, willingness to share her knowledge and expertise, as well as her commitment to always offer assistance, are only outdone by her incredible loyalty not only to the Lottery industry, but to all of us who work in it.

I am proud and fortunate to call Rebecca a very close friend, and I congratulate her on being elected as the new President of the



With Former Governor of Georgia Zell Miller in 1994

World Lottery Association.  
—Gerry Aubin, Rhode Island Lottery

What can you say about a visionary who has helped shape the face of the lottery industry in North America over the last three decades, an individual who is now leading the World Lottery Association as President? Rebecca's lottery acumen coupled with her ability to build consensus among her peers distinguishes her both at home and abroad in the lottery world. She has mentored and continues to mentor our



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next generation of industry leaders and is a pioneer for the advancement of women in the industry. It is a unique opportunity to serve with someone so talented and dedicated to our business. I often tell people being a lottery CEO is like riding a roller coaster: you never really know how long the ride will last; but you make some great friends along the way. Rebecca is not only a colleague but a friend.

—David Barden, New Mexico Lottery



With co-chair of the Task Force on Fun

I have known Rebecca for over 15 years and from day one she has treated me as an equal and with the utmost respect. These may seem like odd words, but given her position and her achievements versus mine, especially at the time we first met, it demonstrates her desire to want to help, learn and importantly develop the future of our industry (and the people around her).

There are too many stories to tell about Rebecca, and singling out one would diminish the others. I would however say that her 'own story' is the only one that matters. Rebecca has taken on the odds from day one. Rebecca is someone who wants to win and through skill and utter determination has done so many, many times.

I am very pleased Rebecca is the new President of WLA. As a servant to the association over the past three decades, Rebecca has been hardworking and devoted to protecting the integrity of our

industry and ensuring we are clear about the responsibilities of our actions. I believe Rebecca will leave an amazing legacy within the Association, as President, as she is doing within the industry. As a colleague, a mentor and a friend – thank you Rebecca.

—Richard Bateson, Camelot UK

As soon as you realize she's smart too, she's already gotten everything she wants from you.

—Daniel Bowers, Co-Founder of Scientific Games (as commented to Paul Jason many years ago)

Rebecca Hargrove is an icon in the lottery industry and across Tennessee. Just a year after I became Governor in 2003, Rebecca and her team launched the Tennessee Education Lottery and she has never looked back. Over these past 15 years, money raised from the Lottery has resulted in what today is more than 130,000 scholarships a year for students across Tennessee, lifting the educational and career opportunities for so many citizens in our state.

Congratulations to Rebecca on your 15 years of leadership as President and CEO of the Tennessee Education Lottery and – more recently – on your election as the first female President of the World Lottery Association.

—Former Tennessee Governor Phil Bredesen

I met Rebecca in 1985, two months after she was appointed to lead the Illinois Lottery. This was also a few years after she was Miss Indiana and fourth runner-up in the Miss America pageant. Her experiences had already honed, at a very young age, what became a unique personal style and speaking presence. Even so, I could not have imagined how she would apply her world-class gymnastic performing skills to the Lottery industry. At the last minute, I asked Rebecca to speak to our conference audience. And this was just a couple months after she joined the industry.

WILL (Women in Leadership) Class



«What do you want me to talk about?» 'Whatever you want to talk about' was my only guidance. Of course, she entertained the room for 20 minutes but then it was the back flip off stage-left that completely shocked the audience.

Just as there are countless "Rebecca Stories" to share, there are also a number of defining characteristics. The one that resonates with me most is her loyalty, her willingness to help her friends without thinking about how it benefits herself. And there is that unique inimitable personal presence and style!

—Duane Burke, Founder of PGRI



PGRI Hall of Famers

Rebecca is someone that women such as myself have looked up to for many years ... she is the only female CEO/Director in the world that has been in a Lottery Director position for over 30 years and this is an amazing accomplishment in itself. She has a thoughtful can do and action oriented balanced leadership style which is revered. She is a pioneer who has broken barriers that provide inspiration to me and to so many other women in the industry. She has great passion to go beyond being a role model to genuinely taking the time to mentor and support other women both personally and professionally so that they can also become industry leaders in the future and I will be forever grateful for this.

—Michelle Carney, IGT

The task of listing Rebecca's qualities, not only as a leader but also as a person, is easy to begin and equally difficult to end because there are simply so many. If I had to choose one word which best characterizes Rebecca it would be Loyalty. I have personally experienced the kindness of her loyalty and have seen it at work time and time again in the lives of others. Through her loyalty and other outstanding qualities, the impact Rebecca has made on the lottery industry and in the lives of others is immeasurable. I am unques-





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With Jean-Luc Moner-Banet

tionably on the list of lives that has been forever shaped by Rebecca and I couldn't be more grateful. A friend like Rebecca is indeed a rare gift in this life.

Perhaps a lesser known fact about Rebecca is her ability to remember anything and everything including dates and the finest details which most people never even notice. Her mind never ceases to amaze me. Take my advice and never challenge Rebecca in a contest which involves dates in history, classic movies, Broadway show tunes, or anything that has happened in the lottery industry for the last 33 years.  
—Keith Cash, IGT

My first encounter with Rebecca was almost 30 years ago at a GTECH customer conference. While I of course knew of Rebecca, I'd had no direct interaction with her up until this point. At the time she was a consultant to the Arizona lottery, in essence serving as the Executive Director. We had just experienced a technical disruption that had the potential to severely impact players. As soon as Rebecca was made aware of the issue, she left the activities of the resort-based conference behind, and went right to work with me and another colleague, Diane St Laurent. We spent most of the conference secluded in a small conference room working through the technical issues and its potential impact on players. I was aware of Rebecca's brilliant



Press Conference for launch of FL Lottery in 1988

approach to marketing but I was amazed and impressed with her attention to detail, ability to process complex technical issues and their impact on players and her laser-like focus on solving the problem rather than assessing blame and allowing the situation to devolve into a "vendor issue, you fix it". She simply asked for complete honesty and transparency so she could best provide her support and leadership to resolve the issue. Happily, and in a true spirit of partnership, this long-ago issue successfully concluded and marked the beginning of a treasured personal and professional relationship.



Rebecca preparing for dramatic stage exits, just yesterday

Over the next 3 decades I had the opportunity work with Rebecca on many sensitive issues in multiple jurisdictions. I never forgot the lessons learned during our first "crisis management" experience together. Honesty, transparency, commitment to the benefit of the player and industry must always come first and will always be rewarded with the loyalty and partnership of this truly great leader and icon of our industry.  
—Mike Chambrello, IGT

I have had the honor and pleasure to have been part of Rebecca's senior management team for 25 years! Her leadership and dedication to excellence has been a major reason for the phenomenal success we experienced at both the Georgia Lottery and currently with the Tennessee Lottery. Rebecca has an innate ability to inspire all employees to achieve significant goals above

and beyond what is required in all aspects of the corporation, and is very committed to maximizing the funding for the beneficiary programs.

I will always admire and respect her for her straight-forwardness, trust in me to always do the right thing, and respecting and publicly acknowledging my contributions to the success of her teams over the years. Rebecca hired me at the Georgia Lottery Corporation as the Vice President of Internal Controls (Audit), and a year later as the Vice President of Finance. Almost 1 ½ years later, she asked me to serve as the Acting Senior Vice President of Information Systems. I agreed under one condition... if the SVP of Finance position became available that I be considered a priority candidate. Well... a couple of years later it did. As she promised, she offered me the CFO position, but with her one condition ... that I also retain the SVP position over Information Systems. At that point, I realized how much she valued my contributions to the success of the corporation, and she has given me many more opportunities like this to contribute to our success. I have now held both senior executive positions as CFO/CTO for 20 years.

I truly thank her for giving me the opportunity to be a part of her executive management team, and to experience all the success we have accomplished under her leadership. I also truly believe that Rebecca is the most accomplished lottery executive, and is so deserving to be selected to lead the World Lottery Association.

—Andy Davis, Tennessee Education Lottery Corporation



With Tom Delacenserie

When I joined the Florida Lottery in 2000, I knew nothing about Rebecca but people spoke of her in glowing terms, as though she were still there. As time went on and through mutual friends, I became more familiar with the extraordinary contributions she'd made to the industry. When I became Lottery Secretary in Florida,

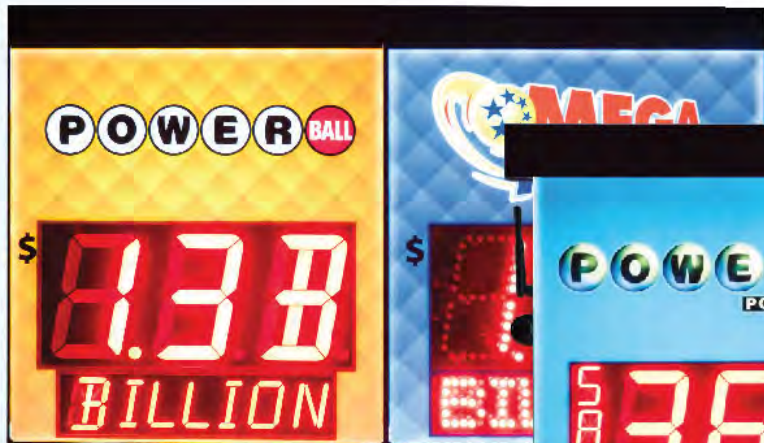
*Continued on page 52*





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## Piet Van Baeveghem

Secretary General,  
Legal & Regulatory Affairs Management,  
Loterie Nationale Belgium

# Defining and Establishing Standards to Regulate Online Gambling

### PGRI Introduction:

*The objective of the “European Committee for Standardisation” is to “standardise online gambling legislation across Europe”. Led by Peter Naessens, the director of the Belgian Gaming Commission, and engaging the participation of industry bodies and regulators from many EU member states, the project endeavors to create rules for compliance and reporting that will become standard in the industry. Their stated objective is to implement standards on the sort of data the online gambling operators need to send to their respective regulators,*

*as well as the manner in which they organize it. Technical Committee 456 will be the group responsible for setting these standards. The impetus for creating this committee comes from a request by the European Commission to create a standard for reporting in support of supervision of online gambling services by the gambling regulatory authorities of the Member States. Currently, member states are in charge of supervising the online gambling activities within their own jurisdictions. This is typically done through information reported by the operators and software suppliers to the online gambling regulators.*

*This project hopes to develop new and improved standards for the reporting of online gambling, and to require compliance from the member states. This standardized reporting project hopes to improve levels of consumer protection, game fairness, transparency of operations, and identifying and stopping match-fixing and other forms of fraud. Feedback and suggestions are being solicited from gambling regulators, operators, consumers associations and gaming suppliers. They can offer their expertise and guidance on how best the group can create these new standards.*

**Paul Jason:** Could you drill down a little to provide a deeper explanation of the purpose and intent of this “standardisation” project?

**Piet Van Baeveghem:** In October 2012, The European Commission adopted a communication towards a comprehensive European framework for online gambling wherein there was a set of actions proposed to be adopted to align to a certain extent the different national regulatory frameworks. Among the points proposed, there was one about the possibility of an EU standard on gambling equipment including gambling software. The initial planning was to ensure a comparable level of security of online gambling in the EU, to reduce the administrative burden



relating to different national certification procedures and provide for a possibility of inter-operability. The European Commission commissioned a study on the technical requirements for gambling equipment in EEA Member States in 2016 in order to evaluate the different regime in place and to assess whether or not there was a need to take the decision to launch the work for a possible standard. In the mean-time

the European Commission contacted the European standardization body (CEN) to explore the possibility to give them a mandate to manage the standardization project. The European Commission sought the support of the consultative expert group composed of national regulators and accompanying the implementation of the 2012 Commission Action plan. In the course of the summer 2017, the Commission presented a draft mandate wherein the scope of the would-be standard was defined as a European standard(s) for reporting purposes, in support of supervision of online gambling services by the competent gambling regulatory authorities of the Member States, including terminology. In November 2017 the CEN organized a first meeting with the different national



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“If operators have to systematically report on their turnover taking into account the place from which the player has played, this can be an important tool in the fight against illegal activities.”

representative to kick-start the process of drafting a standard for reporting purposes. The process was delayed due to the fact that the Commission hadn't officially adopted the mandate for the CEN to start working. In June of this year the Technical Committee 456 was established to pilot the 36 months project. From the initial project to design a set of standards for the certification of gambling equipment, the scope has been reworked to address the reporting issue from the regulators' point of view.

**Do you think that this is a well-conceived project? Is its purpose and intent aligned with the best interests of the member states and the goal of evolving a rational and effective regulatory structure in Europe?**

**Piet Van Baeveghem:** The whole idea of standardization at EU level stems from the

idea that legal operators who are conducting their activities in different jurisdictions complain that they are confronted with different administrative procedures regarding certification and supervision of their activities. The regulators gathered

“If these standards were also used for the taxation of illegal cash flows in those countries where revenues are realized, this could become an important game changer.”

in the Expert group have listen to the operator's arguments and have decided to support the idea of a voluntary standard for the online reporting activities. However, the request for a standardization by the European Commission clearly stipulates that the standards should support the

achievement of public policy objectives such as player protection and addiction prevention and this without prejudice to the scope of competence of Member states in the regulation of online gambling. Lotteries should consider this standardization rather as an opportunity because it can contribute to a better law enforcement.

We all know that online gambling is difficult to control in an international context and that regulators are much more dependent on the information they receive from operators than they would like to be. The standardization of this information could strengthen the cooperation between

regulators and make the sector more transparent. Standardization could contribute to prevent fraud, money laundering and illegal gambling activities. Standardization offers opportunities to define certain concepts and terms in a uniform or targeted manner.

*Continued on page 48*



## Anne Pattberg

Principal, PB Consulting  
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Anne.Pattberg@pbconsulting.com

# Doing Well by Doing Good

## Connecting with the Modern Consumer

### PGRI Introduction:

*Anne Pattberg is a long-time sustainability professional with broad experience and a record of successful cooperation with the lottery industry. From 2006 to 2011 she headed the sustainability department at Camelot Group plc. During that time she was also Chair of the European Lotteries Working Group on Responsible Gaming and the WLA CSR Working Group. Anne had an instrumental role in the development of both the WLA Responsible Gaming Framework and the EL Responsible Gaming Standard.*

*After Camelot, Anne worked for a number of years in a senior position at PwC Germany where she has advised publicly listed companies as well as small and medium sized businesses on sustainability issues and also a variety of assurance projects, also for many German lotteries. Since 2015 she owns her own Business PB Consulting GmbH and is continuously working with some of Germany's largest companies on sustainability strategy, supply chain management topics, non-financial reporting etc. alongside her work as a chair for the WLA Responsible Gaming Independent Assessment Panel.*



### Paul Jason: How has the role of RG evolved over the past five years?

**Anne Pattberg:** In the past, RG was more about doing things to burnish the brand image and fulfill obligations. It was more about doing things than producing outcomes. Now, progressive enterprises see RG as an integral part of long-term sustainability, and are seriously tackling the challenge to minimize problem gambling and promote a healthy approach to recreational gaming. Instead of thinking of RG as a necessary cost-center that does not add value to the consumer experience, or to the financial bottom-line, enlightened business leaders are developing brand-building strategies that combine RG with Corporate Social Responsibility (CSR), thereby re-positioning the Lottery brand for a new generation of consumers which places a higher value on CSR.



Lottery's service to society may begin with its venerable role as generator of funds for Good Causes. But it continues with its role

as exemplar of enlightened capitalism that serves not just an inner circle of shareholders, but the broadest range of stakeholders that includes society writ large. Lottery is ideally positioned to be the leader in this next stage of macro-economic evolution of corporate capitalism; one in which the mission of corporate entities is not limited to maximizing shareholder value but maximizing stakeholder value, with the general public being its major stakeholder. CSR is no longer an ancillary initiative to pay lip-service to if you can afford it. It has become the mission-critical cornerstone to strategies for building brand equity for a modern consumer who cares about social responsibility.

### Thank you for explaining the ROI of Responsible Gaming.

**A. Pattberg:** The entire games-of-chance industry is much more keenly aware of the negative impact that problem gambling and irresponsible behavior has on the value of the brand. Even so, it is more expedient to drive sales growth on the backs of the core players than it is to attract new players. And it typically produces a higher and more predictable short-term ROI. But everyone is realizing that not only is that irresponsible and is harmful to the players, it ultimately incurs higher social costs and does not produce the highest long-term ROI. Sustainable growth depends on attracting new customers and increasing the number of consumers who play responsibly rather than going back to the core players who may be more susceptible to enticing promotions. Building a network of stakeholders based on trust and mutual



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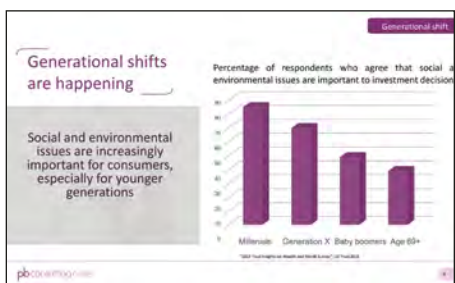
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respect is the most powerful platform for growth and long-term success. The cultural foundation that best serves the 21st century business is one that genuinely cares about its customers. This will be valued by our customers, our stakeholders, and our employees.

Lottery's most important stakeholder is the consumer who depends on us to operate in a responsible way and will reward the businesses that do. That is borne out in customer surveys. That is why an effective Responsible Gaming program is the best customer acquisition and retention strategy and that makes RG the pathway towards maximizing the life-time value of the customer. RG also forms the foundation for a business that our government stakeholders and beneficiaries can be proud of.

**It wasn't too many years ago when us sales-guys thought of RG as the sales-prevention department.**

**A. Pattberg:** Now we think of RG as the cutting-edge sales optimization program. Here's why. At its heart, RG is about genuinely embracing the best interests of the customer. As a consumer-facing business, the mind-set of bonding with the customer is key to maximizing the life-time value of the customer. Brand-building strategy is being reshaped by the insight that the next generation of consumers is much more tuned into the values of the merchants with whom they do business. They know the CSR quotient of companies. Consumers' willingness to pay more to do business with Socially Responsible enterprises is based not only on the consumers' desire to do good, but also because our corporate affiliations are becoming a part of our own personal brand image. Our brand relationships define us and how we want to be perceived. Look at how they are shared on social media and used to help others identify who we are and what we stand for. This is a very good thing for Lottery. Going forward, the asset value of our worthy mission to serve good causes and protect the consumer is increasing, and this will augment the singular buyer-motive



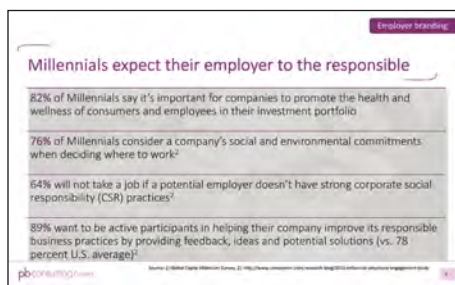
of winning a big jackpot. Recognizing this underlying consumer/societal trend should reshape our strategic planning to include a fuller commitment to RG and CSR.

**How exactly does that commitment manifest in our day-to-day operations?**

**A. Pattberg:** The first step is implicit in your question. It's got to be a part of our day-to-day operations. Think of RG and CSR as bonding with the customer. In order to bond with the customer, we really just need to do the things we already do to sell more product. In order to create the best game content and convey the most effective promotions and brand messaging, we need to know the customer. Knowing the customer is the key to an effective RG/CSR program, and it also happens to be the key to overall business success.

Knowing the customer and leveraging that knowledge to serve the customer has become the key competitive differentiator. Optimizing the CSR/RG program is one of those services that the modern consumer is keenly aware of and expects. We just need to make the investment of making sure that the CSR/RG agenda becomes the heart of the business, the life-blood that courses through all our actions, all the thinking that goes into product development, brand-building, and promotional messaging.

And just as the next generation of consumers values Social Responsibility, our employees' value it even more. It is important to the Millennial to be associated with a corporate mission that aligns with her values, especially those Millennials who have talent and passion. And attracting the best talent has become of the most competitive arenas of modern business.



**How can we leverage our commitment to RG/CSR to greatest effect?**

**A. Pattberg:** Just do it and own it. Authenticity is becoming the most valuable consumer-facing asset a business can have, and you can't fake that – not with the next generation consumer who instinctively sees through pretense. Thinking about the well-being of the players, the profit motive

for the business, and the application of RG more holistically is the only way to connect with the next gen consumer. There does not need to be an underlying tension or trade-off between these objectives. They can and should work together to deliver maximum value for both the customer and the business. Protecting players from irresponsible spending just makes good business sense. As we truly understand player behavior and motivations, we are able to really drive sales in a responsible way by enhancing the appeal of healthy recreational play.



**How much more effective our business will be if we embrace RG more holistically. Bonding with the player, learning what their likes and dislikes are, learning what drives their behavior – these are all the things that we need to do anyway to promote a long-term sustainable business as well as RG.**

**A. Pattberg:** Exactly. Thinking about it that way unlocks the creative inspiration that informs game development and promotional messaging right along with RG. Look at two of the winners of the Responsible Gaming awards at the World Lottery Summit in Buenos Aires. OLG Canada and Norsk Tipping won the RG awards with messaging strategies that attempt to connect with at-risk players at a much earlier stage, before they reach out for treatment, before they may even realize they are at risk. By understanding their players, they are able to identify at-risk behavior, take action to avert it, and help the player maintain a healthy approach towards recreational gaming.

RG can and should be our most effective customer retention tool. The revenue per player ends up being higher because more players are able to enjoy the thrill of Lottery gaming as a healthy form of recreation and diversion for many years to come. ■





# CRM Helps Amazon Dominate the Business Jungle

Lee Stuart

Management Consultant and editorial contributor for PGRI

For years, business executives expressed concern over the “800-pound gorillas” in their industries, those big, powerful, dominant companies that could operate seemingly without regard for their competitors. In this new era of sophisticated multi-national organizations, one company has attained “gorilla” status, but the 800-pound description seems inadequate. Today, Amazon is the **80,000-pound** gorilla in the rapidly evolving world of fulfilling customers’ needs. And Amazon has grown into this position because of its deep understanding of CRM.

What distinguishes Amazon from many adept competitors is its understanding of individual customer needs – CRM writ large. Amazon typically knows what its customers want and need even before the customers know themselves!

