Gretchen
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President & Chief Executive Officer,
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One of the most successful, progressive lotteries in the world continues to hit on all cylinders

Paul Jason: The Georgia Lottery has the second-highest per capita lottery sales in the country. And FY 2019 was a record year with $1.2 billion for lottery-funded Pre-K and college scholarships – the largest net funds transfer in your 26-year history. How do you decide which products, market segments, and promotional strategies represent the best opportunities to drive further growth?

Gretchen Corbin: Thank you for your kind remarks, Paul. The Georgia Lottery was thrilled to produce another record-breaking year for the students of Georgia. To drive further growth, we regularly review the performance of our existing games and make adjustments when needed. That's a key strategy to determine if we need to adjust, enhance or even retire a game. For example, the Cash4Life directors collaborated and made a decision to expand Cash4Life from two draws a week to nightly, which has turned out to be a huge success for Georgia.

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It proves that you can sometimes take an underperforming product, put a little more impetus behind it, and see additional growth. So we're always looking at what we have in our current product portfolio, what's new, and where we need to go. We are a product business, and our core customers love some of our staple games, like Jumbo Bucks, while at the same time love to try our new products – whether draw, instant or digital. We look for ways to surprise and delight the core

players with product enhancements and opportunities to enhance the overall lottery playing experience. Of course, the digital space provides a large canvas. There are lots of ways to innovate and enhance the experience for all of our players across all demographic groups and appeal to all different play-styles and preferences. **We tend to put players in categories like core players, millennials, draw-games versus Instants players, online versus in-store, etc. etc. It sounds like you are saying the lines that separate these categories are blurring.**

Gretchen Corbin: I don't know about blurring, but all of our customers have one thing in common. They enjoy and expect a strong, positive customer experience. When using technology, they expect our product to be as advanced and user-friendly as any other product. That's why we're excited about our most recent mobile app update. We recently had someone walk into our Winners' Room who won $100,000 on a scratcher product, who also told us how much they enjoy playing Keno on their Georgia Lottery app. The core player may have been playing the lottery at their local retailer for years, decades even. They may not be Gen Z or Millennials, but that doesn't mean they aren't online or that they won't play online. Everyone is online. Whether a customer's online experience is limited to buying airline tickets and scheduling appointments, or whether they've grown up playing Fortnite, we have to ensure that our app works as easily and is as exciting for all players. All demographic groups and player profiles expect the same level of perfect service when they go into a store and when they go online. They have been trained to expect apps to work flawlessly, to be super-easy to navigate, and for the online journey to involve the minimal number of steps to accomplish the

objective, whether that is to buy a product, play a game, maybe just get a quick answer to a simple question, or to engage with us on Facebook, Twitter or Instagram. We have to realize that our audience has just been on Walmart.com, Amazon, YouTube, WhatsApp and Uber. They expect the Georgia Lottery to deliver the same kind of quality user-experience.

That's an incredibly high bar to reach. Walmart and the others spend millions to shave nanoseconds off their ecommerce transaction processing times. How can you benchmark against that with a limited budget?

Gretchen Corbin: We're always looking for a strong return on investment. We partner with great vendors and work with them to drive continuous improvements in our offerings, our service, and the advancement of our digital presence. We do it with advanced technology in the hands of creative, intelligent, cutting-edge individuals. We project the ROI, decide the level of investment we should make, then measure performance against a cross-section of best-practice metrics. These efforts pay off. Enhanced player satisfaction leads to increased player-engagement and sales. Engagement is measured not by surveys so much as actual online behavior like dwell-time and number of clicks. The ROI as measured by sales is readily apparent. The art of it is in discerning the causal relationships – connecting the impacts of specific digital features on player-engagement and sales. Each day our Georgia Lottery retail and digital teams work with our vendors to make improvements just like any other business. Quality and innovation are expected on all of our digital products, just as they have been expected for years on our draw and

instant products. The great news is that, with these incredible vendors in our lottery community, I feel very confident that our industry will thrive in innovation.

How important is it for lotteries to develop a more robust digital strategy?

Gretchen Corbin: Policy decisions and gaming cultures vary by state, and there is no universal set of best practices. So we must always respect the right of each individual jurisdiction to choose its own direction. The Georgia Lottery's online strategy has made sense for us because we can measure and see how much our digital component has contributed to net proceeds transferred to the state for our beneficiaries. In addition to the $81.7 million that our digital products generated in sales in FY2019, we can see an even more profound impact on our long-term sustainability objectives. We are bringing in new consumer groups, increasing player-ship across a wider range of demographic profiles, and building out the omni-channel relationship that is so vital to long-term growth. The digital piece pays for itself in short-term ROI, and we see it as key to positioning the Lottery for long-term success.

