

The Success of Chance



Paul Jason Interviews at the EL Congress in Antwerp, Belgium

Following are brief excerpts from interviews that were video-recorded at the European Lottery Association biannual Congress in Antwerp, Belgium.

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Arjan van't Veer, Secretary General and Jutta Buyse, Deputy Secretary General, EL:

The 2019 special 10th European Lotteries Congress in Antwerp (BE) at the end of May, explored a unique theme “The Success of Chance”. Bringing together over 800 lottery professionals from across Europe and the rest of the world, the event was an occasion to discover how ‘chance’ plays an important role in our lives and in the lottery sector. The Belgian National Lottery was the proud host of the Congress, taking place against the backdrop of the European elections, which continue to shape Europe’s political landscape.



Arjan van't Veer

With a packed three-day programme, including high-level speakers, networking, panel debates, breakout sessions and a Trade Show, the Congress united the core fundamental values of lotteries and was an occasion to share insights for upcoming challenges and opportunities in the sector.

“Together with the team of the Belgian National Lottery, we look back at a great event. It all came together – the theme, the location and the enthusiasm of the participants. I would like to thank Jannie Haek again for his dedication and ideas to make the Congress what it was.” Said Arjan van 't Veer as EL Secretary General. “The out of the box approach was a great success”.

During the 2019 EL General Assembly on the last day of the Congress, EL Members elected its new Executive Committee and reappointed Hansjörg Höltkemeier as EL President for the period 2019-2021, who said, “We have had three fantastic days at the EL Congress, with lots of exchanges, networking and new ideas. I am personally very happy to be re-elected



Hansjörg Höltkemeier



Jutta Buyse

after four successful years, and I look forward to continuing my work with the association, which serves for the benefit of society”. The General Assembly adopted the “Antwerp Resolution” which calls for a risk-based approach towards gambling advertisement, to safeguard the channeling role and the benefits of their games for society.

EL will gather again for its Industry Days next year in Manchester from 8-10 June 2020, kindly hosted by Camelot UK Lotteries Ltd.

EL seminars and Corporate University

In addition to the Congress and Industry Days, EL provides its members with invaluable learnings on lottery subjects on a regular basis, through its seminars and educational modules in the EL Corporate University (ELCU). EL events represent a valuable service to members as they provide a forum for exchange of experience, best practices, knowledge and networking across a broad range of topics - marketing, sportsbetting, responsible gaming, security, innovation, legal, E-sports, Communication & PR and retail. EL is an official partner of the European Week of Sport which takes place from 23 – 30 September this year.

Visit EL at www.european-lotteries.org

Jannie Haek, Chief Executive Officer, National Lottery of Belgium: All the keynotes related their presentations to the unifying principle of “The Success of Chance”. Having this central theme is important. Whether it is Retail Digitization and Modernization, or regulatory issues, or Blockchain, or development of human resources and personal achievement, the entire conference coalesced around the

central theme which created a wonderful cohesion and continuity.

Chance plays a central role in life just as it is at the center of Lottery’s existence as well. We have heard from successful people who describe their encounters with Chance and the importance of recognizing it and acting on it because you never know when a fortunate opportunity might happen again. We have heard from people whose encounter with Chance was an unfortunate one and how they even turned that to advantage. We wanted to connect the lottery-playing experience with the way that the Success of Chance relates to all other aspects of life in general and how to really make this theme come alive to connect our world of Lottery with the bigger world of life itself. Lottery as a metaphor for life. You play, you participate, you win, you lose, and you always start all over again. Thank you for joining us at EL Congress 2019!

Wendy Montgomery, Senior Vice President, Brand, Marketing and Communications, IGT: IGT is all about connecting with the players, the consumers. That is why our exhibit booth and presentations focus less on us and our products and solutions and more on the consumers and how their lifestyle and shopping behaviours are changing, how the Internet of Things is transforming the simple everyday tasks that take place in a home, car, and work-place; and the role that games and



Wendy Montgomery



Jim Kennedy

Lottery might play in the life of the modern consumer. The inspiration for this approach comes from the Samsung Concept Store in New York, which was wildly futuristic just a few years ago but is now quickly becoming a reality.