Amazon’s elite knowledge of CRM clusters into four instructive categories, all of which can be operationalized for Lottery:

1. **Data collection**
2. **Personal data storage and security**
3. **Recommended purchases**
4. **Self-service customer support**

When a customer creates an account on Amazon, he/she is opening a gateway for the company to **collect data** on their geographical location, their shopping and purchasing behavior, their responses to marketing and promotional initiatives, and a host of other points that are combined to make each subsequent interaction with Amazon a truly individualized experience. Amazon’s CRM capabilities enable the company to strategically connect enough information about behavior from one area of your life to make predictions about what you might need in another. Did you just have an Amazon book of baby names sent to your home address? Well, asks Amazon, would you like to see some rocking chairs for the nursery?

Amazon has erected a fortress around **customer data**, and although its system contains a few vulnerabilities – notably

third-party sellers doing business on Amazon’s parent platform – tens of millions of customers trust Amazon to protect their identities and confidential information. Amazon does not hesitate to downgrade or eliminate third-party sellers who fall short of CRM expectations. Refunds are required of those third-party sellers, and if Amazon itself makes a mistake, it corrects it immediately, frequently before the customer even knows about it.

Amazon is best-in-class at **recommending purchases** to customers based on their shopping history. Customers appreciate the “customers who bought this item also bought” feature. This “social proof” is a powerful tactic that consistently boost sales for Amazon and generates high customer retention rates.

With many companies, “self-service” **customer support** is about as much fun as a toothache. But with Amazon it is clear, easy, and fast. It actually saves customers time when compared with calling a customer representative. Customers have access to their own account history so they can view orders, the shipping status of parcels, payment history, and transaction cancellations in a single web location. Customers can upload gift certificates, reserve items for future purchase/shipment, and establish “wish lists” for others to view when it comes to gift-giving time. Amazon possesses a vast library of “help” information, too. But if you must speak with a representative, all you have to do is request to be called at a time that is convenient for you.

Amazon’s customer relationship management system was developed in-house to suit its unique requirements. Amazon’s one-click ordering process, made possible by the secure warehousing of credit card, shipping address, and other personal information, is the industry leader.

Amazon’s easy user interface also contributes to customer retention. Using high-quality images of products, accurate descriptions/specs, plainly visible pricing, customer ratings, peer reviews, and a

checkout process of elegant simplicity, Amazon’s interface drives market-basket averages and repeat business.

## What Can Lottery Learn from Amazon?

Even though most businesses, including Lottery, do not share all the same sales and fulfillment dynamics of Amazon, there are several benefits in developing outstanding CRM systems.

Think of CRM as existing on a continuum, with basic data capture and transactional excellence on one end, and customer intimacy – deep knowledge of each individual customer’s habits, wants, and needs – on the opposite end. To take steps toward achieving customer intimacy, Lottery may wish to consider the following:

Continuously improve, enhance, and evolve all Lottery websites and digital apps. Stasis is the enemy in this realm – a new, fresh, vibrant digital presence is imperative.

Capture, archive, and monitor as much customer data as you can acquire. In which store did Susan buy her Lottery products? At what time? Who was the retail associate who sold her the products? What, precisely, did she buy (ex: two scratchers and a Powerball)? What is her email address, mobile phone number, and home address? Is she married? Does she have children? What is her occupation? It may not be possible to acquire the answers to all these questions, but the more information you have, the more you are able to individualize promotional and marketing messages. Maybe Susan’s “lucky” retail associate can send her a text when new Lottery products are about to go on sale. Registering Lottery players is the first, most powerful step to achieving these ends.

CRM systems can automate most marketing activities, including email outreach to customers, promotional pings on digital apps, and the clustering/categorizing of customer behavior. Every business has loyal customers and occasional customers. Focus efforts on selling more to the loyal. Develop a deep understanding of their wants and invest in their needs.

CRM also can assist in the automation and securitization of player payments, and if there is an issue, the system can flag resolution requirements.

It all comes down to knowing your customers, cozying up to them in intimately informed ways, and anticipating their desires. ■



# I HAD FUN ONCE.

## IT WAS AWFUL.

But These Games Will  
Make Your Players Smile







Jim  
Kennedy

Chairman, Lottery at Scientific Games



# The Next Big Thing: Instant Scratch-off Games

## PGRI Introduction:

*We all feel it – a confidence that traditional lottery games are actually consolidating their continued leadership position in the games-of-chance industry and are poised to move even further ahead. What's driving the momentum? There is no lottery game that captures the imagination of pop culture like Fortnite and other big online video games in years past. The vision*

*shared by Jim Kennedy in our discussion at the World Lottery Summit in Buenos Aires is one not swayed by pop culture, but is instead focused on sound lottery business practices. That's the source and basis for the break-through innovations that are transforming the \$300 billion global lottery industry.*

*Kennedy was elevated to Chairman, Lottery at Scientific Games in January of this year. With more than*

*34 years in the industry, he has worked closely with lotteries around the world to create and execute successful programs for responsible, sustainable growth. In his newly elevated role, he will continue to provide leadership for Scientific Games Lottery business strategy and key lottery customer relationships. Jim Kennedy has quite a lot of knowledge to share.*

**It's almost as if the 'next big thing' in the games-of-chance industry is traditional lottery.**

**Jim Kennedy:** Most everyone in our industry has always been keenly aware of the margins generated by traditional games, and that the margins generated in all other games-of-chance categories are much lower. We see that the performance of traditional lottery games is incredibly resilient, growing year after year, decade after decade. And all that without much innovation to the fundamental lottery playing experience.

And yet the alarm bells are constantly being rung to alert us to the disruptive impact that a new game, the 'next big thing', will supposedly have on the marketplace. We become concerned that the phenomenal success of Angry Birds, Candy Crush, Pokémon GO, and now Fortnite might represent a major shift in the play-style and preferences of the next generation of

players. But then we watched as the incredibly bright light of popular success dims within 18 months or two years. Remember Farmville? These games come and go.

And now the advent of regulated sports-betting in the U.S. certainly has our attention. Thankfully, it seems like we have things in a more balanced perspective and realize we aren't going to experience a big migration of lottery players over to sports betting. We can and should be expected to improve the player experience of lottery games and evolve our games to align with popular tastes. But we should also realize that people actually love traditional lottery games precisely for what they are. They are easy to play, fun, and a wonderful invitation to dream about what we would do differently if we won the jackpot. Our players want a lottery playing experience.

We should always endeavor to understand how new games and innovations are

affecting the broader games-of-chance industry, how they might reflect underlying shifts in player tastes and preferences, and how they might affect lottery. But we should be confident in our results and significant on-going research that the popularity of the traditional lottery games will continue in spite of the introduction of new games that burst on the scene with so much hype and short-term popularity.

**Is innovation about creating the next big break-out game phenomenon?**

**J. Kennedy:** We have a break-out phenomenon. It's our core business. So it's more about breakthrough advances that help lottery retail partners, improve the overall lottery ecosystem, and manage the games as a product category instead of isolated profit centers.

It is human nature to think the grass is greener on the other side of the fence. But there is a saying "you grow where you are



planted.” More and more, we are realizing that Lottery is standing on incredibly fertile ground. We just passed the \$50 billion run-rate of annual instant sales in the U.S. Major multi-state national retailers like Target, Kroger and Walmart now see lottery as a growth vehicle worthy of support and aggressive promotion. Of course, we have been trying to get them to understand this for years. But now they

games grew by \$4.6 billion. Instants can continue to be the growth engine for the industry.

**It is amazing to think that just replicating the practices proven to be effective would produce such a huge increase of funds that go to good causes. What is the role of SCiQ® in the journey to unlock this potential?**

**J. Kennedy:** SCiQ is one of those fun-

changed is that methodologies to reduce risk and increase ROI predictability have improved dramatically in recent years. Understanding the consumer is key to predicting the ROI on an investment that depends on success in the market-place. Effective business intelligence starts with capturing the data. The most direct reflection of what the consumer likes and doesn't like is captured by the self-service and retail terminals that process their purchases. These devices transmit the transaction data that becomes the basis for analyzing consumer behavior.

Scientific Games' business intelligence platform, Infuse™, is a proprietary technology that processes billions of transactions per year and uses this data to tell a story not only about what games are being played, but also describes patterns and correlations that help us understand the underlying desires and motives that drive player behavior. The attributes of the game, the various combinations of messages and promotions and retail point-of-sale environment that go with those game attributes – all these permutations and combinations are deconstructed and re-constructed to tell a story about why people behave the way they do. The deep insights yielded by Infuse guide us in our quest to configure the ecosystem to give players more of what they want and less of what they don't want.

## “Major multi-state national retailers like Target, Kroger and Walmart now see lottery as a growth vehicle worthy of support and aggressive promotion.”

get it and are working with us to integrate lottery into the growth category of their product mix. Traditional lottery games represent an \$80 billion category in the U.S. alone. These major retailers recognize the enormous importance of this, and the potential to drive store traffic as well as generate profits from lottery retail sales.

Think about this data-point that illustrates the market-potential: If you take just the average per capita sales of the top 10 instant game lotteries and apply that average to the remaining U.S. lotteries, annual sales of instants in the U.S. would increase by \$27 billion. That's a 50% increase of instants, and a 34% increase of overall lottery sales including both instant and draw games. And if you apply this same metric in Europe, the upside potential is even bigger. If the instant game retail sales of the top 10 European markets were applied to the rest of the European markets, retail sales would increase by €31 billion Euro. These are market potential estimates that should intrigue policy makers who are looking for additional revenues.

As I mentioned, for the first time in U.S. lottery history, the industry achieved \$50 billion in instant “scratch” game retail sales. The Florida Lottery is perennially one of the top performers in the U.S. for instant game sales. Everyone is aware of the phenomenal growth of the Florida Lottery, but what everyone may not realize, though, is that this growth has been driven by the growth of instant scratch-off games. Instant game retail sales in Florida have experienced approximately \$9 billion USD in cumulative growth in recent years, while draw game sales grew \$870 million. The same is happening in the entire U.S. lottery industry, which saw \$18.2 billion in growth in instant game retail sales over the last 10 years, while draw-based

damental innovations that elevates the instant product from no-growth novelty to essential profit-driver. Instant games have been a formidable commercial product for a long time. In spite of that, it has always been merchandized as a low-profit novelty. That's ending. Lotteries and their technology partners and service-providers are bringing innovation into a marketplace that is more receptive than ever. SCiQ brings lottery into the modern world of smart barcodes and automated inventory management. The truth is, our retail partners have been begging us for years to improve operational efficiencies at retail. Lotteries are taking a much more progressive approach towards opportunities to

## “Third-party integrations require a genuine commitment to serve the customer. They also require experience and fundamental capabilities to forge partnerships between commercial companies with diverse cultures and methods of operation.”

invest in growth. The ROI has always been there, and now many industry stakeholders are working together to make prudent but visionary investments in responsible and sustainable growth.

**The lottery industry is understandably averse to risk. Is that changing?**

**J. Kennedy:** I don't think lotteries' tolerance for risk has changed. The funds that lotteries have available to invest in innovation continue to be significant but their allocation decisions are often historical, so it is only logical that there be a reluctance to change and risk making mistakes and misguided investment decisions. What's

**Scientific Games launched the most commercially successful iLottery program in the U.S. to date last year. What are some of the defining characteristics of the iLottery implementation in Pennsylvania?**

**J. Kennedy:** A mission-critical consideration was and is that the Pennsylvania Lottery is one of the top performers in instant games – fourth highest per capita sales in the country. That means we had to be very mindful of the fact that our goal was to enhance the existing business. We had to engage the retailers to

*Continued on page 59*

# Purchases and Payments in a Phygital world

## MULTI-CHANNEL GOES SHOPPING

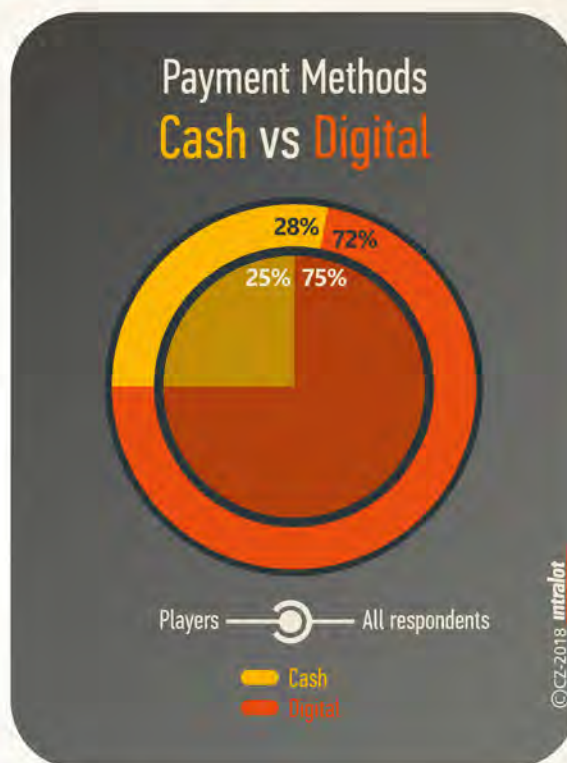
Contemporary consumers surf the market in a multi-device, omnichannel manner and this is evident when looking into their purchase patterns and channels.

Based on findings of a quantitative online study led by Focus Bari S.A., global consumers use 2,5 different channels for purchases on average. Physical channels, especially retail stores, are still used by 87% of global audiences. At the same time, digital or mobile channels have expanded their reach as an increasing trend – penetration of purchases via an online store reaches 60% and via a mobile app 29%.

## DO ALL PURCHASES EQUALLY FIT THE DIGITAL FORMAT?

Global consumers seem to choose each purchase channel based on convenience, adequacy and the need for physical interaction. Today's consumers look for personalized experiences when shopping, therefore, market offerings are forced to blend technology and service to meet their needs. This leads to an omnichannel buying behavior, without blurry boundaries among purchase categories and respective channels.

Thus, digital purchases have become an established and increasing trend, and not just for the expected digital content purchases such as content downloads or mobile & social media games. 'Experiential' purchases, such as travel and holidays or console games seem to be some of the categories strongly adequate for digital purchases



[87% and 72% respectively].

Games of chance purchase, follows a similar trend be it physical or digital. The total share of digital gaming channels is currently 27%, represented by just two alternatives [online sites & mobile apps], vs. physical gaming, represented by 13 different alternatives. When focusing on the digital preferences of global players, online sites are the 2nd most popular gaming channel, right after lottery & betting stores and are used by 36% of global players, while only 20% mention that they use a mobile app for games of chance. Compared to other purchase categories, games of chance have still a long way to go before omnichannel and multi-device gaming is fully established.



# THE FUTURE OF PAYMENTS

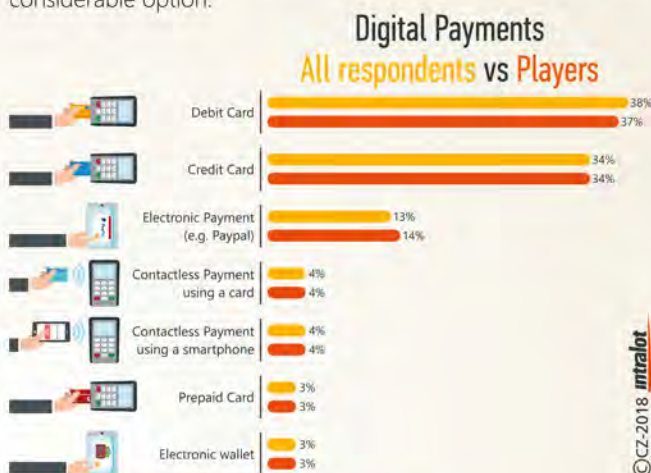
Along with the ongoing 'transformation' of the retail market, multi-channel purchases lead to multi-mode payments, fostered by the rapid course of technology developments and the consequent emergence of innovative payment methods.

For global consumers, using various payment methods is an established trend; consumers use a mean of 2,6 payment methods, cash being the highest in terms of everyday usage. Even though it may seem that payment habits are changing quite slowly despite many new, innovative payment methods available today, cash is mentioned to be used by 70% of consumers, meaning that another 30% conducts all their purchases in a cashless manner.

Credit and debit cards demonstrate similar usage penetration rates [49% and 48% respectively]; however, 'plastic' payment options already enjoy a 54% share of preference, while cash is preferred by only 28%. Beyond cards, electronic payments, smartphone payments and e-wallets are also on the rise and used for a variety of purchases [25%, 10% and 8% respectively]. That said, it can be assumed that use of cash nowadays is, to a great extent, an 'imposed', not 'preferred', habit.

As per their overall attitude and affiliation to everything that is

new, players of games of chance are much less cash-dependent; at least 54% use 'plastic' options and electronic payments for their purchases today while cards are not just used, but also preferred by 56% of global players, e-payments being another considerable option.



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## HOW ABOUT THE RETAILERS' PERSPECTIVE?

Even though global consumers gradually endorse multi-channel purchases and payments methods, retailers seem to follow in a distance. As global shoppers browse and buy on various channels, utilizing simultaneously online and mobile, the whole buying process is becoming complicated and it can often be a struggle for retailers.

At the moment, less than 30% of global retailers offer online commerce services via an e-shop and / or an online app. Along with the rather 'reserved' retailers' behavior towards multi-channeling, comes a comparatively high 'affiliation' to cash since it remains the most preferred option, by 58%, followed in a

distance by 'cashless' options [35%]. Thus, while global consumers have already endorsed cashless payment methods, they seem to be forced to using cash, due to retailers' resistance.

Retailers that offer gaming options tend to be more digitally 'agile', offering online and mobile purchase options and owning an e-shop or a mobile app [44%]. At the same time, retailers that offer gaming in-store alternatives are much more open to cashless payment options: i.e. 'contactless' payments [e-wallets, smartphones, etc.] are not only highly used, but are also preferred by 42%, vs. 33% of non-gaming retailers.

## PAYMENT METHODS FOR THE PHYGITAL WORLD

INTRALOT shapes the future of its products and services developed by the new trends and technologies. Payment methods evolution is driven by the fusion of digital and physical in-store experiences since borders between digital and physical are disappearing in the mind of the consumer. Digitalization is clearly becoming an asset for any operator that understands the current dynamics of the gaming market, wants to expand their reach to new audiences or offer new alternatives to existing clientele. The newly launched platforms INTRALOT Orion and

Lotos X can offer a true omni-channel experience to the end user and satisfy every channel's specific needs for all points-of-sale and optimize the payments environment. By deploying cashless technology through self-service & vending terminals in U.S. states as well as other operation globally, INTRALOT is aiming to attract new customers and create significant sales increases for the operators with great concern on responsible gaming and security.





## Martin Britton

Managing Director, GLI® EMEA  
(Europe, Middle East, Africa)



# Regulators navigate a landscape of technological change and market disruption

### PGRI Introduction:

*The GLI® EMEA success strategy has been built upon providing clients with quality testing and certification coupled with great customer service. Utilizing in-house skills has been key to providing clients with up-to-date and concise information to help them through the compliance process. GLI's global scale and network of offices and client base enable GLI to distribute*

*and accelerate workflow to meet tight regulatory demands and minimize time-to-market. GLI also advises regulators on ways to evolve the framework to address rapidly changing technology and game styles.*

*The European gaming market is being disrupted by new games that challenge conventional regulatory frameworks and even fundamental definitions of*

*gambling. GLI's role is to advise on the manner and methods of achieving the desired outcomes to help regulators shape their public and regulatory policy. Martin Britton discusses the ability and limitations of technology to address these issues and helps us understand and assess the options for charting a course to accomplish regulatory objectives.*

**Paul Jason:** What can regulators do to future-proof their frameworks over against the introduction of completely new game styles like Loot boxes and eSports and such?

**Martin Britton:** Technological innovation, and the number and variety of issues that it introduces, is just going to keep on increasing. The first step is to clarify new definitions of gaming and gambling. The conventional definition of “gambling” is that it must include Wager + Chance + Prize. If it has those three elements, then it is generally classified as gambling. If it does not, then it is not gambling. If we consider new forms of gameplay they do not follow this traditional assessment of gambling, yet we are seeing purchases being made within games to enhance skill or features. So, going forward the view may change to the enticement element of games and what protection is required to manage this. Equally these types of games are played by all age groups so making boundaries is more challenging. So, I think we will see other definitions arising to allow minors

and the vulnerable be protected.

Look at eSports where wagers are being placed based upon player skill. Firstly, there isn't much regulation around eSports and we are seeing instances of game enhancements creeping in where a player has an advantage which then creates unfair play. The key is looking at controls and auditing/assessment to ensure unfair play is prevented.

**How would you counsel a lawmaker who wants to know whether to classify Loot boxes as “gambling”?**

**M. Britton:** The thing about games where Loot boxes are available is that first, they may not be classed as gambling and they are played say, at home by all age groups. So, it's a broad audience. The issues raised are about enticement to spend with minors or the vulnerable where they may not have the means to make these purchases. The initial step is to determine if this is a gaming or gambling product, then if it is a gambling product how are minors protected through mechanisms like age restriction, purchase restrictions or monitoring,

The first step is to clarify your public policy objectives. That is the purview of lawmakers and regulators, not GLI. The second step is to formulate a regulatory framework and identify the technologies and testing/auditing processes that accomplish the public and regulatory objectives. That is where GLI can step in to assist and guide. For instance, Loot boxes do not qualify as “gambling” under the conventional definition. But insofar as the public policy objective may be to prevent players from spending more money than they should, insofar as the goal is to prevent irresponsible spending on games-of-chance and to otherwise protect the consumer, then it may be the case that the conventional definition of “gambling” and the objectives of public policy may be revised. That is what the legislators and regulators did in Belgium and that is what others may choose to do. Again, GLI is agnostic as regards to policy because our goal is to focus all our resources on the job of objectively testing the process to ensure



compliance with the policy. Equally, there could be controls that policymakers enforce where GLI could help or assess risk.

**Daily Fantasy Sports would appear to qualify as “gambling” according to the traditional definition. Yet many U.S. states have chosen to classify it otherwise, to not classify it as gambling.**

**M. Britton:** As far as GLI is concerned, there is no right or wrong definition of gambling. There is only the statement of public and regulatory policy which is decided by lawmakers and regulators. GLI can then advise legislators and regulators on how to formulate and implement a system of rules and testing mechanisms to determine if a game, or a device that delivers the game, is compliant with the regulation.

**Are most current regulatory frameworks in need of updating to effectively address the new games?**

**M. Britton:** Yes, for the simple reason that many of these games were not on the market when current regulatory frameworks were installed. But that will always be the case because new games and new technologies are constantly being introduced into the marketplace.

As we have been discussing, the current environment is challenging because it is not as black and white as it used to be. The conventional definition served us quite well for a long time! The issue with some of the new games is that even though they may not involve a conventional wager or prize element, they entice the player to spend money in ways that some policymakers feel should be regulated to protect the consumer from overspending. So now, without an objective and universally accepted definition for gambling, some legislators will rule to classify Loot boxes as gambling and some will not. Likewise, eSports, skill-based games, and Daily Fantasy Sports. And artificial intelligence is poised to unleash entirely new game styles that will further complicate the business of clarifying definitions and formulating and implementing a regulatory framework.

