iLottery poised to explode onto the U.S. Lottery scene

In early March, prior to the nationwide response to the COVID-19 pandemic, lottery industry representatives gathered at the PGRI Smart-Tech 2020 conference in Miami. One of the highlights of the conference was an iLottery panel featuring some of the top public and private sector experts:

Stephanie Weyant, Dep. Exec. Director, Marketing and Product, Pennsylvania Lottery

Doug Pollard, Co-CEO, NeoPollard Interactive and Pollard Banknote

Charlie McIntyre, Executive Director, New Hampshire Lottery

Rhydian Fisher, CEO, Instant Win Gaming

Shannon DeHaven, Deputy Director, Michigan Lottery

The following is a synopsis of the lively and enlightening discussion which took place between panelists at the conference.

Just weeks after Stephanie Weyant served as moderator of the iLottery panel, the Pennsylvania Lottery iLottery program soared past the $1 billion mark in revenue just before its two-year anniversary. In her opening remarks in Miami, Stephanie explained why iLottery programs are critical for keeping lotteries relevant in today's increasingly technology-driven world.

"iLottery might represent incremental growth right now but I firmly believe that it is also the future of our industry," Stephanie said. "It is about staying relevant, expanding the player base, expanding points of distribution, reaching players where they are located, and meeting players' expectations. We really don't have a choice but to offer technology-driven options to our players."

With that opening note of iLottery optimism, the panelists delved into a variety of topics critical to the future of interactive platforms in the lottery industry.

Charlie McIntyre, who now oversees lottery AND sports betting in the Granite State, believes that the results in New Hampshire – which offers a full iLottery program – certainly support Stephanie's point. While Powerball and Mega Millions sales have struggled nationwide this year, the New Hampshire Lottery has seen a surge of online play for the multi-state games.

"Our Powerball and Mega Millions year-on-year sales have soared online – up 80% for Powerball, 28% for Mega Millions," Charlie said. "All while we have seen the same in-store activity drops as other lotteries. So we know there are players who want to play these games, they just don't want to go to the stores to play. Most of us wouldn't consider these traditional lottery products as internet products but now we do 1/10th of our Powerball sales

through iLottery. And we expect that share to increase going forward. Obviously, we need to re-calibrate our overall thinking on what works and doesn't work as more lotteries go online, and best-practices get refined over time."

Charlie will certainly find a kindred spirit in Doug Pollard. As the Co-CEO of NeoPollard Interactive ("NPi"), which powers the some of the most profitable iLottery programs, Doug's team has launched programs in Michigan, North Carolina, New Hampshire and, through a recent enhancement of its existing deployment, another full iLottery solution in Virginia, in addition to a forthcoming program with the Alberta Gaming, Liquor and Cannabis Commission. He sees iLottery as not a "nice to have" but a "need to have" for lotteries.

"The data is clear – we know this is going to deliver incremental sales, we know it's going to deliver younger players, we know it's going to create convenience, and we know we're going to attract some people who won't go into a convenience store for whatever reason," Doug said. "Retail is still a really good space for lottery to be in and we do a good job in it. We've got to keep doing a good job. But iLottery is an area where if you want to get to those younger players, you have to provide online access."

From New Hampshire to Pennsylvania to Kentucky to Georgia to Virginia, iLottery programs are becoming more commonplace across the lottery landscape. And the pandemic helped many of these programs attract attention and users. To maintain the momentum, lotteries will need to expand focus on interactive games with entertaining winning experiences.

Rhydian Fisher, CEO of Instant Win Gaming (IWG), knows a lot about both the

present and future of iLottery games. After all, IWG provides eInstant games to more than 20 WLA/NASPL-member lotteries and has been selected as a supplier to every U.S. lottery offering eInstants.

"Today, it's not about the number of game titles available to lottery players, but rather the wide variety of game mechanics. There's a huge difference," Rhydian said. "And, there's an opportunity for us to use things like multi-player games and progressive jackpots with online instant tickets to revolutionize people's experiences with lotteries.