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Lotteries that are building out the online player-engagement component, even without the actual transaction-enabled sales component, are benefitting in two ways. One, digital player-engagement does translate directly into sales, even when those sales must happen at land-based retail. Two, it takes time to implement all the component parts of an effective digital program. It's important to build the digital platforms and to forge the digital connection with the consumer ahead of time. Ultimate success of a full-fledged iLottery program depends on the quality of the online connection with the consumer that has been established over the previous years.

Lastly, lotteries that have waited to implement iLottery are in an excellent position to benefit from the experience of others who are further along in the process. At this point, the blueprints for effective

Gretchen Corbin delivering Georgia Institute of Technology's commencement speech in May 2019

digital strategies have all been vetted. It's just a matter of clarifying your objectives, learning from others, and moving quickly into rapid execution mode.

There are economic advantages to being a fast-follower. But the Georgia Lottery positioned itself as a first-mover in the online space.

Gretchen Corbin: Corbin: Again, I respect every state's decision, but when looking back, I'm very proud of Georgia's early decision in the online space. Georgia chose to be an early adopter of digital technologies because the online channel produced a positive ROI and sales growth from the very beginning. Thanks to our previous executive leadership, board of directors, policymakers, vendors, and the Georgia Lottery team members who work on the product every day, we were one of the first in the online space. They made the decision and put a lot into. It wasn't an easy lift, but it was well worth it.

We have continually increased our investment in and commitment to the online channel because we continue to see short-term incremental sales growth attributable directly to our digital strategies. Online sales grew more than 60 percent in the most recent fiscal year, contributing significantly to our bottom-line transfers to education. Add to that the insight that I think is recognized by everyone at this point, which is that digital technologies in general and the online sales channel in particular are key to long-term sustainability and sales growth. When we have a product and strategy that is performing this well, it's our responsibility to increase our investment and nurture its development so it will continue to deliver funds for the students of Georgia.

Have you reached the point where your retailers are also convinced that the online channel complements and augments rather than cannibalizes their

sales?

Gretchen Corbin: Our retailers have always been and continue to be the Georgia Lottery's most important sales partners. We want to make sure that whatever we do is a positive for them as well as the Georgia Lottery's bottom line. It is imperative that brick-and-mortar retail grows alongside our online channel, and that is what has happened. Retail expanded again – not in spite of online sales, but because online has become so popular. Our approach ensures that the online channel augments and reinforces our land-based retailers. The majority of our players will continue to love the experience of walking into convenience stores, looking at the product POS displays, maybe even talking to the clerk or other players about the games. There will always be a social aspect to lottery that only retail can fill.

It is my goal for online and retail sales, and advertising and promotion – and whatever other initiative we undertake that introduces people to lottery – for the platform to provide an opportunity for individuals to get to know lottery, be comfortable going into the store or going online and finding the games they want to play, and then to easily play those games. It may sound obvious, but it requires an incredible attention to detail and execution to make all of that a reality.

Digital is much more than just selling online. How else is Georgia tapping digital capabilities?

Gretchen Corbin: We are working on a cashless pilot program with our retailers that is going very well. And our TVMs (ticket vending machines) are paying great dividends both for us and our retailers. We've seen an incremental lift in sales in locations where we've installed cashless options. Technology enables us to implement digital features in kiosks, retail

displays, marketing, and all aspects of our operations.

Part of our strategy is to encourage players to interact with the Lottery on all different channels, media, devices, venues. We encourage an omni-channel relationship because we feel it is more gratifying and rewarding for the player. We feel it is important for Lottery to align with the modern consumer who expects to be able to interact with merchants on all varieties of channels. And despite the powerful potential of the online channel, we manage the rollout of games to avoid any negative impact on our retailers. We rolled out one or two products at a time online, carefully monitoring collateral impacts and confirming that everything be a positive development for retail. The result is that with every product we have added to the online channel, we have seen a lift in our brick-and-mortar retail as well. I should add that we have been investing in the digitization of retail as well. So retail sales have been enhanced by installations that include dual digital menu boards that display our new releases, jackpot sizes, and player promotions.

Digital and online platforms provide tremendous flexibility and opportunity to apply creativity to the development of new games and promotions. It is so gratifying to see how technological innovation supports our retailers, our partnerships, our game-development experience and our productivity. Just as in any industry, the lottery will continue to grow as long as we aggressively assimilate technological advances.

I do think the bigger the lottery retail footprint the better. Lottery should be featured in locations wherever our players are – local grocery and convenience stores, Walmarts, online and even the airport baggage claim. I want our customers to interact with the lottery as a part of their daily lives. Making lottery as easy and accessible as possible is one part of the puzzle. Great products that make it fun to play the lottery is the other part. I was at a speaking engagement in one of our Georgia towns and asked who plays lottery. A woman raised her hand and said, "My friends and I used to have a book club. Then we changed it to be a Keno club. Much more fun!" We really just want to be a part of everyone's world of fun and healthy entertainment.