**How challenging will it be to construct regulatory frameworks without the benefit of common definitions?**

**M. Britton:** That is precisely the issue that GLI endeavors to solve. For instance, I think the word enticement is going to become relevant to the business of describing the nature of a game, the

degree to which it resembles the play-style of gambling, and how it should be regulated.

**Even without definitions, there are expedient, easily implemented solutions. Even self-serve devices or kiosks can be age-restricted, right?**

**M. Britton:** Yes, and GLI can assist with procedures, testing/ auditing to ensure compliance. To your point, the fact that current definitions may make it difficult to classify games like Loot boxes, skill-based, eSports, DFS and others – this does not prevent the regulator/lawmaker from deciding that the games could be age-restricted and implement technical standards to support that regulatory requirement post haste.

**How effective is IP blocking? Are the unlicensed online gambling operators able to get around it by creating multiple sites and such?**

**M. Britton:** Every system or infrastructure has the risk of being broken. But there are effective systems to prevent illegality and IP Blocking is very effective at preventing unlicensed operators from penetrating markets where their IP’s are blocked. Are there ways to circumvent the block and enable a player who is determined to play on an unlicensed online gambling website that is not regulated, monitored for integrity, or held accountable to ensure against fraud? Maybe, but jurisdictions that implement IP Blocking have in fact minimized the problem of illegal online gambling.

**What is to prevent an operator from deploying blockchain to create an entire alternate ecosystem that operates outside of any and all regulatory laws?**

**M. Britton:** New technologies like blockchain/distributed ledgers would seem to represent the potential for positive developments, but they also represent some challenges for regulators. The regulatory solutions will involve an effective global collaboration to develop enforcement methods that are applied internationally. National European regulatory agencies are already forging cooperative relationships as we speak. They work together, sharing information and providing support to accomplish the mutually desirable objectives to prevent illegality. It is not easy, though, because regulatory frameworks are national, not international, and directly tied to public policy objectives which vary from jurisdiction to jurisdiction. Necessity being the mother of invention, as the need to strengthen the international enforcement mechanisms increases, the willingness of ju-

risdictional regulatory agents to get creative and find ways to implement international solutions will increase.

There is evidence that the efforts to move the players from the unregulated marketplace to the regulated marketplace are working. The will of policymakers to enact laws and impose fines and consequence for violating laws, and the ability of regulators to enforce those laws, is increasing. “Gray” market operators are responding by trying to revise their methods to comply with jurisdictional laws where they operate.

**What is the purpose of standards and what is GLI’s role in establishing standards?**

**M. Britton:** Standard terminology and definitions must be established in order to have a baseline for testing, reviewing, and reporting on gaming devices and systems to determine compliance. GLI has established standards that facilitate the process. Each jurisdiction has the authority to set their own standards; however, many use our base standards as a starting point in developing their regulations for gaming devices and systems. It started off with the GLI-11 standard for slots some 20 years ago. The base standards are flexible to adapt to the particular needs of each individual jurisdiction. But the base GLI-11 standard for slots is now almost universally applied across the globe. GLI-19 does the same for iGaming and GLI-33 for sports wagering. The aim is to provide a robust regulatory framework for technical standards that allow product features and functionality to be tested and compliance verified. We think this baseline standard helps the industry in a big way as it enables a jump-start past all the standards that are common to all jurisdictions and immediate focus on those that apply to the unique needs of the individual jurisdiction. The resulting jurisdictional-specific standard is almost always comprised of more than 80% GLI base standards. Then 10% to 20% are adapted to the particular needs of the individual jurisdiction.

In conclusion, there is no 100% solution for future-proofing against changes in technology and new game styles. There are ways, though, to build into the framework the flexibility needed to quickly evolve and adapt the regulations to meet emerging challenges as they present themselves. It does require attention and multi-jurisdictional collaboration and proactive planning. And GLI is pleased to assist in that process! 🍀



# Lottery Researchers Share Market Insights and New Methodologies in Madrid

The convergence of market research and Business Intelligence data emerged as a hot topic when market research professionals from 10 lotteries gathered recently for IGT's second **International Gaming Insights Exchange**.

**M**arket research has long been a critical tool for lotteries, informing game development, business decision making, the player experience, and more. In recent years, lottery research professionals have had the opportunity to attend a European-based forum to meet with peers and share their challenges and successes along with the methodologies central to their work. The second International Gaming Insights Exchange, hosted by IGT in Madrid on October 17-18, 2018, is an outgrowth of a similar event held by IGT in North America annually since 2009. Together, the two events provide access for a broad range of lottery-customer research professionals to discuss their research programs and challenges in a collaborative setting.

At exchange events, "each lottery delegate gives a presentation geared to the interests of fellow research colleagues. We also invite keynote speakers who bring their perspectives to the table, whether from inside or outside the gaming market," explains **Pedro Lopez**, Senior Marketing Manager, IGT, who organized the Madrid event with IGT's **Gerard Caro**, Senior Director, Marketing Insights. Notes Caro, "We try to bring what's new in the field to the attention of attendees. Invited speakers, as well as the delegates, may be using new technologies or methodologies that are leading edge in market research but haven't been used yet by other lottery researchers. If it's happening in other markets, sooner or later lotteries will want to look at it."

## Global Gaming Insights Exchange 2018

### Exchanging Ideas to Generate Growth

Among those presenting at the recent conference were market researchers from Spain's **Sociedad Estatal Loterías y Apuestas del Estado**, who shared insights about what has made the Lottery's annual El Gordo draw game the biggest in the world, and how it has become embedded in the nation's culture. Belgium's **Loterie Nationale** offered a case study on how researchers brought together two classic market segmentation approaches to create one comprehensive customer view. Poland's **Totalizator Sportowy** discussed using instant-ticket prize claim rates as a tool to understand elements of ticket design. U.K. operator **Camelot** reported on developments in its use of data to create profiles of digital lottery players, and how to use different sources of information to generate growth from these insights. Czech Republic operator **Sazka** shared its innovation process, rooted in consumer insights, and France's **Française des Jeux** showed how it measures the player experience and identifies pain points that could be resolved to enhance that experience.

Research professionals from IGT's Insights group also shared aspects of their recent work on behalf of lottery customers. Pedro Lopez presented a case study on how IGT used conjoint-analysis techniques to assist the **Colombian Lottery** with game portfolio development and how consumer research contributed to the successful launch of **Lottomatica's** MillionDay draw game in Italy. Gerard Caro shared details about a video-ethnography protocol new to lottery research, along with findings from the newest IGT global player research study, "Attracting New Players." And **Ailsa McKnight**, Senior Director, Customer Understanding and Player Insight, discussed broad consumer trends that are likely to have an impact on the lottery industry, offering ideas for lotteries to align with consumers' changing expectations.



Marketing research professionals from 10 lotteries and 3 outside industries share insights and methodologies at the International Gaming Insights Exchange hosted by IGT, October 17-18, 2018, Madrid, Spain.



Attendees at IGT's 2018 International Gaming Insights Exchange in Madrid



**Macarena Estévez** from consulting firm Conento discussed how marketing analytics are growing in importance, and how traditional market research departments are harnessing Business Intelligence to deliver a richer and more colorful picture of markets and consumer behavior.

### When Research and Analytics Meet

One of the hot topics to emerge from the two-day workshop was the convergence of traditional market research and analytics, as reflected in the presentations from BBVA, Conento, and many of the delegates. While lotteries will continue to rely on traditional market research to get insights directly from the market, they are increasingly engaged with everything related to analytics as new technologies open possibilities to gather and process data.

### Keynotes Bring Outside Perspective

The topics for each Insight Exchange are chosen by participants, and keynote speakers offer additional or related subjects worthy of consideration from a lottery perspective. "We're always thinking of our customers' interests, and we try to identify speakers who will bring something thought-provoking to the conversation," says Lopez.

Keynote speaker **Raúl Quintana** from BeMyEye, Europe's leading provider of crowdsourced in-store data, discussed how the firm's one million on-demand data gatherers (individuals known as "Eyes") operate in 21 countries to collect rich causal data on sales execution in large supermarkets, independent grocers, and specialty stores. "Crowdsourcing tools are part of an overall trend that's already offering interesting options for the lottery market, such as crowdsourced retail audits," notes Lopez.

**Santiago de la Asunción** from BBVA, the second largest global bank in Spain, shared insights on the bank's shift to in-house market research. "What BBVA is doing right now is quite new in the market," observes Lopez. With the advances in data-collection technology, many companies now have the data to create a Business Intelligence unit, culling information from different areas within the organization and using their own professionals to gather and structure the insights.

"Lotteries realize how rich they are in terms of data," says Caro. "It's an asset that can be used along with market research to gain insights and better understand their customers. This convergence is likely to influence the way marketing insight departments will be shaped."

"A common thread in the Americas and the International Exchanges is that attendees have jobs that entail sales analytics in addition to marketing insights," Caro says. "We're all learning what kind of data each side can use from the other. The subject is showing up organically, and it's a key area for development in future workshops."

No research-themed event would be complete without some research of its own, and in a survey of delegates, the exchange of "good conversation and new ideas" and "the opportunity to meet other market researchers from the lottery industry" were cited as highlights.

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**IGT plans to host research exchange events in both the International region and North America in 2019. To learn more, contact: [Pedro.Lopez2@IGT.com](mailto:Pedro.Lopez2@IGT.com) or [Gerard.Caro@IGT.com](mailto:Gerard.Caro@IGT.com)**





## Wayne Pickup

Chief Executive of Camelot Lottery Solutions



# Engaging players and growing lotteries in a digital world

### PGRI Introduction:

*With more than 20 years' experience delivering technology, services and lottery operations to lotteries around the world, Camelot Global has recently announced it will be moving forward as Camelot Lottery Solutions.*

*With a new executive team, new branding and new offices recently opened in Chicago and London, Camelot is furthering its commitment to the lottery industry and its customers in North America and across Europe. Camelot Lottery Solutions Chief Executive Wayne Pickup recently shared his views about the evolving lottery landscape, how lotteries can deepen engagement with their players, and the importance of building solutions today to ensure a bright and sustainable future for the lottery and good causes.*

**Paul Jason:** Camelot Global has a long and fabled history. Who is Camelot Lottery Solutions today and what's next?

**W. Pickup:** When I looked to join Camelot last year, I was excited to be part of a company with the heritage of being a very successful lottery operator, solely focused on lottery customers, and with technology expertise in modern digital solutions like mobile, cloud and data. These all combine to make us who we are - a company that knows how to successfully grow our customers' business, in the lottery space, through creating powerful solutions.

Our data and digital platforms and services power some of the most innovative and fastest growing lotteries in the world, including the Irish and UK national lotteries, and Loterie Romande. We have purpose-built digital technology, a multi-million dollar investment, designed and developed by Camelot engineers for the lottery industry with the lottery player at the center of the experience. We're also the integrated lottery business manager for the Illinois Lottery and a business management services partner with the Arkansas Scholarship Lottery.

With a team of more than 400 employees across London, Chicago, Dublin and Athens, and a strong leadership team and Board with decades of lottery and business experience, we're focused on helping lotteries better understand and engage with their players. As a privately-owned business, we take a long-term business view to partner with lotteries to help build sustainable and responsible growth over time.

**How would you describe your defining characteristic, the attributes and skill-sets of Camelot Lottery Solutions that your customers value most?**

**W. Pickup:** For a start, we're dedicated solely on the lottery industry. We're a lottery company supporting our lottery customers. With more than 20 years operator experience, we also view the lottery through the lens of the business versus a product-only view, taking a unique player-first approach to every aspect of the lottery mix.

Our customers also value our people. I extend an open invitation to tour our offices and meet our team. Because we offer the opportunity to work for a digital company in an industry that does social good, we've

attracted amazing talent across digital marketing, technology design, security and responsible gaming.

And our commercial initiatives are positively aligned with the goals of the governments and states that we support. Put simply, we succeed when lotteries and the communities they serve succeed.

**Digital is transforming business and our personal lives. What does the evolution of digital and e-commerce mean for lotteries, and how can lotteries prepare for this digital journey?**

**W. Pickup:** The lottery industry in the US is starting to prepare for a world that is digital - it's not a *trend* in the consumer world, digital *is* the consumer world. Now is a very important time for the lottery industry in the US, as it starts to evolve to become more digitally driven.

At a high-level, preparation centers around relevant legislation, thinking through retail engagement to create a holistic digital offering, ensuring access to not only technology but also the talent and expertise needed for digital marketing and data management, and having a digital business plan in place for success. These are all areas where Camelot excels.

"Going digital" is not like a systems contract - it's more than infrastructure and operations, and requires a modern approach with new ways of thinking about the business and the opportunity. I'd also encourage a lottery to look very carefully at game strategy. High payout casino-style instant win games look good at the topline but when you take a closer look, the contribution to profitability and the player segment is not necessarily in-line with where a lottery brand should be looking to align.



Camelot's digital lottery and data platform was originally designed for the UK National Lottery, and has been in market in the UK for 10 years. Over that time, digital sales have increased steadily year-on-year with annual top line sales of \$2.3 billion now representing about 25% of the total UK portfolio.

and player engagement by providing a personalised, relevant experience has been crucial to this success.

This has also paved the way for more digital innovation and is helping the Irish National Lottery establish itself as the lottery of the future. At the end of last

works for them. That may be through our next-generation data and digital lottery platforms, advisory partnerships, or by providing operational expertise. We don't try to be all things to all people.

An example is our advisory partnership with the Arkansas Scholarship lottery, where we support the lottery's business plan for games, brand, marketing, retail, player relationships and operations aimed at improving sales and net revenue to benefit scholarship recipients. With Camelot's support in the 2018 fiscal year, the Arkansas Scholarship Lottery announced record-breaking sales and increased proceeds to scholarships of almost \$92 million.

#### What does the future hold for Camelot in 2019?

**W. Pickup:** The future for Camelot, and for our customers, is data driven. I've talked about the power of digital to improve the player experience, increase engagement and build loved and trusted brands. Just

“The lottery industry in the US is starting to prepare for a world that is digital - it's not a *trend* in the consumer world, digital *is* the consumer world.”

#### What about lotteries that are unable to offer digital lottery sales in their jurisdiction?

**W. Pickup:** The world is now digital - whether or not lotteries are able to sell games online. A “bricks and mortar-only” view of retail for the consumer really doesn't exist any more. It's interesting to note that a large portion of the population now order their morning coffee using a mobile app. And your morning cup of coffee is very much a physical consumer good.

It's not just about selling online - it's about combining digital and retail to create an engaging brand experience. It's about knowing your customers and meeting them where they are. For example, offering the ability to check tickets and find stores through a lottery-branded app improves the lottery experience for players - both from an enjoyment and security perspective.

Taking an international view and looking at the US market, we see nothing but fantastic opportunity in the digital space for lotteries to increase engagement with their brands and grow sales and revenue - and ultimately grow returns to the communities they serve.

#### Camelot Lottery Solutions manages the digital lottery for the Irish National Lottery and manages the Illinois Lottery. What are some of the opportunities you are most excited about in those markets, and what are some of the unanticipated obstacles you have had to overcome?

**W. Pickup:** Since 2015, we have fully managed the digital lottery for the National Lottery in Ireland, with a focus on developing and growing its digital channel. With Camelot's support and digital marketing expertise, the Irish National Lottery has nearly tripled digital sales over that time. Recognising what is unique about Ireland and its players, and building brand strength

year, we introduced our 'Lottery Now' assistive voice technology feature that allows lottery players to use Amazon Alexa to check their lottery tickets.

For the Illinois Lottery, we essentially managed the start-up of a lottery

“It's not just about selling online - it's about combining digital and retail to create an engaging brand experience.”

operation, including organizational design, delivering business and brand strategies, and negotiating major contracts. The combination of local resources and access to a network of global lottery professionals laid the foundations for the lottery's success. Already the Illinois Lottery is seeing positive returns, with increased revenue of almost four percent in 2018 compared to the previous year.

In early 2019, we'll complete one of the largest technology and retail transformations ever undertaken by any lottery in the US to create a world-class operations and technology platform for the Illinois Lottery, which will help deliver future growth in net income for the State.

#### Camelot Lottery Solutions is also customizing solutions for more narrowly defined objectives and projects. Could you describe some of those solutions, those partner relationships, and the increased variety of ways that Camelot brings value to the industry?

**W. Pickup:** We aim to be a flexible partner, delivering the right solutions for our lottery customers and their players in a way that

as important is the capacity for digital to generate data that can be used to drive business intelligence and generate insights that can unlock massive benefits for lotteries and their players. Access to real-time data helps understand the purchase behavior of players and can help deliver a better experience, by providing more relevant information to our players - whether that's a responsible gaming message or a community message.

The difference between telling players that so many billions of dollars were returned to the community versus telling a player their local park is lottery funded is huge. Using player data to share local and relevant community impact becomes a really powerful tool.

As lotteries embrace the potential of digital, they start to harness the potential to create a one-to-one relationship with their players, which then opens the door for future digital innovations. We'll continue working closely with our customers to develop purpose-built solutions, helping their lotteries take the next leap forward. And ultimately, helping make good things happen in the communities they serve. ■

# The New “Commandments” of Retail: Direct to Consumer Strategies and Concept Stores Create Brand Disciples

Lee Stuart

Management Consultant and editorial contributor for PGRI

“In the beginning, there were bricks,” sayeth the Holy Book of Retail in its first chapter. “Verily, the bricks were followed by clicks. Clicks begat Omni, and Omni gave life to Direct-to-Consumer and Concept Stores.”

And brand managers saw that they were good.

The evolution of retail has been rapid over the past 25 years. Physical **brick-and-mortar** locations, which had been the locus of consumer experience for decades, were first challenged by – then supplemented by – online **clicks** through e-commerce channels. In recent years, **omni-channel** retailing rose to dominion, representing the integration and careful orchestration of multiple channels so that a customer’s experience of engaging with a brand was seamless and reinforcing no matter their entry point.

Today, pioneering retail brands are entering a new covenant with customers through **Direct-to-Consumer (D2C) and Concept Stores**. The tenets of this new brand strategy include a holistic, 360-degree integration of physical and virtual shopping venues, customer engagement methods, hyperlocalization, value-adding deployment of big data, and new measures of success.

In this article, we will examine the value of D2C initiatives, the key ingredients necessary for success with D2C strategies, examples of leading brands operating concept stores, and possible implications for Lottery.

## Why D2C and Concept Stores? Are They Worth the Investment?

The prophets of this retail approach include Nike, Amazon, Hilton, Williams-Sonoma, and other esteemed brands which are showing the way toward new levels of customer engagement. These brands have reported gains in nearly every measure of customer engagement, including brand awareness, acquisition, satisfaction, mindshare, and profitability.

There are three overarching reasons propelling brands to undertake the D2C and concept store strategies:

**1. Customer expectations** continue to spiral upward. Mobile, cloud, and social

technologies have converged to create a customer expectation of shopping anytime, anywhere.

### 2. Controlling the brand message.

When wholesale manufacturers sell through retail distributors, they have little influence on how their products are sold. By selling directly to consumers, companies can control how the customer journey should unfold and execute the tactics required to make their brand vision a reality.

### 3. Acquisition and application of

**customer data.** A D2C strategy makes it easier to acquire customer behavior data (it can be problematic to acquire such data from wholesalers). To improve the end-to-end customer journey, brands integrate the data they receive from all their channels for a portrait of who wants what when and where (customer, need, product or service, time, channel).

Leading brands are making big bets in concept stores. Here are a few to watch:

#### Nike Live

In July, Nike opened a D2C concept store, a 4,500 square-foot place on fashionable Melrose Avenue in Los Angeles. The store has a “museum” appearance and its merchandise mix is entirely driven by customer data derived from zip codes in the immediate area. The concept pivots on convenience, personalization, and customer choice. Regarding personalization and choice, Nike has learned that customers will pay \$170 for the option to customize their own gear. Nike intends to expand the D2C part of its business aggressively, by 250% in five years to more than \$15 billion.

#### Amazon Go

Amazon Go opened in Seattle, featuring cash-less and “no check out” convenience. No one would dispute that Amazon has been the dominant force in e-tailing for decades, but it does not yet have enough experience in “bricks” to be considered a formidable concept store player.

#### Hilton

Hilton is improving customer satisfaction by communicating directly through a

mobile app. One quarter of Hilton’s most loyal guests regularly use its Hilton Honors app to open doors, select rooms, check-in, and order services using their smart phones. The room selection and reservation process is underpinned by high-quality images of thousands of rooms.

#### Williams-Sonoma

Williams-Sonoma Inc. and its family of nameplates, including Pottery Barn, West Elm and Williams Sonoma Home, may be the embodiment of retail evolution. The company began as a single store selling kitchen gadgets and cookware. It built an outstanding merchandising vision, became obsessive about operational excellence, and embraced the D2C model, initially with print catalogs and then as an early adopter in the formative stages of e-commerce to create a near perfect balance of physical and online sales.

#### Other Leading D2C Brands

**Bonobos** started in 2007 with a pair of men’s pants that fit well, but it has since innovated in the categories of commuter work pants, underwear sold by waist size, shirts, activewear, and more. Its “bricks” channel, Guideshops, features heightened retail experiences that include special event appointments and complimentary style assistance.

**Wayfair** may be the next challenger on the D2C landscape. Wayfair has been a pioneer in bringing Augmented Reality (AR) capabilities to the shopping experience (which is an increasingly critical dynamic among customer expectations), but it has a ways to go in perfecting its integrated marketing engagement.

## The Key Ingredients

Nearly any brand can benefit by delivering personalized Direct-to-Customer experiences, but embracing the strategy is not without its risks and challenges. Migrating to a direct model requires business transformation, unwavering commitment from executive leadership, and a plan to coordinate the multiplicity of business units, customer touch points, and business processes needed to execute a D2C strategy.

*Continued on page 51*



# SCIENTIFIC GAMES RINGS UP SEVERAL LOTTERY RETAIL INNOVATION 'FIRST' WITH PLAYCENTRAL® 54

Industry's only low height player self-service machine currently in market was custom-innovated for one of the world's largest retailers

## Screens

Home



Instant Games



Draw Games



Scientific Games has now deployed the new *PlayCentral 54* self-service technology at lottery retailers in both Pennsylvania and Arizona.