Our vision is to integrate Lottery into the world that the consumer inhabits, to take advantage of this unique time in history when technology is changing everything to be more automated and convenient and consumers are becoming familiar and comfortable with these changes. This is a wonderful opportunity, and maybe just a brief window of time, for Lottery to step right into this picture and carve out a substantive role for itself and make the lottery playing experience just as much a part of everyday life as the smart-home and connected-living is fast becoming.

Jim Kennedy, Chairman of Scientific Games Lottery: There continue to be many in our industry who under-estimate the potential for growing the instant games category. Our experience indicates that the appeal of instants is universal – markets where draw games have been the dominant play-style represent an even greater opportunity to tap into latent demand for Instants. And in those markets where the per capital instant game



Jannie Haek

sales reflect a gaming culture that already loves these games – that is where our new content, modernized point-of-sale technology, retail distribution and inventory management systems are continuing to drive growth. The fundamental economic drivers in the instant category work in all market conditions. And the fundamental components of the instant game provide the perfect platform for creative development to refresh the player experience for each new generation of consumers. Creative innovation overlaid onto instant gratification will never go out of style.

The decision-makers at the multi-jurisdictional retail chains want to see the evidence. With 70% of the global instant games market and \$60 billion in Instant products sales, we have that in abundance. The secure instant product has sold nearly a trillion dollars in lifetime sales and is building momentum. This places the instant product in the rarified air with global retail consumer products like Coca-Cola. Experience and rich consumer data not only provides the proof that application of best-practices produces significant growth every time, it provides us with the insight to create and continually adapt best practices to the unique characteristics of each market and jurisdiction.



Pat McHugh

Pat McHugh, Chief Executive Officer of Lottery, Scientific Games: In May we hit our one-year anniversary of the iLottery launch in Pennsylvania. It is the most commercially successful iLottery launch in North American history, surpassing \$340 million in sales handle the first year, and is a result of a productive collaboration with the Pennsylvania Lottery. Scientific Games' expanded digital services contributed immensely to the assets we brought to the effort. Our game portfolio, game server and player account management platform launched as a coordi-



Chris Sfatos

nated program, providing the tools needed to acquire and engage players, with the inspired leadership of the Pennsylvania Lottery. This tried and true platform is leading iLottery and iGaming performance in jurisdictions all around the world now.

While Scientific Games is investing significantly in the digital future, we still see retail growth as a tremendous opportunity. Retail execution and modernization such as game portfolio optimization, SCiQ® automated instant game management system, distribution expansion through point-of-sale integration, self-service vending, in-lane sales, and cashless payment modernization are critical components and examples of our focus on retail growth. Our PlayCentral® launched in Wal-Mart last year and enables self-service checkout and cashless options for all the different lottery products – including draw games, instant games, fast play, and sports betting in those jurisdictions that allow sports betting.

Chris Sfatos, Group Deputy Chief Executive Officer, INTRALOT S.A.: The rapid pace of change and disruption spells opportunity for those who are driven to create the innovative products that break from

the past and smooth the path for the player journey to align with the modern lifestyle. INTRALOT's new generation of products is designed to offer Lotteries the advantages stemming from modern technological trends to evolve and adapt in the era of digital transformation while capturing the needs of the modern consumer.

It is no longer enough to offer a "lottery ticket that creates the possibility of a life-changing event." That fundamental value proposition has enduring and universal appeal. But it's no longer adequate to the purpose of selling

lottery products and it is definitely a different world when it comes to the sports betting experience.

The next generation of players want more. It can be a more intense and engaging player experience. It can be games that fit better into their world, their lifestyle, their mode of interacting with merchants and buying goods and services. INTRALOT is focused on leveraging the transaction-enabling and processing tools and a wider variety of touch-points, including self-service machines, to capture the data and information that gives us insight into player behaviors and how we might evolve our products and methods of merchandising and promotion to connect with the modern and future consumer. Integrating the worlds of digital and physical retail is key to this mission and that is what our exhibit booth is demonstrating.

INTRALOT has been a leader in setting new trends and we will continue to do so in this very exciting time for our industry.

Doug Pollard, Co-Chief Executive Officer, Pollard Banknote: We adhere to a very simple philosophy to support the mission to drive lottery sales. It starts with great products and POS/retail performance and continues today with a focus on digital innovations as the key to connecting with the modern consumer. Pollard Banknote has long been known for innovation in Instant games and digitization of retail and in the online space just gives us a way bigger canvass to apply creative talent and ingenuity to the mission of driving sales.