Native vs HTML

## and getting compliant with APPLE store requirements

Brian Roberts, President North America, JUMBO Interactive

Native versus HTML based mobile applications have long presented organizations and developers alike rich debate. Apple's recent 'Updates to the App Store Review Guidelines' has not only added fuel to the fire, but has articulated which approach iLottery apps must adopt and by when, to remain in the App Store.

Compliance with Apple Guideline 4.7, which essentially articulates that real-money apps need to be designed specifically for IOS, is required by deadline of September 3rd 2019. As a significant number of iLottery apps are built using HTML, and the time-frame to build apps native to IOS is considerable, operators are confronted with two options; scramble to refit their IOS application to comply or abandon the App store as a sales channel. Given the significance of the App Store as a marketing and advertising channel, it goes without saying that abandoning this channel is not a realistic long-term strategy, leaving operators to determine the most appropriate course of action to ready their App and mitigate any downtime.

Jumbo chose to develop its apps natively back in 2015 and the topical nature of this subject has encouraged us to reflect on our experiences. Choosing to avoid HTML was the more expensive option initially, but ultimately the right option. HTML did offer a lot more flexibility with content – but it comes at the expense of consumer experience.

Since launching Oz Lotteries application in the App Store in 2015, the customer has always been central to our thinking. We wanted to ensure a world-class digital lottery experience, regardless of transaction options. As we commenced this journey, it became evident that delivering a mobile application using a web-based HMTL view, whilst being cost effective and operationally versatile, would not suffice. To deliver an experience befitting of our ambition, our mobile applications would need to be built specifically for the operating system; to this point, we've built and continue to add functionality to our IOS application using native language.
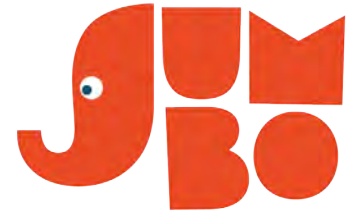
Today, around 75% of our Oz Lotteries customers elect to use our mobile applications; highlighting both the importance of mobile as a sales channel and the need for customers to enjoy the optimal experience. To ensure our mobile applications remain world-class, our product and customer teams employ a variety of qualitative and quantitative research methods to ensure a robust understanding of the customer and grounded insights-based approach to product enhancements. A key learning and guiding principal in our journey have been that our mobile applications and development process must be dynamic. As technology and customer preferences evolve, so must our approach and offer. Through building our mobile application specific to iOS, we have been better positioned to continuously improve our offer, ensuring our customers enjoy the world's best digital lottery experience; this satisfaction is reflected from customer actions rating our Apps 5-Stars

For over 40 years lotteries and their suppliers have focused on the development of retail terminals and the supporting software to meet the demands of the user, i.e., the retailer, to provide an intuitive, effective and efficient experience; it should be no different today. In fact, as the user is now the player, the consumer of our products it should be a much richer experience. Jumbo's best in class native 5-Star App and the Powered by Jumbo software platform delivers to drive lottery sales through an exceptional customer experience.

indeed, did not file its appeal until the last business day of the appeal period. After a decision by the First Circuit Court, an appeal to the U.S. Supreme Court is possible, and Judge Barbadoro envisioned such an event in his comments from the bench.

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[1] *Memorandum and Order* dated June 3, 2019, New Hampshire Lottery Comm., et al. v. William Barr, U.S. Att'y. Gen., U.S. Dist. Ct. D. NH, Consol. Case No. 19-cv-163-PB, Op. No. 2019 DNH 091P.

[2] *Memorandum and Order* dated June 3, 2019, New Hampshire Lottery Comm., et al. v. William Barr, U.S. Att'y. Gen., U.S. Dist. Ct. D. NH, Consol. Case No. 19-cv-163-PB, Op. No. 2019 DNH 091P.

[3] *Memorandum Opinion* (Slip Op.) "Reconsidering Whether the Wire Act Applies to Non-Sports Gambling," Nov. 2, 2018 (issued January 14, 2019) (the "2018 Opinion").

[4] 18 U.S.C. §§ 1081, 1084.).

[5] The 2018 Opinion opined that Wire Act section 1084(a) prohibits the interstate or foreign wire transmission by or to a person involved in the business of betting or wagering, of (i) bets or wagers relating to any type of game or event; (ii) information assisting in the placing of sports bets; (iii) a communication entitling the recipient to receive money or credit as a result of bets or wagers relating to any type of game or event; and (iv) a communication entitling the recipient to receive money or credit for information assisting in the placing bets or wagers relating to any type of game or event. An exception exists applicable to the transmission of information assisting in the placing of sports bets or wagers between states where betting on the particular sports event is lawful in each state.

[6] 31 U.S.C. §§ 5361 – 5367.

[7] 5 U.S.C. §§ 701-706.