**PLAYCENTRAL 54**

To date, *PlayCentral 54* is the only low height

player self-service machine in market. Scientific

Games custom-innovated the breakthrough technology for a major U.S. retailer that specifically required a full-service lottery vending machine for instant games, numbers/draw games and other lottery products with a low 54" height designed to integrate conveniently with the retailer's self-checkout experience. *PlayCentral 54* machines launched in stores in June 2018, with installations continuing.

With *PlayCentral 54* in market, Scientific Games continues its long history of conceiving and successfully delivering inventive solutions that upgrade the lottery industry. In addition to being the first self-service machine in a streamlined 54" height, *PlayCentral 54* captures several retail industry 'firsts' for Scientific Games, including being the first lottery self-service technology offering a full portfolio of lottery game entertainment – instant "scratch" games, draw games and other lottery products – and the first with Payment Card Industry (PCI)-certified card and mobile payment options. Showcased at the North American State and Provincial Lotteries Annual Conference in September 2017, *PlayCentral 54* was also the first low height self-service machine installed in market at a lottery retailer.

"Lotteries continue to modernize by meeting players where they are and how they like to play, whether at their neighborhood grocery or convenience store, at a major big box retailer, at home, or on the go with their mobile phones," said Pat McHugh, Group Chief Executive, Lottery for Scientific Games. "This project is another example of how well Scientific Games understands and can meet lottery retailers' specific needs, and offer lottery players the same conveniences that they have with many other consumer products in their lives."

*PlayCentral 54* allows players to purchase lottery games with cash, debit card or mobile payment (i.e. Google Pay or Apple Pay). The self-service machines offer retailers' customers convenience and speed-of-service with a quick, "shopping cart" check-out experience similar to internet shopping.



A supplier to more than 150 lotteries globally, including nearly every North American lottery, Scientific Games is currently the fastest growing lottery systems supplier in the U.S., and the leading lottery systems supplier in Europe.

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# The Main Attraction for Lottery Players and Millennials Alike:

## Virtual Sports appeals to the broadest cross-section of player profiles

### What's new at the Inspired Entertainment exhibit booth at the ICE Totally Gaming Show?

Inspired is showcasing its Server Based Gaming, Virtual Sports and Interactive content and solutions, highlighting the products that make Inspired Essential Entertainment. Besides its proven Virtual Sports products, such as Rush Football and Virtual Horse Racing, and new products such as 1st Down and Grand National, Inspired will also be introducing Hoops, the brand new Virtual basketball product with the latest in motion capture technology.

Greece, UK and Italy have enthusiastically embraced virtual sports. They recognized and are now actualizing the revenue impact of virtual sports, along with its ease of integration, its low costs of deployment, the flexibility it offers through customized and multiple platform options, and its appeal to all types of players - including lottery, slots, sports betting, online, and mobile.

Inspired has already placed 32,000 server-based VLTs throughout Europe. Its virtual sports content is operating in a number of sportsbooks in Nevada through William Hill, and online in New Jersey. Virtual sports products were recently launched in over 9,000 retail locations with the Pennsylvania Lottery. And many other US lotteries and casinos are exploring the possibilities for retail, casino, sportsbooks and interactive platforms. US providers see Inspired's virtual sports products as an opportunity to expand their player base, as a pathway to sports betting, and as a way to add fresh content with a dynamic new revenue growth opportunity for North American-based operators.

Inspired's newest cabinet, Valor, not only provides new player experiences in existing markets, but will take Inspired into new markets with content made specially for the North American markets. Inspired wide

portfolio of top-performing Interactive content includes more than 60 slots, table and virtual on demand games. The Plug-N-Play solution is Inspired's complete end-to-end online sportsbook product that allows operators to access Inspired's award-winning Scheduled Virtuals games with minimal integration effort and rapid speed-to-market.



### Does Virtual Sports Augment the portfolio of Lottery Games or Sports-betting?

Both. That is the beauty of Virtual Sports. It is RNG (Random-number generated) driven and so it is compliant with that basic requirement of Lottery. And now, with the recent Supreme Court ruling favoring sports betting, there is a surge in interest in Inspired's virtual sports content from the US. Inspired's virtual sports content is seen as complementary to and seamless with real world sports betting. It has proven to drive incremental revenues for customers globally and attract new players, as the digital format mimics the type of entertainment that millennials already consume.

### Who is the target Market for Virtual Sports?

Virtual sports appeals to a cross-section of player profiles that includes sport betting, esports and slots. Key to its role in helping operators stay positioned for the next generation of players, Inspired's virtual sports attract a younger demographic who like sports as well as computer games, and our games are a great way to prepare players for real world sporting events. These products can be localized, they're easy to deploy, and they can be used on multiple platforms in multiple ways.

### How exactly does virtual sports differ from "real" sports-betting?

The length and frequency of virtual sports events are different, providing more fun, more betting options, more chances to win. Virtual sports also serves to fill the down-time in live sports content. Lottery, casino, sportsbooks and interactive customers are able to diversify their product portfolio by offering higher frequency games and life-like virtuals, and ensure that the players are always entertained, always have the opportunity to play and watch sporting events.

The schedule and margins of the virtual games are determined by the operator, providing ultimate flexibility to deploy in the ways that best serve the specific purpose of the venue.

### How do you do it? How do you create this incredibly realistic content?

Inspired researches players and trends, and employs sports experts to consult on the content and betting structures to ensure they are accurate, relevant, engaging, and entertaining. The world's most advanced motion capture facilities are used to produce ultra-realistic animation that generates a true depiction of the game/sport. Player models are developed in ultra-high resolution, resulting in the realistic video that you see on the screen. Inspired is constantly developing new techniques and super close-up camera angles to capture the action and deliver the most realistic viewing experience.

### How quickly is virtual sports adopted by a new market-place of players?

Virtual sports resembles both sports and video gaming and so is easily and quickly adopted by the players when it is introduced into new markets. Revenues ramped up quickly in markets like Greece and Italy and we expect the same results in new markets in the U.S. and throughout the world.

Consumer tastes and play-styles are evolving such that they enjoy a wide variety of experiences. They want to experiment with new games and they expect the operator to make it easy for them to do that. The beauty of virtual sports is that it is easy to learn and it appeals to sports bettors, lottery players, and gamers alike.

Inspired Entertainment's ultra-realistic games are available for land-based, online and mobile gaming. Unlike competing products, the schedules and margins are fully operator configurable and the graphics can be customized with branded backgrounds. ■



# Lawrence “Lawrie” Pollard

## His Inspiration and Legacy Live on

On January 4, 2019, Lawrence Pollard peacefully passed away in the presence of his family. He was 90 years old. In 1947, Lawrie joined the family printing business, which he would later rename Pollard Banknote. Lawrie Pollard was a pioneer of the modern lottery industry, establishing a business which today employs over 1,600 people. He leaves many who are grateful for his legacy.



The fascinating and inspirational story of Pollard Banknote is embodied in the life story of Lawrie Pollard. Lawrence Oliver Pollard was 19 when he joined his father at the Saults and Pollard commercial print company in 1947. He was appointed president in 1962 (at 34 years old) as the printing company continued to thrive. By the 1970's, though, Lawrie recognized the impact that the introduction of photocopying machines would have on the traditional printing business and so began to explore avenues to reinvent their service and product. “He tried printing cheques, financial security documents, standardized tests and then he thought banknotes,” Lawrie’s son Doug said. “But then the federal government announced the dollar coin would replace the dollar bill and so he cancelled that. We continue to be known for a product we never produced.”

In 1985, the Western Canada Lottery put out a request for proposal for instant scratch-and-win tickets. Lawrie thought the company should jump at the opportunity but his two older brothers, who were also

partners in the company, didn't want to do it. So, at the age of 56, Lawrie bought them out, took out a second mortgage on his house, and borrowed \$5 million to acquire the technology and machinery required to turn the 77-year-old printing shop into a manufacturer of lottery tickets. With the help of friends, his dedicated staff, and his sons, the company soon emerged with a new mission, becoming the second largest


producer of instant lottery tickets in the world. Now serving more than 50 lotteries around the globe, it has become one of the top three international players in the field with the capacity to produce about 18 billion tickets annually. Pollard Banknote continues to be a family business, led by co-CEO's and brothers John and Doug Pollard.

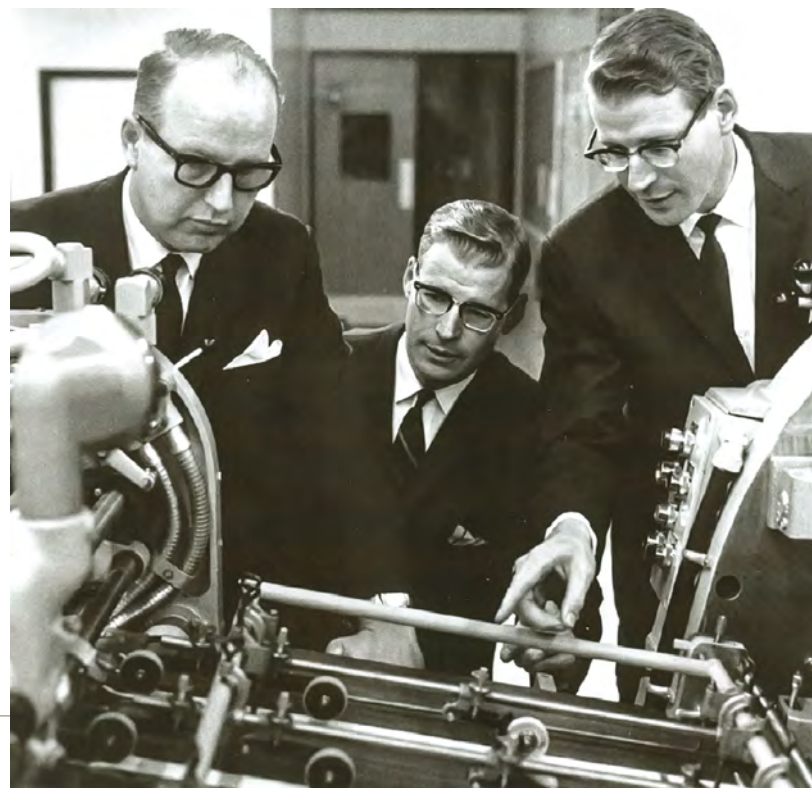
Lawrie stepped down from running the day-to-day operations in 1997. Since then, he had served as chairman and most recently, chairman emeritus. Until the end of his life, Lawrie maintained a strong interest in the business and could be seen walking around the office and plant daily. His genuine interactions led to close relationships with many of the staff.

Lawrie and the company have always devoted a considerable amount of resources to the community. In addition to donating funds to a long list of worthy causes, Lawrie, served as a board member

of the CancerCare Manitoba Foundation, a co-chair of the Victoria Hospital Capital Campaign, Board Chair for the United Way of Winnipeg, and for more than a decade served on the board of The Winnipeg Foundation, the second-largest community foundation in Canada. In 2007, The Manitoba Museum paid tribute to Lawrie Pollard at their Annual Tribute Dinner and recognized him for his outstanding contribution to the community. Spanning over 50 years, Lawrie's dedication to philanthropy was also acknowledged by his peers from the Association of Fundraising Professionals (AFP) who presented him with the 2005 Outstanding Philanthropist of the Year Award.

A lesson he learned from his father, Oliver, was the importance of hiring good people, and treating them well. Because of this philosophy, not only was his business successful, but Lawrie was blessed with many enduring relationships with customers, partners and, most importantly, the staff at Pollard Banknote, whom he held in such high regard.

Lawrie Pollard is survived by his wife of 61 years, Frances; three sons, Gordon, John and Doug; two daughters, Shelagh and Barbara; and 13 grandchildren. 



# The Success of Chance:

European Lotteries Congress  
May 26th to 29th, 2019  
Hosted by the Belgian National Lottery  
Queen Elisabeth Hall in Antwerp

[www.el2019antwerp.be](http://www.el2019antwerp.be)

In 2019, the Belgian National Lottery will host the 10th edition of the “European Lotteries Congress”. During this congress members exchange their expertise and best practices, discuss case studies and demonstrate how lotteries can be innovative in a rapidly changing environment. Besides a major trade show, the three-day event, will also include panel discussions and the keynote speakers around the central theme of the event “The Success of Chance”.

Jannie Haek, CEO of the Belgian National Lottery: *“Lotteries have been about chance and luck for centuries. We not only create winners, we also help to create new chances and support new opportunities. Chance is a part of Lotteries. Chance is a part of Success. Chance is also a part of Life. When working hard, preparing well, being organised, looking for opportunities, ... chance plays an essential role in life. When succeeding, people often tend to deny the importance of chance, coincidence, and luck. In case of misfortune, one counts on understanding, support, and new chances.”*

During the congress, the Belgian National Lottery wants to discuss how chance affects the world, success, our life and the lotteries, but the concept of chance shall also be placed at the centre of different themes like sport, genetics, random generators and artificial intelligence. Several keynote speakers will be invited to explain each and every one from their field of expertise how chance has had a decisive influence on important evolutions in the past, and how it can influence our lives and our successes in the future.

One of the key note speakers is Nassim Nicholas Taleb who spent 21 years as a risk taker (quantitative trader) before becoming a researcher in philosophical, mathematical and (mostly) practical problems with probability. He is the author of a multivolume essay, the *Incerto* (*The Black Swan*, *Foiled*



## FOR THE BENEFIT OF SOCIETY

*by Randomness, Antifragile, and Skin in the Game*) covering broad facets of uncertainty. His book *The Black Swan* focuses on the extreme impact of rare and unpredictable outlier events — and the human tendency to find simplistic explanations for these events, retrospectively. Taleb calls this the Black Swan theory. *“A black swan is an outlier, an event that lies beyond the realm of normal expectations. Most people expect all swans to be white because that’s what their experience tells them; a black swan is by definition a surprise. [...] The focus [...] should not be on how to avoid any specific black swan, for we don’t know where the next one is coming from. The focus should be on what general lessons can be learned from them. And the most important lesson may be that we should reward people, not ridicule them, for thinking the impossible.”* Nassim Taleb in *The New York Times*, April 8, 2004

Another key speaker is Brett Hennig, who is a director and co-founder of the Sortition Foundation whose aim is to promote ideas about direct citizen participation and institute the use of stratified, random selection (also called sortition) in government. Before co-founding the Sortition Foundation, Brett was a taxi driver, a software engineer, a social justice activist, a

mathematics tutor, and the primary carer of four boys. He has a PhD in astrophysics. Brett Hennig is the author of *The End Of Politicians: Time for a Real Democracy*, in which he explains that citizens don’t need politicians to govern them while groups of randomly selected, ordinary people can and do make balanced, informed and trusted decisions. Brett Hennig will first give an overview of the results of the European elections that coincide with the opening of the congress, and then go deeper into possible alternatives to the election of politicians through direct citizen participation based on randomness.

The congress will provide more than ever an excellent opportunity to get acquainted with the most innovative developments in the lottery sector, thanks to an extensive trade show and a series of interesting panel discussions with qualified experts.

The venue that was chosen for this edition is the magnificent historical Elizabeth Center that is right in the center of Antwerp. This center, recently completely renovated, harbors top notch meeting and plenary rooms where history and technology are combined to bring a unique experience. It offers an ideal opportunity to network extensively with colleagues in the vibrant atmosphere of Antwerp, the largest city in Belgium with many historical and cultural attractions. Antwerp has the second largest port in Europe. It is also the center of the global diamond industry and the city plays a leading role in terms of fashion and gastronomy. Antwerp is easily accessible by public transport from the airport in Brussels. There are continuous direct trains that reach the center of Antwerp within half an hour. Both the congress center and all congress hotels are located in the proximity of the train station in Antwerp. 

*For more information, please visit [www.el2019antwerp.be](http://www.el2019antwerp.be).*



Loterie Nationale  Nationale Loterij



# The Success<sup>of</sup> Chance

10th European Lotteries Congress  
26-29 MAY 2019

**Flanders Meeting Convention Center Antwerp**

Join us in ANTWERP and register at [www.el2019antwerp.be](http://www.el2019antwerp.be)

# The Jackpot Conundrum, and the factors that influence the desire to play



**Simon Jaworski**  
President, Leger USA



THE RESEARCH INTELLIGENCE GROUP

The question is no longer whether Powerball and Mega Millions are similar games – they are now strikingly analogous, and they got that way in an amazingly short space of time. Once great cross-state border rivals, the two large national lottery jackpot games now have significantly fewer differences than similarities, and that assessment is based on consumer research. Consider that almost exactly the same percentage of the population played both games when the games were at their most recent jackpot highs: 49% claimed to have played the \$1.6bn Mega jackpot in October and 47% claimed to have bought in to the \$750m Powerball jackpot during the same month. Let’s drill down on why that is not a coincidence, and what Lottery can do to augment the attributes of high jackpots to increase player-ship.

## High Jackpots rule!

Leger’s December 2018 U.S. omnibus asked 1,000 Americans about their preference for playing either of the two national jackpot games, and the resounding #1 answer was “whichever game has the highest jackpot” at 43%. Mega Millions, at 17% preference, edged out Powerball at 16%, but ultimately this simply underscores the fact that brand loyalty now plays a distant second fiddle to the actual jackpot amount.

As an aside, 25% of U.S. adults currently remain uninterested in these lottery jackpot games, which raises the question: are there other ways in which the lotteries can attract these non-players?

Leger’s Lottery research team delved deeper into some of the potential external factors

that may be directly affecting sales of these national draw game institutions, including proximity to lottery retailers, weather, primary lottery purchasing, shopping habits, pay days and technology.

## Snow joke! Does the weather influence lottery purchases?

Weather may be more of a key factor than previously thought of in the decision-making process of potential Powerball or Mega Millions players. Almost three out of ten (29%) past-year lottery players mentioned that weather is a factor that dictates whether they buy lottery tickets or not. Among Gen Z/Young Millennials this number increases significantly over all other age groups to 45%, while among the non-white population it hits 47%, significantly higher and twice the level when compared to only 22% among caucasians.

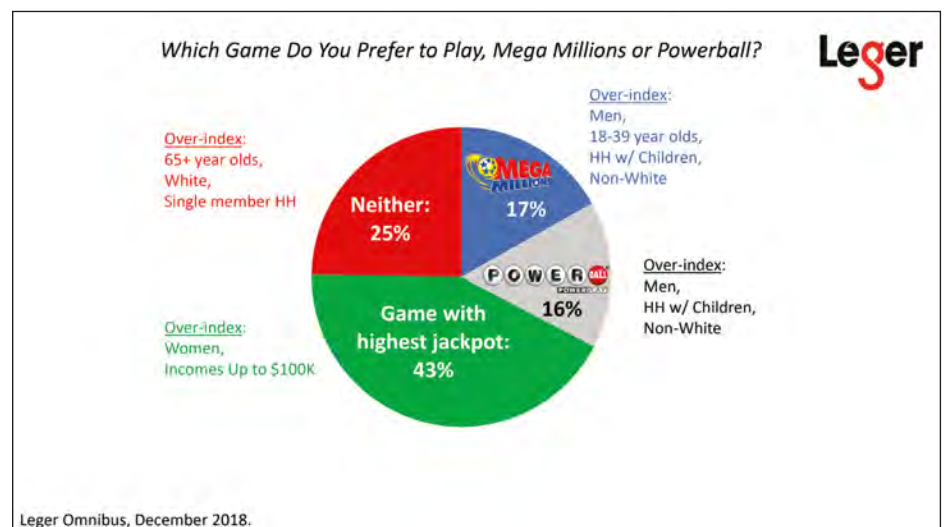
This weather trend seems to make sense. Back in October of last year, Hurricane Michael may have been a factor in the Mega Millions jackpot not growing at a ‘normal’ pace, despite having breached the breakout level of \$400M, the point where we traditionally start seeing the jackpot increase at a faster pace.

## “Buy me a Powerball ticket, Alexa.”

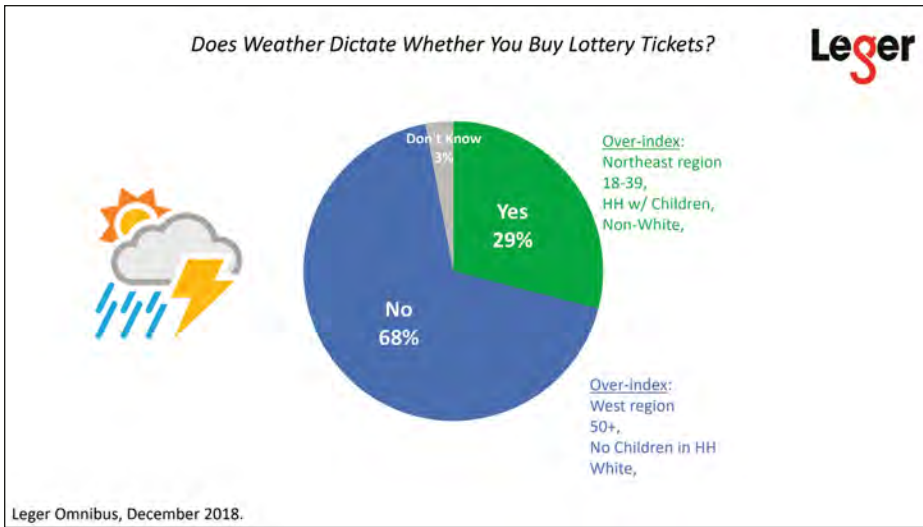
As shopping patterns change, expectations are similarly raised among the younger demographics. 13% of the U.S. population currently ‘does almost all of my shopping online, preferably on my smartphone’, but this hits 24% of 30-39 year-olds, which is perhaps surprisingly higher than 18-29 year-olds at 19%. 36% of Americans ‘do a lot of shopping online, but still grocery shop and visit retailers in person’ which skews higher among higher income groups, notably 42% among \$100k+ households.

So what does this mean for Lottery? Simply put, lotteries must pull out all the stops to ensure they don’t get left behind. iLottery is now available in 8 states. Leger’s research also asked a more pertinent question about which medium would Americans ideally prefer to purchase their Mega Millions or Powerball ticket. 19% stated ‘online, from home’ while 17% requested ‘on my smartphone’ as a preference, for a combined 36% online. Among 18-29 year-olds, this number jumps to a remarkable 51% online net, higher than the traditional ‘at a local store’ (46%).

African Americans, Asians and Hispanics are also fueling the need for an online lottery purchasing option for Powerball and Mega Millions, with 46% wanting the option to purchase at the touch of a button,







as opposed to visiting their local store, which still has a narrow lead among this combined group at 51%.

### “I’m off to buy my Mega Millions tickets, honey...”

One of the key nuances that came out of the research is the fact that those who prefer the Mega Millions game are significantly more likely than Powerball preference players, to travel specifically to purchase lottery tickets for a jackpot game. Now, this could merely be a factor of the latest \$1bn + jackpot being for the Mega game, but there may also be more to it.