We have added some tremendous new assets that strengthen our portfolio of products that enhance retail performance. The recent additions of Schafer Systems and FastTrak to the family of Pollard Banknote companies transforms our offering of retail performance enhancing products. We have always made high performing instant games that capture the current themes and pop culture and now



Doug Pollard

we can offer the tools to display and promote them effectively in the store. Traditional convenience stores continue to be the bread and butter of the channel mix. But broadening the reach to include non-traditional trade-styles and venues is the surest way to increase sales. The acquisition of Diamond Game a couple years ago provides our customers with entertainment-enhanced play-stations that open up whole new channels of distribution beyond stores and into age-restricted venues like bars and social clubs. ScanACTIV is our in-lane solution that is easy to implement, convenient to purchase and easy to play, and yet also appeals to the desire for a fresh new player experience.

The Michigan Lottery is an inspiring and informative case study for leveraging iLottery to drive land-based retail sales as well as incremental increases in the online space. Michigan proved that U.S. lotteries could significantly increase their contributions to good causes with the addition of the iLottery channel. Michigan Lottery online channel now generates over \$100 million a year on top of their budget, and land-based retail has grown by even more. So it has been a win for everyone – the Lottery and good causes, the retailers, and the consumer who now has more options for how to play the lottery. And the Lottery is bringing in new consumer groups, especially younger adults. The New Hampshire Lottery is less than a year into its iLottery launch, but we are already seeing all the same results there, including the boost in land-based retail sales. The Mobile makes it so fun and easy to play the lottery and that is good for everyone. There are so many ways to loop the retailer into the whole relationship and now retailers are starting to recognize that as they see for themselves the results.



Christina Haralambous and Sarah Robertson

Sarah Robertson, Senior Sales Executive, Kambi: Kambi sportsbook provides the fully managed solution, including odds-compiling,



Simon and Marjoleine Butler

fully managed risk solution and technical back-end, and the front-end customer-facing solution that integrates with the operator's existing IT infrastructure, be it Lottery or casino or something else. Where Kambi has always excelled throughout its ten-year history is our ability to launch a sportsbook quickly and effectively into regulated markets. Testament to that is the great success we have had in the highly regulated U.S. market. One of the things that allows us to do that is the scalability of our system. We built our back-end technical system to be able to start small and launch quickly and then scale as quickly the market can absorb and the operator wants to develop. So we do not need to recreate a new sportsbook for each operator that we work with. This allows our customers, like a Draft Kings or a Rush Street or any other operator, to be first to market and expand as needed.

We work with several state regulated European operators where the priority is to manage risk and to connect with the existing customer base. They are cross-selling across all different gaming categories and so we integrate sports-betting into that system. Most operators view the direct customer connection as being the mission critical component to success, and so want to focus on controlling that. Kambi resources and capabilities are all dedicated to making sure the technical and operational aspects of the business are executed flawlessly to enable the operator to focus on the players.

Simon Butler, Chief Executive Officer, Abacus Lottery Everywhere: Retailers recognize that they need to be more aligned with the lifestyle and shopping behaviour of the modern consumer. They realize that they need to take aggressive action to reposition themselves for growth that is sustainable going forward.

They are now asking their own retail vendors, technology partners like Toshiba and NCR, to help them create in-store eco-systems that enable easy integration of digital solutions like in-lane sales. Abacus is creating the products that enable this digitized in-store shopping experience to happen.

Lottery is still one of the largest impulse purchase items in the world. A system of dedicated networks, dedicated terminals, and dedicated terminal infrastructures make it difficult to meet an increased demand at the counter. Retailers have been asking for a way to offer lottery products directly to the consumer through their own hardware and software system to alleviate congestion at the counter and enable them to sell more product. This is what Toshiba recognized and is partnering with Abacus to deliver. Abacus is building a new software lottery plug-in that integrates entirely into the Toshiba TCx Elevate ecosystem which enables retailers to directly engage and sell lottery products to consumers through all the different channels that they're able to offer today: whether it be the in-lane environment, self-checkout, self-serve, scan-devices, mobile, or the retailer's own e-commerce platform. This transformational vision is now a reality. Building that independent gateway that enables connectivity to each of the central gaming systems provided by companies like Scientific Games, IGT, Intralot, and Pollard Banknote is the missing link that Abacus Lottery Everywhere provides. The multiple connections that process lottery transactions are now being routed through one point of interaction with the Abacus gateway. Partnering with Toshiba and adopting the NASPL API now makes it easier than ever for Lottery to integrate with the modernized retail infrastructure. Making it easy for retailers to sell lottery products and for consumers to play the lottery is the key to increasing sales.