[8] 5 U.S.C. § 706(2)(A).

[9] *Notice of Appeal* dated August 16, 2019, New Hampshire Lottery Comm., et al. v. William Barr, U.S. Att'y. Gen., U.S. Dist. Ct. D. NH, Consol. Case No. 19-cv-163-PB.

[10] *Order dated* April 12, 2019, New Hampshire Lottery Comm., et al. v. William Barr, U.S. Att'y. Gen., U.S. Dist. Ct. D. NH, Consol. Case No. 19-cv-163-PB. The April 12, 2019 Order denied the motion to dismiss for lack of jurisdiction to the extent it relied on the United States Deputy Attorney General's April 8, 2019 memorandum. (In the April 8, 2019 Memorandum, the DOJ declared that it was reviewing whether the Wire Act applies to state lotteries and their vendors and directed DOJ attorneys to refrain from applying the Wire Act to state lotteries and their vendors until the DOJ concluded its review.) *See Notice Regarding Applicability of the Wire Act, 18 U.S.C. § 1084, to State Lotteries and their Vendors,* U.S. Dept. Just. (April 8, 2019).

[11] 740 F.3d 702 (1st Cir. 2014).

[12] *Id.*, at 718, citing In re *MasterCard Int'l Inc.*, 313 F.3d 257, 263 (5th Cir. 2002).

[13] *Barbadoro Decision*, p. 30.

[14] *Id.*, quoting *McCoy v. Mass.* Inst. Of Tech., 950 F.2d 13, 19 (1st Cir. 1991).

Is there anything that you would recommend to your colleagues who are just starting out in the process of implementing iLottery?

Gretchen Corbin: The most important step is to create an enjoyable user experience for players. We have found that the majority of our iLottery happens on mobile platforms, so I would suggest considering that you design for mobile first. When you're working with technology, you have to adopt a policy of continuous improvement because the bar continues to move higher in regards to registration processes, additional payment options, prize validation and other processes. For any lotteries considering the digital space, I would recommend spending a lot of time meeting with other jurisdictions and vendors to discuss best practices and lessons learned.

Driving sales is not the same as driving net funds for beneficiaries. Is there a recipe for managing the rate at which prize-payouts should increase to maximize net profit?

Gretchen Corbin: Every state has their own philosophy on how to manage their portfolio for optimal net funding for their beneficiary. Big leaps make it more difficult to adjust course along the way based on new information and real-world market-place feedback. So we formulate strategy and evolve tactics incrementally. We feel that this provides the flexible decision-making platform that is sustainable and most sensitive to the need to balance a complex portfolio of products and delivery channels. For every action we take, every new product or promotion we launch, we assess not only the short-term and direct ROI, but all the collateral impacts on the entire portfolio. Slow and steady helps us ensure a process of continuous improvement and that the enterprise-wide combination of countless actions add up to optimizing the overall performance and results of the Georgia Lottery Corporation.

WILL – Women's Initiative and Lottery Leadership – works to facilitate mentoring, education, and networking opportunities for women in the industry. What are your thoughts on which of these is the most important objective?

Gretchen Corbin: I think all components – mentoring, education and networking – could be life-changing for any individual. I remember the first time I walked into a WILL event and saw all three of these taking place at once. There were very experienced lottery directors sitting with women newer to the industry. In my life there have been many times I learned something through mentoring that has changed the trajectory of my career or allowed me to do something better or different. I also have met people at networking events who have become champions for me and opened my eyes to different opportunities. Probably the most important step is for those in leadership positions to encourage all individuals within our profession to work hard to achieve ambitious goals. We all appreciate the efforts of lottery titans like Rebecca Paul Hargrove and others who have mentored, championed, and created opportunities for women and everyone to fulfill their potential.

What's next?

Gretchen Corbin: The Georgia Lottery has generated $21 billion for Georgia over the last 26 years, and our mission is to continue to maximize profits for the HOPE Scholarship and Pre-K programs that we fund. I have the great honor of being the fourth president and CEO of the Georgia Lottery Corporation. Rebecca Paul Hargrove established an incredibly strong foundation when she started the Georgia Lottery back in 1993. Margaret DeFrancisco and Debbie Alford were astute leaders who continued the strong legacy of success. We would all agree that at the heart of our success is the full Georgia Lottery family, our retailers, our players and our vendors. The Georgia Lottery has been blessed with the vision and support of Gov. Zell Miller and the support of every Georgia governor since then up to current Gov. Brian Kemp, as well as our board of directors. This lottery is a very strong operation, but we do not take it for granted that it was built from wisdom, vision, and hard work over the course of 25 years. We aspire to be a credit to this wonderful legacy by continuing their work going forward. As we say in Georgia, we do it for the students. With continuous improvement and dedication to good causes as our calling card, can you imagine where this industry will be five years and 20 years from now? ◆