Only 5% of those who played either the \$1.6bn Mega or \$750m Powerball draws claimed that it was too far to travel to buy their tickets, however this number was more than double among those who prefer to play Mega Millions at 11%.

More than one-third of past year lottery players (36%) travel to the store specifically to purchase lottery tickets (as opposed to lottery being a part of a separate purchase), which over-indexes among males (42%), 18-29 year old (43%) and households with children (44%).

### How local is local? How convenient is convenience?

Proximity to their lottery store also provides additional insight into the player journey. Almost two-thirds of past year players travel less than 2 miles to buy their lottery tickets, with a majority of these (34%) travelling less than 1 mile. Despite the propensity for players to avoid going too far out of their way to purchase games, a sizeable proportion of players (1 in 6) travel at least 5 miles to buy their usual lottery tickets.

### Show me the money.

Pay day for Americans may not be top of mind when thinking about lottery play, but for almost half of current lottery players it is. When 46% of past year lottery players state they are extremely or somewhat likely to buy lottery tickets on the day they get paid, it is certainly an eye-opener. There are even regional differences, most notably with the Northeast, usually a hotbed for lottery play, hitting a peak of 56% among the four U.S. regions. However, the most startling numbers come in the guise of ‘players with children’ at a staggering 66%, and the critical 18-39 year old age group at 61%. Delving deeper, the critical component of ‘extremely likely’ to buy lottery on pay days peaks among 30-39 year olds at 38%!

### Everyone's a winner?

Among players who have a favorite game (Powerball or Mega Millions), the jackpot size issue is pretty much status quo. First, about half of the brand ‘loyal’ players state either ‘the jackpot size doesn’t matter’ or

they play at \$40m. Next, another quarter of these players join at either the \$100m or \$200m level, while 10% join in at \$300m. This leaves about 1 in 6 of the regular players waiting until \$500m or higher. Combined with the higher entry point at which infrequent players start playing again, it’s safe to say that the breakout level for when these jackpots start to dramatically accelerate in value will approach the half-billion point in the future. But is there a way to get infrequent players to get in on the fun at lower jackpot levels?

Leger also asked this brand ‘loyal’ group whether there was anything that lotteries could do that would encourage the jackpot game players to play at a lower jackpot level. The top two ideas that resonated with players revolved around the concept of winning a single prize. 30% want ‘better odds to win a prize’, while 19% want to be able just to ‘match just 1 number to win a prize’.

### Who is to say this would not make sense at some point for one or both of the national games?

Winners, based on other Leger research, are more likely to take their winnings and ‘let it ride’ by opting to reinvest in the same or other lottery games (than just pocketing the cash), which keeps the cycle of play going. Even among the 18-29 year olds, ‘better odds’ or ‘matching just 1 number to win a prize’ won out, although 17% did prefer a second chance game on a Mega Millions or Powerball App as a third choice.

Outside of the dream we all have when playing Powerball or Mega Millions, creating a winning feeling, or even a better opportunity to win, seems a simple solution that demands more in-depth investigation.



# Sports Betting Across America: A 2019 Legislative Preview



## Brendan Bussmann

Director of Government Affairs,  
Global Market Advisors

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Global Market Advisors

As 2019 begins, states across the country are looking at their legislative agendas. Every state's legislature will meet in 2019 and there will be several issues that will be discussed, some of which will revolve around gaming and lottery. One thing that will likely be discussed in every state is the potential for sports betting. This is an important opportunity for state lotteries to expand their portfolio of games and connect with the next generation of players.

Many states are assessing the expansion opportunities for the lottery. This may include the use of video lottery terminals, iLottery, or other forms to sell their existing products through the internet, kiosks, or other means. The potential for sports betting to enhance funding for good causes is another option that many Lottery Directors across the country are hoping their state legislators

Sports betting represents an opportunity for significant expansion of games-of-chance wagering. Perhaps as a result of Daily Fantasy Sports, sports betting is now viewed as much more of a mainstream form of gambling and is even highlighted on major sports media discussing the line or total points for a game.

## The Current Market

Since the overturning of PASPA in May 2018, several other states have added sports betting as an available form of wagering. Delaware was the first to market post-PASPA, as the lottery expanded its sports betting offer to include single-game wagering. Other states have since followed including New Jersey, Mississippi, West Virginia, New Mexico, Pennsylvania, and Rhode Island. Arkansas and the District of Columbia (pending U.S. Senate approval) have legalized sports betting, but they

United States Senate has any objection to its passage. Under the measure that was passed, the D.C. Lottery would be the controlling body of sports betting in the District.

Of the states that have passed sports betting, Rhode Island and West Virginia both use their state lottery as a vehicle to offer sports betting. Rhode Island launched sports betting in November with tax rates that are more comparable with a tax rate of 51%. IGT serves as the vendor in partnership with William Hill and will receive 32% of revenue (net after taxes and winnings paid to players), leaving the casinos that offer the wagers with 17% of revenue.

West Virginia's lottery proved to be one of the models for taking a state that did not offer sports betting into allowing a robust market in partnership with the existing brick-and-mortar casino operators. In the fall of 2017, The West Virginia Lottery commissioned a study to look at the potential for sports betting throughout the state. They not only looked at the best vehicle to allow for sports betting to occur but also the revenue potential that it would generate in the state based on the population, as well as the vehicle(s) in which wagering on sports may occur. This allowed for the drafting of a proper bill that maximized the best opportunity for the state in terms of tax revenue, ability to compete with the existing black market, providing the optimal venues for wagering, and allowing for consumer protections.

## Preparing for the Debate

First and foremost, education with key stakeholders must occur on how sports betting works and the necessary tools to establish a market. There will be significantly large numbers discussed about potential revenue, but largely this comes from a basic misunderstanding of the difference between handle and revenue. Handle represents the total amount of money wagered on sports betting by market patrons. While this metric is useful in understanding the projected level of market participation in sports betting, it grossly overstates the actual value of the market.

**“It is likely that at least a dozen or more states will legalize sports betting over the next legislative cycle. By 2021, there is a strong likelihood that a plurality of states will have legalized sports betting, either live or in motion.”**

are considering. Commercial casino and online gaming operators also recognize the economic potential of sports betting, and are lobbying state legislators to implement a license-and-regulate model that would enable them to offer sports betting.

have not begun operations. Arkansas was approved, through a ballot during the 2018 Election, a measure legalizing casino gambling. The District of Columbia's City Council has passed sports betting but is currently in the waiting period to see if the



Only a portion of handle is retained by the operators as revenue. On average, operators that offer full sports betting only hold approximately five percent of handle. Those states with lotteries running sports betting operations though have a high hold but assume less risk.

One reason there is no best “one-size-fits-all” regulatory model is that existing markets and regulatory standards vary from state to state. It will be important for legislators to think carefully about how to effectively integrate a sports betting regulatory framework into an existing games-of-chance marketplace. What works in a mature market-place like Rhode Island may not be the best for an emerging marketplace like Mississippi. Other important issues include geofencing, payment process, and data feeds, consumer protections and responsible gaming measures.

## The Road Ahead

Currently, almost every state in the union has had at least one representative or entity express that they are interested in moving forward with sports betting as an additional form of wagering. The states that do not have lotteries are typically the ones that are not discussing sports betting. Most states will require some sort of legislative action, as opposed to just regulatory changes, to allow for sports betting to occur. A handful of states, like Colorado and California will likely take the issue to the people through a vote that, in most cases, will probably occur in the 2020 election.

For sports betting to occur in some states, the lottery will be the chief vehicle to launch sports betting. The Kansas Lottery is the vehicle that allows the state's four existing casino operators the ability to conduct casino gaming in the state. Numerous other states have had lottery directors' express interest in looking at a model similar to what Delaware has offered for several years in parlay betting, but they may also look at how Delaware expanded currently with single game wagering. These options play a more prominent role in those states that do not offer brick-and-mortar commercial or tribal casino operations.

With eight states having operations running, two states with legislation for full sports betting in the works, and two states grandfathered in prior to the passage of PASPA in 1992, it is likely that at least

a dozen or more states will legalize sports betting over the next legislative cycle. By 2021, there is a strong likelihood that a plurality of states will have legalized sports betting either live or in motion. Prior to launching sports betting, states must first select the best qualified operators and craft regulations for a strict regulatory environment to combat the black market that has existed for years. In order for that to occur, stakeholders must be educated on sports betting and realize how tax rates, modalities, and regulation enable a market to succeed or fail. Lottery directors across the country will want to understand sports betting and the feasibility for a dynamic market in their state if they are interested in participating in this potential expansion in wagering. ■

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*Online Standardisation continued from page 23*

For example, one could make a distinction between legal turnover based on a license in a specific country and illegal turnover without having a license in that country and license-holders could be obliged to report on that and even in a detailed manner. If operators have to systematically report on their turnover taking into account the place from which the player has played, this can be an important tool in the fight against illegal activities. The very recent ‘Stanleybet’ judgment of the EU Court of Justice of 19 December 2018 is important in this context. The Court of Justice has acknowledged that a concessionaire may lose his concession if he violates the rules for the prevention of illegal gaming, either by himself or through affiliated companies, regardless of where they are located. It is therefore important, for example, that the standards are formulated in such a way that regulators can easily determine whether the conditions for a concession or a license remain at all times respected and can exchange information among each other in a simple manner.

**Should we be concerned that any kind of pan-European Regulatory Committee might disrupt the stability of the regulatory frameworks established by the individual member states? After all, who determines where to draw the line between those aspects of regulatory policy that belong to the member states**

**to determine and those that should be ceded to a pan-European agent like the “European Committee for Standardisation”?**

**Piet Van Baeveghem:** CEN is not an EU regulatory body, it is the emanation of the different national standardization bodies. Standards are a very complex topic. In our case, which is a little bit weird, it is the European Commission that requested the CEN to act and to start working on a standard to the benefit of the regulators. Normally speaking, standards are either imposed by Law or are an industry led initiative. We found ourselves in none of these cases. From the beginning it has been said that the future standard that can result from this exercise is not a compulsory rule that can be imposed upon the different gambling actors. Member states are still in the driving seat regarding the shaping up of the national gambling regulatory framework. If the standardization of certain concepts and information flows can contribute to better and more efficient law enforcement, then it should certainly be avoided that this standardization would lead to a form of mutual recognition that would undermine the authority of national governments to regulate their own games of chance market. But there seem to be sufficient guarantees for maintaining those national competences.

**Are there aspects of the mission of this standardisation project that you would recommend be changed or clarified to make it more effective and successful?**

**Piet Van Baeveghem:** The whole process of defining these new standards is very complex and it will take three years before the process is completed. It is important that lotteries actively participate in the process through their national standardization bodies and make their voices heard. The private online gambling sector seems already very active to hijack this standardization process with a view to obtaining further deregulation. The lotteries must therefore be very vigilant that the standards also meet the need to effectively protect players and prevent fraud and especially to achieve more efficient law enforcement and above all to create more transparency around a sector that does not like that transparency. If these standards were also used for the taxation of illegal cash flows in those countries where revenues are realized, this could become an important game changer. ■

# Lessons From the Casino Industry



## Andrew Klebanow

Senior Partner, Global Market Advisors, LLC

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Global Market Advisors

The casino gaming industry has long been perceived as a competitor to state lotteries. While it can be argued that the country's adult population has a limited budget for all kinds of wagering, lotteries and casinos have, in fact, long operated in harmony. Casino expansion across the United States has not impeded growth of lotteries and lotteries did not affect the growth of casino gaming. The reality is that lotteries and casinos do not so much compete as share gamers. People buy scratch cards and draw tickets from budgets that are exclusive of casino gaming budgets. This is most evident during periodic events of lottery frenzy, when mega-jackpots attract widespread consumer and media interest. In those states that offer both casino gaming and lotteries, casino gambling does not decline during mega-jackpot events.

Both industries have grown but for different reasons. State and provincial lotteries continue to introduce new games and improve merchandising at the point of purchase. Lotteries also continue to expand their channels of distribution, signing up new retailers, and increasing the number of vending machine locations. Casino operators also continue to introduce new games, primarily electronic, and enhance their gaming environments. They also employ a variety of marketing strategies that are mostly unavailable to, or have never been considered by, state lotteries. Nonetheless, there are valuable lessons that lottery operators can learn from the casino gaming industry - in particular, customer engagement and customer relationship management.

## Customer Engagement

Casinos are at an inherent disadvantage in that they do not enjoy the channels of distribution (mainly the massive network of land-based retailers) that lotteries offer. One does not have to venture far in order to purchase a lottery ticket. A casino operator must get customers to their property in order

to get players to purchase their products. Advertising is their primary tool to appeal to potential customers to visit their property. Once inside the casino, customers are encouraged, and often incentivized, to join the casino's player rewards program and to use their player reward cards whenever they place a wager. This allows the casino operator to quickly develop a profile of each individual player, accurately determining their frequency of visitation, recency of visitation and monetary value.

With an understanding of a customer's wagering behavior, along with their name, address (both physical and electronic) and phone number, the casino operator can engage the customer in a series of ongoing, personal communications. Over the past three decades, casinos relied on direct mail to

personalized offers and promotions. More sophisticated mobile apps can identify where customers are at a moment in time and send those players limited-time-only offers in order to encourage them to visit the casino. Mobile apps also allow the casino to inform players of upcoming drawings and events through messaging. While many of these marketing tactics are not applicable to the lottery industry, they offer insights into how to better inform customers of products and promotions, enhance brand awareness, and encourage loyalty and repeat play.

## Become a customer centric industry

The casino industry's competitive advantage has long been their ability to create a database of customers and engage them in a series of ongoing communications. The database is the foundation of any customer relationship management program (CRM). CRM actually dates back to the days before electronic databases. Going back as far as the 1950's, casino hosts in Reno and Las Vegas would observe players on the casino floor, identify higher-worth players, introduce themselves, and exchange business cards. Hosts would then build relationships with their customers with per-

“ The casino industry's competitive advantage has long been their ability to create a database of customers and engage them in a series of ongoing communications. The database is the foundation of any customer relationship management program (CRM). ”

communicate with their customers. Informational newsletters, personalized letters and various offers have traditionally been used to foster loyalty and encourage repeat visitation. More recently, those communications have been further enhanced with mobile apps, personal URLs (a link on a casino's website) and various social media. These channels of communication give the casino operator a distinct advantage over lotteries: the ability to engage their customers through a variety of media, all personalized and tailored to the individual player.

A mobile app and a personal URL allows customers to access their accounts and view

sonalized letters and invitations to events.

The concept of CRM advanced in the 1980's with the advent of electronic player reward programs, often called slot clubs. These casino management systems allowed the casino operator to track customer wagering activity electronically. These systems have grown in sophistication and now include mobile apps, text notifications as well as integration with a variety of social media.

For many practical reasons, lotteries have been locked out of CRM programs. The channels of distribution, relationships with partner retailers, concerns over responsible gaming,



and the ability to track consumers' lottery purchases have prevented lotteries from better understanding their customers and building a dialogue with them. The advance of digital communications is removing this inherent disadvantage. With the advent of mobile apps and other technologies, lottery providers can now avail themselves of many of the tools that casino operators rely on to communicate with their customers.

Several state lotteries have already introduced mobile apps that enhance the information they provide through their websites. The more advanced apps, such as those found in California, allow customers to scan barcodes to determine winning tickets and also capture database information by offering "second chance" games, exclusive to those players that reside in the state, download the app, and provide a name and address. In other words, these apps allow for the creation of a database, the first step in building a CRM program. Even without player names and addresses, mobile apps allow the lottery operator to send push notifications, jackpot alerts and information regarding new games. It also allows customers to maintain a certain degree of anonymity, should they choose to do so. This differs starkly from casinos that insist on inspecting a new member's identification during the sign-up process.

A mobile app is only the first step. The missing piece of the puzzle is capturing customer spending patterns. Up until now, this would have been cumbersome, slowing down the ticket sales process, which traditionally occurs in high-volume sales environments. With a mobile app, capturing a player's purchasing information is as easy as a player swiping their phone at the point-of-purchase. With that kind of data, lotteries can learn about individual spending patterns and build programs that enhances player experiences. CRM also allow lotteries to take responsible gaming initiatives to a level beyond simple informational signs and brochures.

As lotteries take steps to open up a dialogue with their customers and build their CRM programs, the industry should continue to look at what other industries are doing to engage customers and learn from them. There is much to learn from casino operators even though their business models differ from lotteries. ■

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### *New Commandments continued from page 40*

It is difficult for companies to coordinate customer engagement across an increasingly non-linear customer journey using a burgeoning admixture of mobile, social, and digital touchpoints. It takes executive willpower to implement D2C systems that knit together marketing, sales, product, agency, and communications silos in service of an "anytime, anywhere" customer experience in direct channels.

Hyperlocalization is an increasingly important consideration in D2C concept stores. Through a deep analysis of customer demographics and shopping behavior in the immediate physical geographies surrounding brand-name stores, D2C operators optimize their merchandise mix and local pricing strategies.

Big data represents the heartbeat of any D2C strategy. Identifying the optimal formula for delivering choice, personalized experiences, and relevant content is essential for success. Knowing how to extract key insights from terabytes of data distinguishes the good players from the great in the D2C arena.

Other D2C imperatives include managing channel conflicts and supporting direct sales with high quality content. Few executives think of a D2C approach as being disruptive of their own industry or their own business, but new profit models that reflect the contributions of various channels can accelerate movement along the D2C path.

Content plays a different role in D2C channels than it does in awareness-building and branding programs. Video content, personalized elements, education, stories, and thought leadership are essential in the digital experience.

D2C calls for new thinking in how to measure performance. The direct model defines success in terms of measurable client outcomes – satisfaction, activation, conversion, subscriptions and profitability. To enable D2C business models, brands will need to embrace a "performance marketing" mentality and define success as more than impressions, brand awareness, and engagement.

### **Logistics - 3PLs**

A mastery of logistics – distribution, transportation, and on-time delivery – is a hallmark of excellent D2C brands. However, retailers that are relatively new to e-commerce initially struggle with the speed of delivery (order fulfillment) expected by digital-native customers. Companies that do not have the resources to build distribution/fulfillment infrastructure like Amazon, Wal-Mart, and

Target rely on third-party logistics operators (3PLs), including UPS, FedEx, the U.S. Postal Service, and others. This large-scale outsourcing requires specific management systems and – if something goes wrong – can harm the brand even though the fault lies with the 3PL.

Conversely, e-tailers that are opening physical stores are realizing a significant operational advantage in processing product returns. Online retailers have a return rate of about 30% compared with 10% for physical store retailers. And return shipping costs are expensive. Beyond the avoidance of expense, however, is the opportunity to sell additional products and services to those customers who come into a store to make a return.

### **Implications of D2C for Lottery**

Many of the D2C approaches may not resonate in the Lottery business, but here are a few considerations that may stimulate new thinking:

#### **Partner with a D2C Player**

Lottery could partner with a respected D2C brand whose "good works" mission could represent an extension of Lottery's own mission. To wit, Warby Parker, the successful D2C company who donates eyeglasses to needy people with its "Buy One, Give One" strategy. During a designated promotional period, Lottery agencies could donate \$x for every ticket sold that is co-branded with Warby Parker.

#### **Max Out Video**

Lottery agencies should dedicate increasing amounts of resources to developing video content. Every agency should create its own YouTube channel that shows videos of Lottery good works, game winners, TV ads, and promotional partners. Little movies that tell charming and compelling stories are powerful ways to advance a brand's image and reinforce its promise.

#### **Player Data**

In those jurisdictions that permit online Lottery games, agencies should construct individual player profiles based on robust data analytics so that the person, the place, and the purchase behavior can roll into personalizable experiences.

#### **Conclusion**

There are many lessons yet to be learned in the D2C era of retailing. There are many questions still to be answered. It will require faith to embrace the new tenets, but the payoff could be heavenly for brands and their customers. ■

Rebecca was one of the first to reach out to me offering counsel and advice. I've often told her I learn more about the industry in a 30 minute conversation with her than I have in the 19 years I've been involved in it. Rebecca is a big personality with a heart to match. There's been very few conversations we've had where she didn't ask me "what can I do for you". My answer is always the same – your friendship is enough.

—Tom Delacenserie,  
Kentucky Lottery Corporation

Rebecca's leadership, compassion and strength are just a few of her qualities that make her the iconic industry woman that she is. I became enchanted and truly inspired by the way she leads and mentors everyone around her. She taught me so many things about the lottery, but about life, too, and I will always be grateful for how she helped shape and grow my life for the better. Even though I don't get to work with her everyday anymore, she continues to be the sweet, nurturing and wonderful woman that I love so dearly.

—Meghan Dondero,  
Georgia Lottery Corp.

I have known Rebecca for almost 30 years and have always been amazed at her drive, knowledge, competitiveness, stamina and spirit! We have worked together on many occasions, including her term as NASPL President, and each and every one of those experiences has been wonderful. Rebecca is the definition of a true leader and I am so glad to have the opportunity to work with her.

—David Gale, NASPL



With Jay Gendron

I have had the privilege to work with Rebecca in two jurisdictions spanning more than 20 years. She is a leader with an unprecedented and accomplished track record, and someone who has also been a role model, mentor, and friend to myself and many of my IGT colleagues over the years. This is epitomized by the founding of WILL and Rebecca's personal commitment to develop leaders who will continue to serve our industry well into the future.

—Jay Gendron, IGT



On stage with Jaymin Patel, Tom Little, Lorne Weil Doug Pollard

Rebecca's rise to President of the World Lottery Association should be a surprise to no one in the lottery industry. A proven leader many times over and a leading innovator in the industry, Rebecca is uniquely positioned to take the WLA to new heights of success and, in the process, move the entire industry forward in a manner not previously seen. Her ability to initiate an idea, build consensus and take action is unparalleled. I'm always amazed at her extensive network of friends and colleagues in the industry and these relationships, combined with her abilities, will allow her to succeed as WLA President in an unprecedented fashion, and we will be there in the US to support her in any way possible. Way to go, Rebecca!

—Gary Grief, Texas Lottery

I am fortunate to have known Rebecca as a friend and colleague since the beginning of my career at GTECH. Rebecca is among the most kind and generous people I know. I am blessed to have her in my life.

—Scott Gunn, IGT

Question: What is Rebecca's life like when she takes time away from the lottery? Answer: No one knows.