Philippe Vlaemminck

Philippe Vlaemminck, Managing Partner of Pharumlegal and legal counsel to Team Lottery: This morning's panel discussion tackled a most contemporary issue. How should Lottery be represented in the modern world of multiple recreational gaming options? Does Lottery position itself as a competitive offer or something entirely different from other games-of-chance? What does our brand represent and how should that be communicated to the general public, to the audience of gamers, and to the audience of lottery players? And how might the message differ depending on the different interests and concerns of each of those audiences?

These questions apply everywhere but manifest differently depending on the gaming culture and maturity of the markets. For instance, we are exploring in-depth the ways to shape the message in Africa where so many economic activities are in the emerging market stage. Perhaps paradoxically, the biggest opportunities in Africa reside in the futuristic digital space. The infrastructure that enables the mass market of communications in Africa is skipping entire generations of land-line technologies and leaping right into Mobile. A challenge for lotteries is that the legal framework is not yet up to date to actually address this situation. Like the EL (European Lotteries Association), the Africa Lotteries Association is doing a fabulous job of bringing these issues to our attention and providing the seminars for industry leaders to meet and discuss and create solutions and pathways forward. Younes el Mechrafi, the CEO of MDJS, is hosting the annual Africa Lottery conference in Casablanca in early July. And Rebecca Hargrove is leading the World Lottery Association in an exciting direction that promises to bring the global community of lotteries together, forging more direct relationships and promoting a more vigorous interaction and cooperation that will serve the interests of lotteries and the good causes they support. ■

Lynne Roiter *continued from page 18*

our responsible approach to marketing and promotion, as evidenced by our level 4 certification of the World Lottery Association, the highest level. We are working towards renewing our certification in 2020.

During the past year, several initiatives were launched to support information and awareness-raising activities, including a campaign to promote the importance of respecting set gaming limits; broadcasting a web capsule explaining the operation of chance; and adding a tab in our online gaming site giving easy access to responsible gaming content.

The responsible marketing of our offer also includes training all our employees and retailers. Significant efforts will continue to be made to this end.

The management of video lottery retailers was reinforced with the adoption of our ALV Action Plan. In addition to reconfiguring the network, now comprised of less than 9,900 ALVs, we strengthened enforcement of our responsible marketing code that all lottery video retailers must respect. The Government also approved Loto-Québec's new socio-economic criteria that have to be met before placing an ALV, which include the bar not being in a sector identified as materially deprived by the National Institute of Public Health.

Our support for various philanthropic causes has continued. Our employees have once again been generous by contributing to the All Winners campaign, for the benefit of Centraide, Partenaire Santé-Québec, the Canadian Red Cross, Quebec Division, and the Harvest Organization.

Proactive Improvements

We continued the improvement and harmonization of our procedures. The goal is to have a convergent offer, which meets player expectations and habits and to be more efficient. In particular, improvements have been made to our slot machine park, at our online gaming site, our lottery kiosks and in the prize payment process.

In recent years, we have assured the control of expenses and we continue to do so. The \$ 20 million decline in our expenses compared to the previous year - which also showed a decline from the prior year - is evidence of our fiscal discipline.

Thanks

I thank the board of directors and the government for reiterating their confidence in renewing my mandate last February. I take this opportunity to welcome the

two new Board members who joined the board of directors at the end of the fiscal year, Mr. Jean-François Blais and Ms. Ann MacDonald.

Thank you also to my colleagues on the management team for their valuable collaboration and support unwavering. I wish to recognize MM. André Dumouchel and François Tremblay, who acted respectively as Corporate Vice President, Resources Human Resources and President of operations for our video lottery network and bingo. They retired at the beginning of the 2019-2020 fiscal year. I thank them for their important contribution to Loto-Québec.

The excellent work of all the staff of Loto-Québec must also be underlined. The success of the past year is really attributable to the professionalism and commitment of our employees. I am very grateful to them.

Finally, I would like to say thank you to our customers; appreciation for the confidence they place in us motivates us to surpass our goals.

Lynne Roiter
President and CEO, Loto-Québec