"People use the term 'social' around lotteries without backing it up. We now have the opportunity to start experimenting and innovating in our own space, working on ways to make people feel like part of a community. As the laws start permitting, iLottery can allow lotteries to seize opportunities to attract new players, and not be scared off by the challenges."

Rhydian continued, "There is a player-base out there that is not being served. They're not necessarily unhappy but they aren't being served. Adding these players to the customer mix means incremental sales today, and customers for the future as well."

IMPACT ON BRICK-AND-MORTAR

Like discussions that are taking place in many jurisdictions, the topic of the impact of iLottery on brick-and-mortar retail sparked an animated and informative discussion. Any lottery considering launching online sales needs to weigh the impact on its retailer base and the opposition it might face. How do lotteries handle this debate? With the facts.

"I remember walking into a retailer just after iLottery had been approved and the owner says to me, 'Mr. McIntyre, what are you going to do when these stores close? How are you going to help these families?'" Charlie said. "It was awful.

"Fast forward to the following year, we had launched iLottery and were the fastest growing lottery for instant ticket sales, up around 8% year-over-year," he said. "The result of the iLottery launch was not even a blip on the retail sales front. And by the way, we took 5.5% of our profits and gave it back to the stores as part of an instant ticket sales incentive program. So, ask any NH Lottery retailer and most will say they have no issue with iLottery."

For Pennsylvania, the tactic was inclusion – make the retailers feel like they are part of the solution, and the future. As head of the lottery's marketing group and iLottery program, Stephanie tackled this from both a marketer and business person's outlook.

"We told the retailers that it was incumbent on us to prove to them the program wouldn't hurt them," she said. "And I think that's what we've done, by making them part of some of the decisions, giving them the opportunities to earn money by referring customers and selling a product, WebCash, for players to load money into their accounts. So we provided them with things they could do at retail to promote the program and be a part of iLottery right from the start.

Rhydian, whose games are featured in most iLottery platforms, and Shannon, who helped launch one of the country's first and most financially-successful online sites, agreed that including retailers right from the start is critical.

Rhydian: "The way that most of these lotteries have launched, including retailers and asking their opinions, is exactly how you need to do it. Reach out to the retailers, give them a reason to transform, create products that will actually give them a reason to come on board, and provide incentives that create a win-win for everyone."

Shannon: "Michigan is six years into iLottery and we are still adding ways to include the retail network. We want and need them to feel good about the program. We'll never get 100% of the network on board. But if we show that we're making an effort to include and help retailers, most will stay with us for the long haul."

DATA: HOW TO USE IT

The group homed in on the immense amount of data that is created from an iLottery program and, most importantly, how to use it. Historically, lotteries have struggled with implementing programs based on data they have collected. Now, iLottery allows for instant data collection and immediate contact with players.

For Doug and his NeoPollard Interactive

colleagues, the data allows lotteries to make informed decisions on how to reach players.

"What's interesting to me is how the data can drive the game development process," he said. "What it shows me is how much we've been operating with one hand tied behind our backs in the retail space. When we evaluate the success of an instant game in retail, we use an index. It's the most blunt instrument

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imaginable, right? It tells you nothing about the demographic. Why did people play? What parts did they like? What didn't they like? We get none of those answers. Now we have the ability to do that, to extract more granular detail about why people play the games.

Doug used the example of a game Charlie launched in New Hampshire – Holiday Cheer. It was launched as an online game in 2018 and made into a retail game in 2019. But the retail game included a code that provided free games of the eInstant Holiday Cheer if players opened an iLottery account.

"Now we could see who the players are," he said. "And we saw that they were younger players, how often they came back, what features kept them online a little longer. Oh, and on the retail side, it indexed at 124. That was all great news."

Rhydian agreed with Doug's take on data and added that data also means you have to be ready to work hard.

"Data is only as good as your ability to react to it," he said. "You have to be flexible, nimble, capable of producing promotions. Data will surprise you and you have to be ready to react to those surprises with action that enhances the games, the promotions, and value to the players."