Sure, she has outside interests. By way of illustration and not by limitation, she loves Butler Bulldog basketball and follows it faithfully. She is a movie aficionado with favorites such as Godfather 1 and 2, Casablanca, any Cary Grant feature and all movie trivia. Challenge her with any date, she will identify the president at that time and often the vice president. She may also throw in the identity of their opponents when she is on a roll. She can rattle off all 50 states in alphabetical order in a minute or so. Sports trivia is a favorite, especially if it concerns college basketball. No surprise. As a native of Indiana, her education included this as a required subject. The list is long.

As intensive and extensive as Rebecca's involvement may be in any or all of these

areas, her passion for and commitment to all things lottery is exponentially greater. She possesses an encyclopedic memory of the people, history, dates, times, places, programs and events regarding lottery matters which she willingly shares with her colleagues at home and around the world. When the communication is not possible face to face, it is often accomplished through the use of her ever present cell phone with its Butler fight song ringtone. Even though I hear only one side of the call, I recognize the mutually beneficial nature of the conversation. If it has been dreamed, proposed, attempted or accomplished in the lottery world, Rebecca is able to provide insight as to what works and what does not which potentially saves time and effort in the process. I have opined that Rebecca can accomplish more in a phone call than I do in a work day.

What is Rebecca's life like when she takes time away from the lottery? No one knows.

—Jere Hargrove

With more than \$4.7 billion raised for education since the Tennessee Education Lottery began, Rebecca has helped make the education priorities of my administration – and the dreams of so many Tennesseans – a reality. Rebecca has been a sure bet for the Tennessee Promise, and she has left a meaningful impact here, across the United States, and around the world. I wish Rebecca the best of luck as President of the World Lottery Association, and continued success to her and her team as they deliver for the citizens of Tennessee. Tennessee Governor

—Bill Haslam

Rebecca is blessed with perhaps the greatest gift of all. She absolutely loves everything she does. The first impression may be that she works all the time. But that's before you realize that she does not think of it as work. And contrary to the appearance that what she says and does is spontaneous and unrehearsed, I feel an obligation to disclose that Rebecca's mind is constantly circling the problem so that when the time comes for her to land, she knows exactly what she is going to say, she knows how the ensuing dialogue will unfold, and is always crystal clear on the pathway to achieving her goals. Other worst-kept secrets to being a member of Team Rebecca: You're golden if you are a history buff, love old movies, and are a fan of the Butler Bulldogs.

—Paul Jason



I first met Rebecca in 1985 (I worked for Public Gaming Research Institute). Her arrival to the lottery industry was transformational. Prior to Rebecca, the focus was on security, avoiding corruption, and administering the business as a responsible agent of the state. All good things but there was not enough focus on the upside potential of raising funds for good causes. Rebecca's background, skill-sets, personality, and intense sense of purpose and conviction brought a new energy and excitement to the industry, as well as a shift in focus over to marketing and sales. Of course, the mission-critical role of security and integrity never changed. It's just that state lotteries evolved to also be market-driven, consumer-focused, entrepreneurial powerhouses in order to raise more money and give away more college scholarships. And Rebecca was instrumental at ushering in this new era of growth for the benefit of good causes beneficiaries. One of her brilliant insights was to brand the lottery as a supporter of a specific cause instead of just raising funds for the general budget. Her favorite was and is College Scholarship programs and Public Education, benefiting hundreds of thousands of young people. So the cause, the beneficiary itself gets integrated into the brand name of the lottery to help the general public appreciate the positive role that Lottery performs for society. Rebecca has had countless ideas like this that have contributed immensely to the growth of government lotteries around the world. Lastly, I suspect there is nobody else who has more people who think of them as their very best friend. Like many others, I think of Rebecca as my best friend and always look forward to our next adventure together!

—Susan Jason, PGRI

I first met Rebecca in 1987 when she moved from Illinois to Tallahassee FL to start up the FL Lottery. The first day we met, I was dispatched from my job as an interior designer to furnish and decorate her new home. From the moment I walked in the door and we met, we immediately connected. I didn't know it at the time but Rebecca's gift to me, was that I walked in her door as an interior designer, and I walked out with a 28-year career in the lottery industry that has taken me to places and people who I would have never known. She is my fairy God mother. She introduced me to a fascinating industry full of wonderful people that are now a part of who I am and "are in my blood". As we say in the lottery business, "you can check out

anytime you like but you can never leave". Thank you Rebecca for your love, leadership, friendship and bringing me into the Lottery family.

—Gayle Kennedy

I knew of Rebecca Paul for years before I began a nearly thirty-year working relationship and friendship with her. When she came to lead the lottery in Arizona in 1991, I was intimidated by her stature and reputation as a former Director of two major US lotteries in Illinois and Florida and ... well ... she was Rebecca Paul, the most iconic Director in the US.

I had served the Arizona lottery account for Sci-Games since 1987 and this lottery was the definition of a tough western town run by tough western men. There was the Arizona Way and there was the Highway. Take your pick. It was here I witnessed the day-in and day-out magic that is Rebecca.

When I arrived for a visit at the Hilton across from the lottery office where I had stayed for years, the staff was already on a first-name basis with Rebecca (they even threw her a birthday party). At the lottery, the Arizona Way soon became a New Way of new games, new promotions, new ideas which led to much higher sales. It was here that I watched Rebecca demonstrate her considerable gifts from top management down and hotel workers up. I saw her depth as a constant student of our business and its consummate teacher.

—Jim Kennedy, Scientific Games



With Antonios Kerastaris

Rebecca is an amazing personality with enormous charisma for leadership. She has been inspiring lottery leaders throughout her career by her commitment to excellence. Her active involvement with WLA and NASPL has opened new avenues, especially as a role model for women in Lottery and for the image of Lotteries at the service of public good. Her election as President of WLA this year in Buenos Aires marks a new beginning; a great new chapter for



With Florida Lottery Directors

her contribution to our industry. I am so thankful to her for honoring me with such good friendship and I look forward working with WLA under her stewardship.

—Antonios Kerastaris, INTRALOT

When Rebecca appears, you always know an adventure is about to take place. That is exactly how our working relationship grew.

Rebecca was on my flight to an international show, and we began talking, and talking, and talking ... since that initial trip Rebecca and I have had many adventures around the globe, each one ending with some great story and memory. These flights and trips have always been quality time to discuss some fun topics, but also to get some wise wisdom from the woman who has "seen it all in the industry". Her advice and support is always just an email or phone call away, and has enriched my life and career.

—Jeanna King, Scientific Games



Miss Indiana

Congratulations on being elected President of the World ... Lottery Association! You would make a great "President of the World," if that office ever existed. It is both an honor and privilege to have worked with you for over twenty years and, most importantly, to have learned so much from you. You have been a great influence on me, and so I thank you. Congrats, Madam President!

—Larry King, IGT

Rebecca is a true Lottery professional. She is always willing to assist when called upon and freely shares her knowledge of the industry and experiences. She is a true friend and very deserving of her election to President of the World Lottery Association.

—Norm Lingle, South Dakota Lottery

When I first became the NH director, the one colleague that reached out was Rebecca. She offered her help, guided me to a couple resource areas and gave me her cell phone number – in case I ever needed a lifeline. She didn't know me from before, we had never met, but she called to offer help to a newbie in a job she knew well. That's the type of person she is. I often measure people by the respect that they are held by their peers – Rebecca has more of that than anyone I know.

—Charles McIntyre, New Hampshire Lottery

Rebecca and I have met many times, at various events, on several continents, but I will always remember the fact that she made the trip all the way from the USA to Casablanca to attend the African Lottery Association congress in 2016. It was a great honor for us to have her. Rebecca is an extremely nice person and an amazing manager with great values. She really is a role model for all us!

We found out that we were both cinema lovers, so I surprised her by arranging a dinner at Ricks Café, a famous restaurant designed to recreate the bar made famous by Humphrey Bogart and Ingrid Bergman in the classic movie Casablanca. Rebecca came to Morocco again in 2018, to my home city of Rabat. I introduced her to my family, she went sight-seeing in the city with my daughter and took a picture with her; and I am truly pleased and honored that my daughter keeps a picture of them both with her at all times.

—Younès El Mechrafi, La Marocaine des Jeux et des Sports (MDJS)



With Gordon Medenica

I met Rebecca on my very first day in the lottery business, at the NASPL/WLA Conference in Louisville, KY, in 2007. The first night of the conference was the Directors' dinner and no sooner had I arrived than this highly animated and energetic woman decided to take me under her wing ("Hey, you're the new guy in New York, right?") and introduce me around the room. I was barely able to say hello to every person at every table before Rebecca whipped me on to the next! It was an incredibly exhausting first hour or so of the night, and I wasn't quite sure who Rebecca even was! But it was clear she knew absolutely everyone in the room.

However, it was the next morning that really blew me away. The first general session was a panel with all the CEOs of the major lottery companies, moderated by Rebecca. I thought to myself "oh wow, that's that woman from last night!" and she was sharp as a tack, smart, articulate, knowledgeable, confidently asking tough questions of significance and relevance. I was in awe; Rebecca left an indelible impression on me, an impression that has only strengthened over the years as our friendship has grown. Simply an amazing woman!

—Gordon Medenica, Maryland Lottery

Rebecca's and my friendship began in Sydney over choc dipped strawberries, wine and accessory shopping! (All in one go!!!) Whether it was that sweet start or a shared passion for this wonderful industry of ours I feel like I've known Rebecca forever. A trailblazer for the lottery industry and for

women in leadership, a highly successful executive and a woman with a passion for good causes, for doing the right thing and for supporting and developing people, Rebecca is an inspiration to many. Congratulations Rebecca on your appointment to WLA President - an amazing and well-deserved achievement - So happy for you!

—Sue van der Merwe, Tatts Lotteries

I met Rebecca for the first time on the night of October 3, 1985 at the world-famous Hollywood Bowl, where 15,000 lottery players were preparing to enjoy a star-studded celebration to cap our record first day of sales at the California Lottery. Rebecca was escorted to the VIP Box by Dan Bower, co-founder of Scientific Games, who introduced Rebecca as the new Executive Director of the Illinois Lottery. Although neither of us knew it at the time, Rebecca and I were part of a 'new wave' of five or six young Lottery Directors.

We became fast friends and we developed a bit of a reputation for challenging the status quo – unsettling a few of the 'old guard' Directors along the way. Although we each had unique talents, even then, Rebecca stood out as special. When Florida officials embarked on a nationwide search for the leader of their new Lottery, I knew Rebecca was the best person for job – and her success there led subsequent start-up lottery organizations to seek Rebecca's leadership. Illinois, Florida, Georgia and Tennessee have all prospered under Rebecca's creative and visionary leadership.

A lot has happened in the three decades since we first met. I've travelled a long and winding road running gaming organizations in different parts of the world while Rebecca stayed true to her calling and, in so doing, literally changed the lottery industry forever. Only a handful of people ever have such a profound impact on their profession.

My respect for her as a leader is surpassed only by respect for Rebecca as a person. She is truly a treasure in our industry. I am proud to call her Madam President but I am even more proud to call her my friend.

—Mark Michalko, North Carolina Education Lottery

With Younes El Mechrafi, Antonios Kerastaris, Stephane Pallez





There is everybody else and then there is Rebecca. She brings home the bacon — more bacon than anyone else — wherever she is. That's why we hired her, and that's what she's done.

—**Marvell Mitchell,**  
**Tennessee Lottery Board**

Rebecca's bountiful passion and energy for the Lottery industry is remarkable. After 33 years in the industry, having started 3 Lotteries and delivered 15 years of consecutive sales growth and record revenues for good causes within the Tennessee Education Lottery, Rebecca has deservedly been elected to the highest post in the industry, as President of WLA! What is even more remarkable, is that she is the first female WLA President, which rightly fits her pioneering nature. Her commitment to advancement in the industry, especially for women, is also evident in Rebecca having founded the Will initiative. I truly appreciate and value her friendship, and her dedication to supporting women in the industry, and wish her the best of success in her role as President of WLA.

—**Wendy Montgomery, IGT**



in Lausanne

In August 2012, just a few weeks before the WLS2012 in Montreal and my election as President of the WLA, I had a meeting with Rebecca and the late Jean Jørgensen, in Lausanne. Not only was this meeting absolutely super (!) but also very creative, thanks to Rebecca's remarkable insight, knowledge and leadership. After this fruitful meeting we all went to dinner at Baron Tavernier, a restaurant located in the vineyards of Lavaux, a UNESCO's World Heritage site.

I have had the chance to spend lots of dinners with very interesting people, all over the world, but this particular one had something special, something magic... it was a moment out of time. Overlooking the shores of Lake Geneva, admiring the Alps in front of us, enjoying one of the

most beautiful panoramas in the world, we spent a truly and wonderful moment of friendship, with Jere who joined us for that evening, and Jean still in good health. It was just and simply perfect. I consider myself extremely lucky to have had such an extraordinary time with such exceptional people — having been able to share so many great occasions with Rebecca and Jean Jørgensen, who is still dearly missed — and will always cherish that moment, immortalized by this photo.

—**Jean-Luc Moner-Banet,**  
**Lottery Swiss Romande and WLA**

Rebecca is simply one of a kind.

Loyal to the core;

Steadfast in her convictions;

A pioneering, authentic role model for rising stars in the industry, particularly young women; A fearless, charismatic, deeply experienced leader who has consistently grasped the global reach, yet local essence of the WLA brand, protecting its integrity while celebrating its beneficiaries; she has consistently demonstrated commitment to inclusivity of all regions of the world.

Beyond the professional persona, Rebecca is there at the other end of the phone in the "best and the worst of times" a caring, compassionate and diehard friend. She has never settled for the easy path, either personally or professionally, opting instead to take the road less travelled in the pursuit of doing what is right by the player, the retailer, the brand, and her colleagues. No better person at your side to galvanize the troops in the face of crisis. One has to admire Rebecca's resilience in times of industry turmoil, her clarity of mind, soundness of judgement and most importantly her swift decision ability.

—**Connie Laverty O'Connor**



The election of Rebecca Paul Hargrove as World Lottery Association President further affirms this mighty fact: For more than

30 years, Rebecca's actions have inspired lottery in this modern era. From countless individuals, to a global industry, we have been inspired to dream more, learn more, do more, and become more. I treasure her friendship and guidance always and forever.

—**Ryann E. Petit-Frere, IGT**

Entering into the Lottery Industry can be a daunting task if you do not seek guidance. Someone suggested that I travel to Nashville to spend time with, and learn from, an industry professional. My first meeting with Rebecca was memorable and life changing. Although our visit was short, our relationship has been long lasting. Anytime I call with a question or idea, she quickly picks up the phone and cheerfully says, "Well hello there."

Your leadership to all of us is inspirational, launching Women in Lottery Leadership is aspirational, and your tenure as the first woman President of the World Lottery Association is simply AMAZING. Good luck, we know you will be a success.

—**May Scheve Reardon,**  
**Missouri Lottery**



With Lynne Roiter

I remember the first time I saw Rebecca. It was at a NASPL convention at 8:45 AM in an elevator and there she was with a Coke can in hand. As an avid Coke drinker myself I knew right away that this was a person I would enjoy working with. How right I was, and for much more than her appreciation of a good soft drink. Throughout the years my admiration for Rebecca has only grown. Her knowledge of the lottery industry and her ability to get things done are legendary. Her willingness to share her knowledge and experience with others and help them along their career paths is truly exceptional. The WILL initiative is but the latest example. This tribute is really deserved.

—**Lynne Roiter, Loto-Québec**

One of Rebecca's greatest attributes is her ability to connect with others and bring people together, helping to build lasting

relationships. "A gatherer of people"... is what I call her.

I first met Rebecca at the Georgia Lottery in 1993, and that was the beginning of my good fortune to work with this powerful, extremely smart woman. She introduced me to the world of lottery and to so many of the movers and shakers of the time, including me in her ever-growing circle of friends and peers.

Then as now, I am impressed by her ability to connect with such a wide array of people from all over the world. And I have watched as this woman has gained the respect and admiration from so many, especially at a time when there were very few women in high level positions in the industry.

I know Rebecca as a boss, a mentor, a confidant and a friend; and I know I'm not alone when I say that because of her guidance, training and encouragement, I have achieved successes and friendships that I could never have imagined. Congratulations, Rebecca, on your latest accomplishment! I can't wait to see what you will do next!

—**Lou Ann Russell,**  
**Tennessee Education Lottery Corp.**



with Sarah Taylor



With Lou Ann Russell, Wanda Young Wilson, Connie Laverty O'Connor, Ryan Petit-Frere

I first met Rebecca when I was in a room full of strangers at the 1987 NASPL Convention on Montreal. Rebecca was finishing her stint as the Director of the Illinois Lottery and I believe had not yet been announced as the first Secretary for the brand-new Florida Lottery.

Having recently left my position as ESPN to start Media Drop-In Productions a large part of our initial conversation focused on sports and I thought boy I have never met a woman who knows as much about sports as Rebecca. She was very kind to both Linda and me and introduced us to some of the luminaries of industry at that time including Guy Simones, Doris and Duane Burke, Bernie Edwards, Mike Carr, Connie Laverty, Dan Codden, John Quinn and others including some vendors. She also patiently answered some of what today I am sure would be considered "dumb" questions, but we knew so little about lotteries at the time no question seemed dumb to us.

About 15 years and many bottles of wine later and while Rebecca was running the Georgia Lottery the three of us sat in our hot tub in Buckhead and discussed the pros and cons of Rebecca striking out again and assuming the leadership of the Tennessee Lottery. We all know she accepted that challenge and continues to lead that very successful lottery today.

Her recent ascension to the role of President of The World Lottery Association is a fitting climax to the most successful career of any lottery executive in the world. We wish her all the best.

—**Steve and Linda Saferin**

Rebecca Hargrove is a true lottery trailblazer, and it has been a pleasure to witness her continued triumphs establishing and leading state lotteries to enormous success, while at the same time breaking barriers for women in our industry. We are extremely fortunate that she is now applying her wisdom, experience, and expertise to

represent the interests of regulated lotteries internationally as President of the World Lottery Association.

—**Marco Sala, IGT**

Rebecca has always been about the personal connection. She gives selflessly, and she learns from everyone. An example of this is a particular photo in Rebecca's office. Dave Bausch is a mutual friend who worked for Rebecca at the Illinois and Florida lotteries before moving to Scientific Games where he was my boss for many years. Dave passed away in 2013. Over those years I worked with both Dave and Rebecca. When I was with Dave, he would reflect on what he learned from Rebecca, and would use that in guiding his managers on solving issues by always looking at them from a customer or players' perspective. Ask Rebecca about the picture of Dave and she will simply say that he was very impactful on her career and life and she reflects on their experience together for guidance even still.

—**John Schulz, Scientific Games**

Thirty-one years ago I entered the Lottery industry. Even then, Rebecca was at the helm. Her daily display over all these years of wise leadership, standing firm under pressure but also building consensus for new initiatives, has laid a firm foundation for the industry and been an inspiration for me personally. More than that, Rebecca has been a most loyal friend and mentor, always there to offer support and encouragement.

—**Jennifer Seymour, IGT**



Even though I approach the Double 88 in years, I still recall the first meeting with that newbie Illinois Lottery Director Rebecca Paul in 1985. I had just been elected as the first Canadian President of what was then called NASL. (I am still proud that I put the Pee in the NASPL.) At that meeting someone whispered in my ear that a runner-up of the Miss America contest was to attend as the Illinois Director at the Lottery Directors Meeting in Washington DC.



I expected to welcome some snotty “know-it-all” who knew nothing about lotteries. I was wrong. Rebecca was eager to learn about this crazy business and during our train-trip from DC to NYC city she was full of questions. That was where our friendship began and now sitting at my computer I am thinking of some highlights of our relationship to amuse our readers. Alas there are so many. I must choose.

Rebecca always tried to outdo our expectations. When she moved to the Florida Lottery in '87, Michelle Carinci and I were invited to a personal visit to the launch pad at Cape Canaveral. I don't know how she managed to bend all the rules to get us there but that was (and is) part of her style. We saw everything there was to be learned about rocketry at flights to moon.

My favourite memory was in 1990 in Seville Spain. It was an A.I.L.E. meeting (one of the forefathers of The World Lottery Association) and our hosts were intent to show not only the Lipizzaner horses but to teach the lottery folks how to perform the famous Flamenco dance. (A heel-clicking, foot-stomping extravaganza). Not many of the delegates were ready to go onstage with the professional Flamenco-ers but Rebecca was first. Dressed in beach-shorts and adorned with a rose she pranced with the clapping-hands dancers as if she had performed for years.

I can't wait to see what will arise from her time at the helm of The World Lottery Association. To quote a line from one of Rebecca's favorite old movies “Fasten your seatbelts, it's going to be a bumpy ride”!

—**Guy Simonis**



At the ballgame with Chris Shaban and Jere

Leader, mentor, motivator, friend, listener, advocate, and a positive but straightforward role model to so many people in so many states, Rebecca Paul Hargrove has been called the ‘Sheryl Swoopes or Michael Jordan of the Lottery Industry.’

Rebecca was the first customer I was asked to meet, and clearly changed the trajectory of my career, as I am sure so many others would also indicate.”

Like Cher, Buffet, Gates, and others, you only need to use one part of her name -- “Rebecca” -- to appreciate the woman who has helped raise millions of dollars for education and other good causes.”

Rebecca has been laser focused on supporting the success of our industry and in helping so many students and families, which has had – and will continue to have – an amazing impact on so many for generations to come.

—**Chris Shaban, IGT**

I have known Rebecca as a boss, a peer, a mentor, and most importantly as a friend for over 31 years. I truly believe Rebecca singlehandedly put lotteries on the map in the U.S. Up until 1988 when the Florida Lottery began, lottery awareness nationally was minimal and mostly isolated in the States that had lotteries.

I was living in Orlando, Florida in 1987 when it was announced that Rebecca was hired as the Secretary (Director) of the Lottery. In the months to follow, I remember seeing her on the news often. I was mesmerized by her flamboyant personality, charm, big hair, and her flawless promotional skills. In no time the Lottery became the biggest story in Florida and Rebecca became the State's biggest celebrity. Fast forward to 1990. In September of that year the Florida Lotto jackpot reached \$106 million (the largest ever seen at that time). Media coverage was worldwide. Travelers from all over the United States were driving and flying into Florida to buy tickets. In addition, all of the 13 lottery offices were receiving calls from around the U.S and the world wanting to buy tickets. As a result of this jackpot, which was won on September 14, 1990, both the Florida Lottery and Rebecca achieved worldwide recognition.

As one can imagine, there are many Rebecca stories to be told. One of my favorites occurred in 2003. At the time I was CEO of the New Mexico Lottery. That year I attended my wife's high school reunion in Winter Park, Florida. During the course of a conversation with one of her classmates, I mentioned that I was the CEO of the New Mexico Lottery. He responded, “That's interesting, Hey, do you know that Rebecca lady (Rebecca left her position more than ten years prior in 1991!) who

started the lottery here?” I responded, “yes I do” and then I asked him if he knew the name of the current lottery director? His response was, “no”.

—**Tom Shaheen**



With Jeanna King and Jere

Many will note Rebecca's skills at marketing and PR, her sense of which games will work and when, and her potent and persuasive political savvy, but it is another trait that truly makes her a leader. Unlike the cliché beauty queen cheerleader who sees only the star quarterback, our Rebecca can spot the talent hidden in anyone and easily makes them feel comfortable in contributing to a project's success.

—**Chuck Strutt**

As Rebecca assumes her new role on the international lottery stage, we are proud that she is an Indiana native whose outstanding professional career has been based on the Hoosier values of service to others, hard work, and honesty. Countless players, employees, and citizens have benefitted from her leadership. For me personally and many others in the Lottery industry, she has been a generous teacher, mentor and role model. I know that Rebecca will be an effective leader and advocate for our industry in the ever-changing gaming environment in all parts of the world.

—**Sarah Taylor, Executive Director of the Hoosier Lottery**

Now I know how the Boston Red Sox fans felt. Babe Ruth has just been traded to the Yankees.

Former Georgia Lt. Gov. Mark Taylor when he was told that Rebecca Hargrove was leaving the Georgia Lottery to run the Tennessee Lottery

I started my life in the lottery world in Feb 1997 and one of the first lottery “international people” I met was Rebecca. I was invited to visit her in Atlanta where she ran the Georgia Lottery. She was amazingly kind to me - she personally picked me up at the airport and took me to her home for drinks. We went out to dinner that

night to a fabulous restaurant with her picture painted on the wall. Her office was resplendent with photographs of Rebecca meeting numerous Presidents and celebrities - I was overawed. But she was so warm to me and we became firm friends. And that friendship has lasted over 20 years. She was a real role model for me and I learnt such a lot from her.

I am so delighted that she has been appointed as President of the WLA - she truly deserves this accolade and I know will do a brilliant job.

I wish her all the very best success and thank her from the bottom of my heart for her support, encouragement and friendship over the years. Her husband Jere is great too!

—**Dianne Thompson**

For more than three decades, my friendship with Rebecca has endured regardless of which lottery she was leading or my specific job responsibilities. I consider Rebecca to be one of my original mentors, and I am thankful to have received her counsel and guidance over the course of my career. The number of senior lottery executives, both past and present, who have benefited from Rebecca's leadership demonstrates her lifelong commitment to develop talent within the lottery industry. Rebecca has continued her mentoring passion by launching the Women in Lottery Leadership (WILL) initiative that will cultivate the next generation of lottery leaders.

In her new role as President of the World Lottery Association, I know Rebecca will continue to look for opportunities to improve and foster future lottery leadership.

—**Bret Toyne, Multi-State Lottery Association (MUSL)**

Rebecca is a woman with a strong vision, a direct no-nonsense style, and an open mind who enjoys being with friends and has the warmth to enhance any social gathering. It was at a dinner in Casablanca with my colleague, Beata Guzik and our mutual friend Younès El Mechrafi, that Rebecca outlined her vision and approach for what became the extraordinary WILL program launched a few months later in New York. I think of this as quintessential Rebecca. Switching between serious and productive business, good fun with friends and then back to business is just the natural order of things with Rebecca, and is one of the fascinating

qualities that makes her such a great leader.

—**Philippe Vlaemminck, Pharumlegal**

When I first transitioned into the Lottery industry it was Rebecca's sincere care and kindness that helped me navigate this unique industry. Her selfless ability to show me the way through the winding roads of this industry is something I will always remember and appreciate. Since that time, she has continued to be a leader, a mentor, role model and treasured friend. Her hard work, knowledge and dedication to Lottery have resulted in astounding accomplishments in the industry and I congratulate her on becoming the new president of the World Lottery Association.

—**Angela Wong, Montana Lottery**



With Sharon Sharp and Lorne Weil

Rebecca and Sharon Sharp were pioneers in our industry in so many important ways - I was very lucky to have had Sharon in California and Rebecca in Georgia as my lottery mentors. How could you not love these two? You never knew quite what to expect at dinner with Sharon and Rebecca but it was always a great event! Sadly, this photo was at the last of those dinners, and yet Sharon looked incredible. Rebecca's devotion to Sharon was extraordinary - and vice versa - and their friendship was beyond special. No one would be prouder of Rebecca's election to WLA President than Sharon.

—**Lorne Weil, Inspired Entertainment**

It's so difficult to know where to start, Rebecca has so many great qualities. The overriding thing is her belief in building relationships to support her great passion for Lottery. She has tirelessly reached out so many times to drive initiatives that make us all better at what we do. I've known Rebecca for so long and she still surprises me with her energy, intellect and passion.

—**Jennifer Westbury, Pollard Banknote Limited**



With Rodney Wilson

Congratulations Rebecca on yet another monumental accomplishment. It never ceases to amaze me how a little girl from the other side of the tracks continues to defy the odds and rise to influence and prominence. I truly appreciate the friendship and the guidance that you have provided me for over a quarter century and look forward to seeing and possibly working with you again in the future. That is if you promise not to 'dump' me!

—**Rodney Wilson, IGT**

In my forty-year legal career, I have held several positions and had numerous bosses. In fact, I never planned to stay anywhere more than two or three years. So, in 1993, when I accepted the invitation to interview with the new CEO who was heading the start-up of the Georgia Lottery Corporation, I thought it might be interesting to talk with this woman just to hear what this new business venture was about, since I didn't even know how to spell "lottery" at the time. Ten minutes into our interview I was struck with how amazingly perceptive she was and what a clear vision she had of the task ahead and the role I would play in it. A few days later when I received the job offer, I thought it really might be unique and exciting to have a major role in the start-up of a new business and it could be fun to spend the next couple of years on her team; not to mention it would probably look good on my resume when I moved on to my next position. Well, that was almost 26 years ago and we are still together. Needless to say, this has been a great adventure, I have learned a lot and Rebecca has been a great mentor, an inspiring leader and most importantly a wonderful friend to both me and my daughter. Of course I have lots of favorite memories I can recall from my years at both the Georgia and Tennessee lotteries; but as a prudent lawyer I will continue to keep them to myself.

—**Wanda Young Wilson, Tennessee Education Lottery Corporation**



be productive and supportive partners, and we had to put content on the site that sells but also augments the incredible job that the retailers are already doing. So we created an incentive-based ecosystem that drove all the moving parts to work effectively together. The level of sophistication that produced this incredible synergy is a credit to the leadership of the Pennsylvania Lottery. Scientific Games is proud to be their partner and proud to contribute to this execution that minimizes channel conflict and maximizes iLottery sales at the same time.

### **How do you launch so many new game initiatives – Keno, virtual sports, iLottery – all within just several months?**

**J. Kennedy:** The success in Pennsylvania hinged on our ability to quickly identify and integrate the very best products and solutions from multiple suppliers. For instance, we use Inspired Entertainment content for virtual sports. And when there is a technological solution that is mission-critical to our client relationships, we make strategic acquisitions. NYX Gaming was the clear leader in iLottery and sports betting, and Scientific Games acquired NYX in 2018. So we now have a robust iLottery and sports betting platform that is leading the industry with its depth and breadth of experience. Our win of the iLottery contract and subsequent launch of iLottery in Pennsylvania was directly related to our acquisition of NYX, and the Lottery's trust in Scientific Games' technology innovation and implementations over the decades as their systems provider.

An example of a different approach is the launch of the Atlantic Lottery's player account management (PAM) systems. This involved the integration of over 20 different peripheral systems and game verticals – products and solutions from 10 different companies – into the Lottery's central system. We did something very similar for Danske Spil in Denmark just a few months ago where Scientific Games is integrating a diverse portfolio of third-party solutions. Maryland has one of the best performing monitor racing game markets in the world. It is a Tabcorp product that is supported by a Scientific Games central system. Third-party integrations require a genuine commitment to serve the customer. They also require experience and fundamental capabilities to forge partnerships between commercial companies with diverse cultures and methods of operation, and to provide this kind of integration at an infrastructure level. That's what Scientific Games does well.

### **Are lotteries constrained in how they allocate the limited resources they have? Is there a pathway for lotteries to take advantage of the positive ROI that comes from investing in growth?**

**J. Kennedy:** Procurement and resource management for lotteries have always been cost-centric in ways that make it challenging to invest in positive ROI opportunities. Now, lotteries are far more open to exploring opportunities to invest in growth. Scientific Games Enhanced Partnership services engage Scientific Games in the process, unlocking opportunities to invest in solutions that generate increased funds for good causes. We are pleased that the Kentucky Lottery selected our Scientific Games Enhanced Partnership program in the beginning of 2018, and we launched in August. Tom Delacenserie, Kentucky Lottery President and CEO, straight off his job as Florida Lottery Secretary, saw the potential of this business partnership and brought it from Florida to Kentucky. We have found that a collaborative approach unlocks the talent, drive and entrepreneurial spirit of both the lottery's team and Scientific Games teams. Working together brings to bear the broadest perspective on the challenge of creating new solutions and pathways to growth. Lotteries are forging a genuine alignment of focus with us and the result has been a phenomenal burst of creative energy and a remarkable increase in impact and output. This represents a sea-change within the industry that will be the foundation for long-term sustainable success.

### **The lottery industry has never been exactly a technology leader.**

“ Scientific Games' business intelligence platform, Infuse™, is a proprietary technology that processes billions of transactions per year. ”

### **But neither have retailers. That seems to be changing in a big way.**

**J. Kennedy:** Retailers realize they have a significant stake in the success of lottery, and they see the tremendous upside to partnering with lottery to modernize the retail player's experience. You're right. We are now getting major retailers to come to the table in ways that have never happened before. Sophisticated national and even global retailers want to explore ways to optimize and modernize their lottery relationships. This activity has exploded in just the last 12 to 24 months. I believe we have reached the tipping point where all the pieces are starting to fall into place. We now have the technology in

SCiQ and our retail/mobile systems to support this next step of growth.

### **Is there a trade-off for lotteries between a best-of-breed approach that involves integration of multiple technology partners, and going with one full-service partner to produce a fully-integrated turn-key solution that includes the central server, technological and operational platforms, and customer-facing solutions?**

**J. Kennedy:** That is a very practical question which ultimately comes down to a decision as to whether the lottery wants to assume more or less of the responsibility to manage the implementation and day-to-day coordination of the process. What is the management bandwidth and how do you want to allocate it? Lotteries are typically under tremendous pressure to operate with a very lean staff. In that case, they would want to be careful to make sure they are not over-extended when it comes to managing multiple supplier relationships and the integration issues that usually ensue from the best-of-breed approach. That is why most of our clients rely on Scientific Games to manage the integrations.

I would add that Scientific Games was one of the leaders in the industry to embrace the goal of smoothing a path for integrating third-party solutions and remains committed to serving the customer and supporting whatever third-party integrations the lottery decides it needs. Continually improving the openness of the architecture and infrastructure to reduce the cost, reduce time-to-market, and increase efficiency and effectiveness of third-party technologies and solutions is something we

have always focused on. It has always been part of our culture to want the best for our clients regardless of where it is sourced. Frankly, we are confident that it is just smart business to know that the long-game is won by those who help their lottery customers optimize performance and results, so we embrace and lead with this culture. It is important for the lottery operator to have trust in the systems partner to manage the process responsibly, because it is far more efficient for the operator to manage a single primary partner relationship than to juggle multiple supplier relationships.™

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# Pulse of the Industry



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## WORLD NEWS

### Esports Betting Market Set to Explode to a Total Value of \$12.9B by 2020

Esports is already the fastest-growing sector in the rapidly expanding sports betting market, and its piece of the pie is only going to get bigger in the years ahead. To put that \$12.9 billion figure in perspective, the total handle for sportsbooks in Nevada on all sports was about \$4.8 billion in 2017.

### Denmark 'Winning' Fight Against Illegal Gambling Operators

The number of illegal gambling operators in Denmark is continuing to shrink, as a result of the intense crackdown on unauthorized gambling operators throughout 2018 which resulted in 742 suspicious websites being found to have violated the Danish Act on Gambling, which prompted the agency to send 22 petitions to the illegal gaming operators.

### Brazil's senate has voted in favour of a bill that will create a new retail and online sports betting lottery, just days after the measure passed the lower house.

Move to privatise Brazilian lottery postponed until 5 February 2019. The authorities project that the privatisation will allow the state to monetize up to €147 million in three years.

Brazil's Chamber of Deputies has granted provisional approval for the establishment of a new lottery organization for regulating gambling in both the online and land-based spaces. Its responsibilities will include regulation of the sector and distribution of gaming taxes

to the country's National Public Security Fund. The creation of a formal regulator is expected to generate income of circa US\$1bn.

### Scientific Games Launches eInstant and Digital Games with Norsk Tipping, Norway's National Lottery

Scientific Games has launched multiple digital games with Norsk Tipping, Norway's national lottery operator. In partnership with Scientific Games, Norsk Tipping has added 10 online slot games to their Kong Kasino game category and two new eInstant games to their Flax portfolio (scratch games online), with additional launches of online slots and eInstant games planned for the coming months. The planned eInstant games feature different ways to play, further diversifying the Norsk Tipping game library.

### International Game Technology PLC Appoints Lorenzo Pellicoli as Chairperson



Mr. Pellicoli had been acting Chairperson since the departure of Phil Satre in August.

### INTRALOT signs contract with Nederlandse Loterij for Lottery System and Terminals

Within the scope of this contract, INTRALOT provides a Central System and installs technology solutions in all retail locations of Nederlandse Loterij. INTRALOT services are planned to transition in 2019. Nederlandse Loterij was formed in April 2016 through the merger of the Nederlandse Staatsloterij and De Lotto.

### UK to Increase Remote Gambling Duty from 15% to 21% effective Oct. 1, 2019.

The Iberoamerican Corporation of State Lotteries and Bets (CIBELAE) has signed an international agreement with the World Lottery Association (WLA) in a document that is valid for twenty-four (24) months and renewable.

This agreement has the fundamental objective of contributing with the members of the WLA in providing services of Advice, Consultancy, Training, Information, Responsible Gaming Policies and other activities related to the State Lotteries and Betting Industry throughout the Ibero-American region.

### The governor of the Buenos Aires Province in Argentina, María Eugenia Vidal, already has green light to move forward with the enabling of online gaming.

The Legislature approved the law that normalizes this type of betting, and now lawmakers will be asked to vote on the executive's 2019 Budget plan which will include approval for online gambling in Argentina's largest province.

The law creates two new taxes on the gaming sector: one for online gaming that until now was not regulated and therefore not taxed, and the other (2%) will be the tax on the prize or winning bets that will be taken from the slot machines.



## Camelot grows National Lottery sales by 5.4%, and returns to Good Causes by 6.2% YoY for first half of 2019

## Zeal shareholders approve Lotto24 takeover offer

# ZEAL

Zeal said on Friday that it expects the acceptance period for its offer to start by the end of January 2019. Germany's antitrust regulator has already approved the deal and Zeal has already secured irrevocable undertakings from shareholders representing 65 percent of the shares — above the 50 percent minimum acceptance threshold.

Rival Lottoland had tried to derail the deal and said it was ready to offer up to 76 million euros (\$87 million) for German lottery business Tipp24 in a move which could have thwarted the restructuring plans of Tipp24's owner Zeal.

Zeal wants to switch its business model from a secondary lottery to the legal distribution of state lottery tickets. The company wants to keep the well-known Tipp24 brand and through it sell official lottery tickets, the source said. As part of that plan, it made the offer to buy Lotto24 AG, a former subsidiary that already sells official lottery tickets.

## ZEAL lose a court ruling that requires it to have license to operate in Spain

## North Korean sports ministry launches online sports lottery

The North Korean Ministry of Physical Culture and Sports recently launched an intranet-based sports lottery, enabling players to use the intranet to bet on major sporting events. The website is run by the sports lottery management office under the Ministry of Physical Culture and Sports.

## Belgium heads new project to standardise European gaming law

Peter Naessens, the director of the Belgian Gaming Commission, is going to lead a new project aiming to standardise online gambling legislation across Europe. The project is under the aegis of the European Committee for Standardisation. A number of industry bodies and regulators join hands in the project to create rules for compliance and reporting that will become standard in the industry.

Their most important goal is to implement standards on the sort of data the online gambling operators need to send to their respective regulators, as well as the manner in which they do it. Technical Committee 456 will be the group responsible for setting these standards.

## Danske Lotteri Spil, Française des Jeux, Norsk Tipping and Veikkaus have formed Joint Venture Company named Lotteries Entertainment Innovation Alliance AS (LEIA)

The four lotteries share the same values and public interest goals, and they have been granted a mandate by their respective authorities in the lottery gaming industry. They have decided to create a joint company to share resources in order to build a wider and efficient digital gaming offer, allowing these lotteries to address some of the common main challenges in the digital space, and foster open innovation. The aim is to develop liquidity games and to offer an enhanced range of games to the consumers.

Morten Eriksen, from Norsk Tipping, has been appointed as the CEO of the new venture. Eriksen has more than 20 years of experience from the Telecom industry and recently 5 years from the lottery industry.

"The consumer behaviour in the Lottery industry is changing rapidly which requires faster development and adaptation from both the operators and suppliers. We are happy to announce this new Joint Venture and I believe we will be stronger together in the long term in delivering strong value propositions to each market" says Olli Sarekoski, Chairman of LEIA and CEO of Veikkaus.

## Sweden Issues Gambling Licences

LOTTERIINSPEKTIONEN

The gambling regulator in Sweden, the Lotteriinspektionen, has issued gambling licences to the sixteen operators who will be allowed to provide gambling services in the reformed Swedish online gambling industry, which launches on January 1, 2019.

## Poland's Totalizator Sportowy launches online casinos

Poland's state-owned gambling monopoly launches its new online lottery and casino platform. The digital platform — which will encompass not only digital lottery sales but also online slots, table games and poker — will operate under the name iLotto. The casino games will be powered by UK-listed technology provider Playtech. Totalizator Sportowy is coming off a record year, having recorded sales of over PLN5.6b (US\$1.5b) in 2017, roughly 43% of the overall Polish gambling market's

turnover. Poland has so far authorized a dozen online sports betting operators but Totalizator Sportowy was granted the online casino monopoly in 2016 under the country's amended gambling legislation.

## Spanish iGaming market grows 29.9% in Q3 of 2018

Total revenue grew to €181.8m, driven by a strong performance from the sports betting vertical. Total sports revenue climbed 27.4% to €97.4m, with amounts wagered growing to €1.6bn.

## Slovakia's president has vetoed his country's new gambling regime, which would have opened up the online market to international operators for the first time

## SBTech appoints Gavin Isaacs as Chairman



## Two Malta-based gambling firms fined millions by UK regulator for breaching anti-money laundering rules

## New gaming sector collaboration agreement between Malta and Italy Agreement to help authorities crack down on crime South Africa National Lotteries Commission warns of illegal lotteries

## Taiwan sports lottery sales rise over 30% in 2018

## Denise Coates, the co-chief executive of Bet365, made income of \$620 million over the last two years.

## NORTH AMERICAN NEWS

### Prosecuting under the updated U.S. Federal Wire Act won't be easy

The U.S. Department of Justice (DOJ) recently decided to change its position of the Federal Wire Act. Whereas it previously said that the act was only applicable to online sports gambling, it now asserts that its previous opinion had been misinterpreted and that all forms of online gambling fall under the auspices of the act. How or why it took eight years for the DOJ to issue this correction is anyone's guess, but industry experts are pointing out that federal prosecutors are going to have a difficult time shutting down online gambling operations if they try to use the Wire Act in their prosecution.

The DOJ would first need to update its prosecution manual to include its new opinion. Then, a DOJ enforcement action per the Wire Act may not be binding in a federal court. Then add to that, a federal judge could rule against the prosecution simply because he or she doesn't agree with the DOJ's opinion.

Depending on how the saga plays out, a number of states have already indicated that they are prepared to fight for their rights to offer gambling activity should any federal prosecutor try to intervene. Given that the Supreme Court, the highest court in the land, has already ruled that individual states have the right to establish their own gambling programs, the DOJ could be looking at having to swallow its pride – and its opinion.

### Pennsylvania gaming regulators are warning their online licensees to ensure their operations are compliant with the US Department of Justice's new interpretation of the Wire Act

Confusion reigns over what the new opinion means in practical terms.

The PGCB's memo claims that the new OLC opinion "does not ... negate the premise that 'intrastate' activity as provided for by state law is permitted." As such, it is "paramount" to ensure that all information regarding bets and wagers – including payments traveling twixt sites and customers — "does not cross state lines." That's a problem under the PGCB's current online regulations, which permit online licensees to base some of their digital infrastructure outside the state. The PGCB no longer believes that this allowance "is consistent with law as articulated in the [OLC] opinion."

### If Congress Must Regulate Sports Betting, It Should Focus On Enforcement

The American Gaming Association (AGA) opposes the federal sports betting bill introduced by Sens. Orrin Hatch (R-UT) and Chuck Schumer (D-NY) about a week before Christmas. It appears to be another attempt to expand federal involvement in the gaming industry. If so, it tramples all over state rights and is as unconstitutional as the Professional and Amateur Sports Protection Act (PASPA) which was struck down in May. AGA Senior Vice President of Public Affairs Sara Slane did applaud one aspect of the proposed bill:

### Governor appoints ex-Iowa GOP chair, Matt Strawn, to lead Iowa Lottery

Matt Strawn is the co-founder of Next Generation Public Affairs and has an extensive background in public relations. As an entrepreneur, Matt helped bring an Arena Football League (AFL) professional franchise, the Iowa Barnstormers, to downtown Des Moines. He is a 2003 graduate of the Catholic University of America, Columbus School of Law and graduated from the University of Iowa in 1996.

### Scientific Games promotes three Executives



Jim Kennedy, currently Executive Vice President and Group Chief Executive, Lottery, will become Chairman, Lottery. Patrick («Pat») McHugh, who currently serves as Senior Vice President Global Lottery Systems, has been appointed the Lottery's new Executive Vice President and Group Chief Executive. Jordan Levin has been named the new Executive Vice President and Group Chief Executive, Digital. Levin has extensive experience in interactive, digital gaming and sports betting, and is currently Senior Vice President for Corporate Development, where he led the acquisition and integration of NYX Gaming Group and previously launched and served as President of SG Interactive.

Pat McHugh has a wealth of lottery experience, having been in the industry for more than 25 years and with Scientific Games for the past 14 years and serves on the leadership executive team as Senior Vice President Global Lottery Systems. McHugh has unparalleled expertise in gaming systems technology in markets around the world directing complex technology

deployments, operations, new business initiatives and strategic product development.

As Executive Vice President and Group Chief Executive, Lottery, McHugh will be responsible for the global lottery business and will work with Kennedy to service existing relationships and grow the lottery business in the U.S. and around the world. McHugh has led many of Scientific Games' strategic industry firsts, including expanded distribution channels, cashless payments, sports betting, new network technology, iLottery and other digital platforms.

Since joining Scientific Games in 2006, Jordan Levin has been a driving force behind the Company's interactive and digital strategies, new business development and operations. A proven leader with more than 12 years in the industry, Levin has deepened the Company's portfolio of digital professionals, products and technologies for iGaming, iLottery and sports betting.

As SG's Executive Vice President and Group Chief Executive, Digital, Levin will be responsible for defining the business group's overall strategic direction and overseeing all functions of the business. Levin will leverage his executive management and leadership expertise, business acumen, in-depth knowledge of digital gaming and sports betting, and ability to foster a culture of success to help the Company capitalize on new opportunities and markets.

### New York Governor Cuomo Makes Sports Betting Part of State Budget

During Cuomo's recent State of the State speech, the governor said he intends to use the revenue to help close a \$3.1 billion fiscal gap. However, Cuomo's budget director Robert Mujica just said governor's office believes there would need to be a change to the state constitution to allow sports betting anywhere but in the existing private and Native casinos.

### Maryland explores faster way to approve sports betting

A U.S. Supreme Court ruling in May overturned federal law prohibiting states from legalizing sports betting. As neighboring states like Delaware, Pennsylvania, West Virginia and New Jersey have added sports betting to lure gamblers, some Maryland lawmakers don't want to wait until 2020. Now, some Maryland lawmakers are looking at a pathway to regulate sports betting through the state lottery instead of private entities. "If we can find a way to do it without referendum, I'm certainly amenable to move forward this year," Senate President Thomas V. Mike Miller, a Democrat, told reporters Thursday.



## NACS Approves of DOJ's Revised Online Lottery Opinion

The National Association of Convenience Stores (NACS) applauded the U.S. Department of Justice's (DOJ) reversal of the opinion that regulation of online should be controlled by the state. DOJ's Jan. 14 Opinion on online gaming overturns the 2011 Opinion that legalized online lottery sales. NACS has worked on overturning that Opinion since it was released seven years ago.

## Tennessee Lottery Celebrates 15 Years with the best Quarterly Return to Education Since Launch



## Study: 73% of consumers want Retailers to implement self-service technology

## IGT Signs Seven-Year Contract with the South Dakota Lottery to Provide New Lottery Equipment and Services

## Pennsylvania Lottery expansion generates \$155 million in sales for the first six months

Drew Svitko: "These encouraging results show that our ongoing modernization efforts are succeeding. With the Lottery facing increased competition from sports wagering, mini-casinos and other new forms of gambling, we must continue to work hard to grow revenues to benefit older Pennsylvanians." When all is said and done, the gaming expansion law helped the Lottery usher in three new products: iLottery online instant games, Keno, and Xpress Sports.

The launch of the new games has exceeded all expectations, and it has the sales numbers to prove it.

The Pennsylvania Lottery had record sales of more than \$4.2 billion in the fiscal year ending June 30, 2018. It is not a stretch of the imagination to think it will shatter that figure when this year is in the books – especially with how its three new products are performing.

## Scientific Games New DEAL OR NO DEAL™ Multi-State Lottery Linked TV Game Show Returns To Prime Time Television Tonight



In Fronted by original U.S. host Howie Mandel, the new DEAL OR NO DEAL series returns with 30 one-hour episodes featuring all the high energy and risk-reward that captivated audiences, with some exciting new twists. The series is produced for CNBC by Emmy-winning Production Company Truly Original, a subsidiary of Endemol Shine North America. The DEAL OR NO DEAL instant «scratch» game will be available at lottery retailers in participating jurisdictions beginning in 2019. The game features a promotion with a second-chance opportunity to enter non-winning DEAL OR NO DEAL tickets to win a theme park vacation for four to Orlando, Florida (5 days/4 nights) and attend a Million Dollar DEAL OR NO DEAL winners event. Every player at the Million Dollar DEAL OR NO DEAL event will select a briefcase and battle «the Banker» for a chance to win up to \$1 million.

## BCLC (Canada) CFO Named One of Canada's Most Powerful Women

Chief Financial Officer and VP of Finance and Corporate Services, Amanda Hobson, is named one of the Top 100 Most Powerful Women in Canada by the Women's Executive Network (WXN). Hobson joined BCLC in 2013 as a Finance Director and quickly earned herself a seat at the Executive table, where she oversees the organization's finance operations, external reporting, financial planning, procurement and corporate services. Through her leadership style of empowerment and engagement, Hobson has helped drive BCLC's continued financial success.

## Alchemy3 and Royal Caribbean International have announced a partnership to introduce the first worldwide lottery promotion \$1,000,000 Voyage

The event allows lotteries all over the world to join together and award an amazing adventure on the newest, largest and most state-of-the-art ship in the world -- Royal Caribbean's Symphony of

the Seas. Alchemy3 is available to assist lotteries in creating custom program executions with regional appeal.

Alchemy3 recently introduced the global promotion concept to lotteries at World Lottery Summit (WLS) in Buenos Aires, Argentina.

## Donald R. Sweitzer, Chairman of IGT Global Solutions Corporation Retires



Donald R. Sweitzer will be retiring on Dec. 31 after 20 years of leadership in IGT's government affairs and business development. As Chairman of IGT Global Solutions Corporation, Don has been an accomplished ambassador to IGT's current and prospective global customers and government officials, and instrumental in its development, growth, and industry leadership.

Prior to his role as Chairman of IGT Global Solutions Corporation, Don was Senior Vice President of Global Business Development and Public Affairs. In this role, he identified and developed new business opportunities and supported the expansion of the Company's products and services in existing jurisdictions. He also continuously enhanced the Company's communications and services to its worldwide government and commercial clients.

## Gaming Laboratories International's (GLI®) introduces all-new user-friendly gaminglabs.com website

The top-to-bottom makeover of GLI's website features a bold and contemporary graphic look and an updated navigation interface that makes it easier to find the information you're looking for, such as: submitting new games for testing; downloading GLI technical standards, webinars, and whitepapers; connecting with GLI University's® professional training options; and accessing GLI's patented and award-winning products and services like GLI Access® and GLI Link®.

One of the website's enhanced features is a new, interactive "Ask GLI" button which allows you to submit a question directly to the lab with the click of a mouse. The updated navigation bar offers easy-to-use drop-down menus for the following categories: GLI Standards; Services; Industry (Operators, Regulators, and Suppliers); Tools (GLI Access®, GLI Link® and Kobetron™ verification); Getting Started; Events; About Us; and Careers. Plus, new eye-catching

icons graphically point you to key information. Check out the all-new gaminglabs.com website today!

## Ontario Lottery and Gaming Corporation is first operator in Canada to feature IGT's new electronic bingo content



IGT's engaging electronic bingo games such as Bengal Eyes®, Golden Rooster® and Pharaoh's Legacy® are among the many exciting titles that players can enjoy at twelve OLG-governed charitable gaming destinations.

## Kambi kicks-off major on-property Sportsbook drive with New Jersey launch in Sports Betting

Kambi kicks-off major on-property Sportsbook drive with New Jersey launch Global B2B Sportsbook leader to make US brick and mortar debut with DraftKings at New Jersey's Resorts Casino this week, with further launches planned on both sides of the Atlantic. Kambi is ready to make a major splash in the US and European on-property sports wagering markets over the next 12 months, kicking-off with this week's launch of a DraftKings' Sportsbook at the Resorts Casino in New Jersey. The launch will quickly be followed by Kambi's debut in Pennsylvania, with Kambi ready to install its on-property Sportsbook across three major casinos in the Keystone State, cementing Kambi's position as the number one sports betting partner in both New Jersey and Pennsylvania.

## Record nine Kambi-powered operators ranked inside Power 50

# Kambi

The world's most influential online operators are increasingly turning to the Kambi Sportsbook to realise their sports betting ambitions, according to the latest league table of operators compiled by respected industry publication EGR Intel.

This year's Power 50 list featured a record nine Kambi customers, up from six in 2017, all of which secured spots inside the top 40: Kindred

Group, 888, LeoVegas, Rank Group, Mr Green, DraftKings, Paf, Casumo and Global Gaming.

## West Virginia launches Online sports betting

## Caesars Enhances Sportsbook Offering with SG Digital's Managed Trading Service

Following a rapid integration of SG Digital's newly-acquired Don Best platform, the sportsbooks at Caesars' properties will now benefit from additional betting and pricing services, along with valuable real-time event data solutions, complementing the OpenBet™ sportsbook, which already powers Caesars' online, mobile and retail offering. Along with SG Digital's recently launched Sportsbook Operations service, this launch indicates a new era of quick installations with minimal labor footprint, underpinning the rapid evolution of the sportsbook industry in the U.S.

Keith O'Loughlin, SVP Sportsbook at SG Digital, said: "This is a major milestone for us. Following a quick and simple integration that took less than two weeks following the Don Best acquisition and the recent formation of our Gibraltar Sportsbook Ops team, Caesars now has one of the most comprehensive sports betting offering in the U.S., with Managed Trading Service delivering a complete product. We're thrilled to have delivered the new service to our long-term partner in such a short period of time, demonstrating our speed to market. "With the acquisition of Don Best now complete, along with the creation of our Gibraltar Sportsbook team, it is all about ensuring solid partnerships with our customers with a focus on next level sports betting experiences for their players."

Christian Stuart, EVP Gaming & Interactive at Caesars Entertainment, added: "With the integration of Don Best, Caesars will now be able to provide our customers superior speed and variety in available sports betting lines both on premise and in the Caesars Sports App. The combination of Caesars' best in class product, brand and loyalty program will continue to drive Caesars Sports to the forefront of the industry as this new opportunity unfolds." © 2018 Scientific Games Corporation. All rights reserved.

## Massachusetts State Treasurer Deb Goldberg's all in for online lottery

"I have maintained that if sports betting comes to Massachusetts, we must have a seat at the table," said Massachusetts State Treasurer Deb Goldberg, who sent a bill legalizing an online

Massachusetts State Lottery to state lawmakers last week. Legislators will review the bill in the new session starting in January.

State Treasurer Deb Goldberg is in a high-stakes horseshoe to expand the state's profitable lottery online as Beacon Hill lawmakers appear ready to legalize yet another gaming competitor: sports betting.

## M.L.B., Once Averse to Gambling, Strikes a Deal With MGM Resorts in Sports Betting



For generations, baseball's leadership has viewed gambling as the sport's boogeyman, a threat to the integrity of the game that must be stamped out.

Baseball's agreement comes after the N.B.A. and the N.H.L. also reached deals with MGM since July. It allows MGM to promote its gambling options on platforms like MLB Network, MLB.com and the MLB At Bat app.

Commissioner Rob Manfred viewed the arrangement as a long-term partnership that he hoped would reverse a troubling trend: declining attendance.

## IGT's PlayShot sports betting product approved for Nevada



PlayShot, IGT's integrated sports betting solution, successfully completed its final stage of Nevada regulatory approval. Mobile sports betting on the PlayShot platform also received approval after successfully completing a field trial in 2017.

The PlayShot solution was used in 10 major Las Vegas Strip casinos during the field trial to test its betting services. The field trial also included testing IGT's MarkSense Technology, which offers a solution to operators to design and print parlay sheets alongside promotions.



specific and detailed as possible, especially when it comes to privacy sensitive topics such as direct marketing. If you already know up-front that you would like to use contact details of your customers to send them new year's wishes, it is recommended to inform them of this fact in your privacy notice. At the very least, your privacy statement should contain a more general statement that the data subject's contact details may be used for direct marketing purposes.

If your privacy notice does not contain such general or specific statement referring to the (potential) use of the data subject's contact details for direct marketing purposes, you will need to inform the data subject in another way prior to sending out your wishes.

## Additional rules for electronic messages

For new year's wishes sent electronically (e.g. via email, text message, Whatsapp, Facebook or Skype) some additional rules will have to be considered. These rules follow from the ePrivacy Directive (i.e. Directive 2002/58/EC on privacy and electronic communications) read together with the GDPR and the new proposal for an ePrivacy Regulation.

Article 13 ePrivacy Directive allows you to send electronic direct marketing messages only to data subjects who have provided you with their prior and informed opt-in consent. In other words, for electronically sent wishes consent of the data subject (Article 6.1(a) GDPR) is in principle the only legitimate processing ground. But there is one exception to this rule...

Where all of the following conditions are met, it is possible to send electronic new year's wishes without the prior consent of the data subject (and thus to rely on your legitimate interests instead):

- (i) You have obtained the electronic contact details directly from the data subject in the context of a prior sale of a product or a service (i.e. the data subject is already your customer);
- (ii) You use these electronic contact details for direct marketing of you own similar products or services (i.e. you send out wishes to promote the organization with whom the data subject has an existing customer relationship);
- (iii) Data subjects are given the opportunity to object to receive communication from the sender both at the time when their

contact details are collected and on the occasion of each further communication (i.e. each electronic message you send, must contain an unsubscribe button).

It is clear from these conditions that this so-called "existing customer exception" or "soft opt-in rule" can only be used when you have obtained the electronic contact details directly from the data subject himself/herself. This exception cannot be used in relation to contact details purchased from third parties. The sending of direct marketing messages to data subjects whose details you have obtained from a marketing agency is therefore only possible if you (or the marketing agency) have received prior opt-in consent to do so from the data subject.

In addition, when combining the existing customer exception with the rules contained in Article 6 GDPR, it is clear that even although you do not need consent in this case, you will always need to draft a legitimate interest assessment report prior to sending out your mailing.

## Putting everything together

Please remember that neither the GDPR, nor the ePrivacy Directive, prevents you from sending out your season's greetings. Also, neither piece of legislation allows you to send out your season's greetings exclusively when you have received consent from the data subject to do so. Only when you like to send your wishes electronically and cannot rely on the existing customer exception, consent will be mandatory.

In addition, before sending out your season's greetings mailing, you might also want to give the following points some careful consideration:

- (i) Reflect on what you would like to use the data subject's contact details for before collecting them. It is recommended to communicate as specific and detailed as possible about the way in which you would like to use the data subject's contact details. In this respect, please also note that consent is only validly given if the data subject is informed about what he/she is consenting to. Preferably, such communication is done by providing a privacy notice when collecting the contact details or at least before using them to send out your wishes. For electronically sent wishes it can be considered good practice to include a link the privacy notice in your message.
- (ii) Try to select the best method to send out your new year's wishes. Season

greetings sent by post are less regulated than greetings sent by email because they do not fall under the additional rules of the ePrivacy Directive. If you only have a limited number of wishes to send, sending them by regular post might thus be a more convenient option. If you choose to send your wishes electronically, please always include an unsubscribe option directly in your email or message.

- (iii) Choose the best processing ground to match your sending method. Whatever processing ground you choose (in case of postal wishes) or must use (in case of electronic wishes), make sure you have put the right documentation and systems in place to prove your GDPR compliance before sending out your wishes. When relying on consent, good consent management is a must. When relying on legitimate interests, you must always have a legitimate interest assessment report on file.
- (iv) Irrespective of the sending method or processing, always respect the wishes of the data subject. When a data subject opts-out or unsubscribes from receiving your marketing communication or wishes, this must be respected at all times (i.e. no sending of season's greetings next year).

Many of the electronic greetings we received were lacking a reference to the privacy notice and/or did not contain any unsubscribe option. Although it is perfectly possible that from an internal perspective you are GDPR compliant (e.g. because you have a legitimate ground to send your greetings, you have your privacy in order and you have a solid consent management system), without these two very visible references the greetings themselves will not pass the GDPR test.

And last but not least, we would very much like to thank you for all your kind wishes (which we are happy to receive in the future as well) and off course also wish you all the best for 2019! 🍀

.....  
<sup>1</sup> You cannot email or text an individual to ask for consent to future marketing messages. That email or text is in itself is considered to be sent for direct marketing purposes and therefore is subject to the same direct marketing rules, meaning you must already have a legitimate ground to send such an email or message. If you want to send any kind of direct marketing, it is thus crucial to obtain the consent immediately upon collection of the personal data.



By Philippe  
**Vlaemminck**  
Managing Partner

and Jenna  
**Auwerx**

Lawyer, Pharumlegal, pharumlegal.eu



# Excessive or not, it's the law

## Corporate new year's wishes at risk under GDPR European privacy rules

**2018 was the year of entry into force of the GDPR, a piece of legislation that brought about significant changes to the way in which personal data are to be handled. As many contact details and email addresses of your business contacts in the EU will undoubtedly fall within the scope of protection of the GDPR, the GDPR may also impact your practice of sending out corporate new year's wishes. As many of the wishes we have received seemed to lack one or more essential points to be GDPR-compliant, now may be a good time to sit down with your communications team to check whether you have been doing it right!**

Season's greetings are likely to be considered as a form of direct marketing. Although generally intended to wish a specific individual well, they also serve as a gentle reminder for the recipient of the existence of your organization and the goods and services you have to offer. Direct marketing is considered to have a high privacy invasive potential and is therefore highly regulated by the European Union.

### Corporate new year's wishes to individuals

Nevertheless, some good news to start off with: the GDPR only applies to your corporate new year's wishes! The GDPR explicitly contains an exception for data processing for purely personal or household activities and therefore its rules do not apply to season's greetings you send to your family or friends.

Moreover, the GDPR only aims to protect contact details that relate to an identifiable natural person. Data that do not relate to an individual but rather to a corporate entity

are not protected by the GDPR. The rules explained below will for example not apply to wishes sent to an email address such as info@company.com as this email address usually cannot be traced back to a specific individual.

### Need for legitimate processing ground

One of the key principles of the GDPR is that you can only process or use personal data if you have a legitimate ground to do so. The legitimate processing grounds are exhaustively listed in Article 6 GDPR. The sending of new year's wishes can either be based on informed, opt-in consent from the data subject (Article 6.1(a) GDPR) or, alternatively, on the legitimate interests pursued by the sender (Article 6.1(f) GDPR).

As season's greetings are intended as a friendly surprise, having to get prior opt-in consent from the data subject before being able to send out your wishes is often undesirable and sometimes not even lawful<sup>1</sup>. In addition, relying on consent as processing ground also poses a huge administrative burden on your organization as you must record when consent was given and/or withdrawn. Unless you have already obtained a general GDPR-compliant consent for sending all kinds of direct marketing messages to the data subject, using consent as a processing ground is often not ideal.

Relying on legitimate interests, on the other hand, requires a balancing act between the interests pursued by the sender and the potential harm to the fundamental rights and freedoms of the recipient data subject. This means that, before being able to use your legitimate interests as processing ground, you will need to prepare a so-called

legitimate interest assessment report. In such report you must amongst others document that the data subject would reasonably expect to receive new year's wishes from you, that your use of the data subject's contact details is proportionate and that it has minimal privacy impact. In Recital 47 the GDPR explicitly acknowledges that the processing of personal data for direct marketing purposes may be regarded as carried out for a legitimate interest, however, also specifying that such legitimate interest is more likely to exist where the data subject and the sender already are in a business relationship together.

In any case, whatever processing ground you rely on, when personal data are processed for direct marketing purposes, the data subject has an absolute right to object to receive any further marketing communication from you at any time (i.e. the right to opt-out or unsubscribe). When a data subject exercises his/her opt-out right, you cannot send him/her any future marketing communication, including future new year's wishes.

### Be transparent

The GDPR also puts transparency high on the banner. Article 13 GDPR, for example, explicitly requires you to communicate to the data subjects on the intended use of their personal data, as well as the legitimate processing ground you would base such use on. Such communication must happen at the moment the personal data are collected and is most frequently done by providing the data subjects with a privacy notice.

Ideally, your privacy notice is made as

*Continued on page 65*





# PGRI SMART-Tech 2019 • Hilton Fort Lauderdale Hotel February 26 to 28, 2019



February 26, Tuesday, 5:00 to 7:00 pm: Opening Night Reception

February 27, Wednesday: Conference Sessions followed by Reception

February 28, Thursday: Conference Sessions conclude at 12:30 pm followed by lunch

February 28, Thursday, 1:30 pm to 4:00 pm:

Women's Initiative in Lottery Leadership (WILL) Seminar featuring keynote speakers from outside the industry and interactive session with women CEO/Directors within the lottery industry

February 28, Thursday 4:30 to 7:00 pm: wReception

- Conference Info & Details: [www.PublicGaming.org](http://www.PublicGaming.org)
- View video-recorded presentations: [www.PGRItalks.com](http://www.PGRItalks.com)

- News website: [www.PublicGaming.com](http://www.PublicGaming.com)
- e-mail: [Pjason@PublicGaming.com](mailto:Pjason@PublicGaming.com)

## Lotteries Reshape the Games-of-Chance Industry

Lotteries are building out the infrastructure, innovative game content, and strategies that connect the lottery operator to the consumer across an increasing variety of distribution channels and consumer touch-points.

### Session themes that include presentations and panel discussions:

- Retail: Disrupt or be disrupted. The role of Lottery in the transformation of the retail shopping experience
- U.S. Dept. of Justice revisits its rulings regarding online gaming: Implications of the DoJ statements regarding Wire-Act, iLottery, sports-betting, and online gaming
- What's Your Why?: Integrating your underlying reason-for-being into the brand
- The fight against Illegal iLottery: Highlighting the need for an international collaboration to enforce respect for jurisdictional regulations
- Women's Initiative in Lottery Leadership (WILL) Seminar will be held the afternoon of Thursday February 28. All government-lottery executives and staff are invited and encouraged to attend. There will be keynote speaker from outside the industry followed by interactive discussions and panel discussion led by Rebecca Hargrove and including lottery women CEO/Directors.

Visit [PublicGaming.org](http://PublicGaming.org) for updates and conference info.





# \$50 BILLION

\$36B  
U.S. Video  
Games

\$24B  
U.S. Salty  
Snacks

\$8.7B  
U.S. Music  
Industry

\$40.3B  
U.S. Book  
Sales

\$26B  
U.S. Pet  
Food

\$11.3B  
U.S. Box  
Office



## That's Big Business.

The U.S. instant game market just hit a historic milestone: \$50 billion in annual sales.

Which puts us in the same company as other major industries such as the U.S. video game market and the U.S. book market.

So to you, our U.S. lottery colleagues, congratulations and a job well done from your friends at Scientific Games.

Together, we will continue to achieve great things.



Because Real Counts