Rhydian talked about the Jungle Tumble online game they launched in Pennsylvania last year which featured a cascading game mechanic. It was actually a scratch card with the player matching 3, 4, and 5 symbols but it looked like you were matching symbols in

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Knudsen as its new chief executive officer. Lyhne-Knudsen will assume the role on October 1, replacing Susanne Mørch Koch, who has been in the role since April 2017. Koch announced her intention to step down in March to become the new CEO of Danish amusement park operator Tivoli. Lyhne-Knudsen joins Danske Spil from Danish public-service radio and TV broadcasting company DR, where he served as director of economics, technology.

INTRALOT Powers Taiwan Sports Lottery Corporation with new CMS Solution and eSports Games

INTRALOT is pleased to announce the successful launch of INTRALOT Canvas, its advanced content management system (CMS), and new eSports games for its long-standing customer Taiwan Sports Lottery Corporation (TSLC), the market exclusive licensed betting operator, that will level up the betting experience of its players.

With time-to-market being a key differentiator in the digital space, INTRALOT Canvas will empower TSLC to rapidly build and configure a responsive HTML5 betting portal offering a full-featured betting experience, optimized for all screen sizes, with customized, personalized and rich betting content offering for their online players, differentiating TSLC from the competition. INTRALOT Canvas is a truly powerful CMS, featuring embedded software tools like personal-

ization, analytics, player engagement and marketing and a comprehensive set of betting-specific functionalities.

In parallel, INTRALOT has enabled the launch of eSports Betting supporting the innovative quest of TSLC to enhance its sportsbook and offer an unparalleled player experience through new content. The new eSports games are powered by SPORTRADAR with the first one launched being the major and most popular League of Legends (LOL), available in both retail and online channels. Additional eSports titles are planned to be introduced in the near future.

"We are pleased to successfully have integrated the new multi-tool CMS, INTRALOT Canvas, that will help us address operational efficiency and achieve a fast time-to-market response," said Mr. Ted Lin, President of TSLC. "In addition, the introduction of new eSports games in Taiwan will give us the opportunity to enter the fastestgrowing eSports betting market and broaden our audience with players from different segments."

"We are excited to see our long-standing partner in Taiwan TSLC, paving the way in gaming and keep growing," said Dr. Chris Dimitriadis, INTRALOT Group CEO. "At INTRALOT, we capitalize on our technological expertise to meet the evolving market demand and help our customers offer steadily an elevated gaming entertainment to their players".

ESports betting has become an emerging segment

in the global sports betting sector and its rapid rise recently is expected to transform the landscape of the gaming industry. According to the eSports Ecosystem report from Business Insider Intelligence, the size of the eSports market will surpass $1,5 billion dollars in 2023, while it is predicted that Asia, which is considered the most populated region of the world, will provide the highest increase of eSports fans.

La Française des Jeux : French lottery group FDJ says lockdown knocked 100 million euros off earnings

UK: Camelot gets six-month National Lottery extension

Camelot, the games business, is to get a six-month extension to run the National Lottery, as regulators press pause on an auction to run the competition next.

UK GC data shows May recovery for UK sports betting; virtuals and poker down

New data published by the Gambling Commission shows a May recovery for sports betting after months of sports cancellations and lockdowns.

a row. It was a hit and attracted a different player than they had been seeing.

"So, we launched another game alongside called Pennsylvania Payout with the PA keystone and the tumbling mechanics," he said. "Again, it was a hit and broke all sorts of records. We used data collected from a previous game, made some calculated tweaks, and launched a game that was very good for the lottery. Data helped drive our decisions."

WE'RE ALL IN THIS TOGETHER

The panelists said they are all cheering for their colleagues to go forward with iLottery, where legislatively possible. And they offered some sage advice.

For NPi, which has now launched and operated a series of iLottery programs that have demonstrated measurable impacts to the good causes that lotteries support, lotteries should choose veteran partners who will provide good advice.

"With everything that lotteries have to do day-to-day, launching an iLottery program

can be overwhelming." Doug said. "So seek out trusted partners. And I don't just mean vendors. From Charlie in New Hampshire to Shannon in Michigan to Stephanie in Pennsylvania, there is a wealth of wisdom available for lotteries among their colleagues. If you find the right people to talk to, you can make sense out of what is before you and help avoid any missteps."

Charlie's advice was to get it correct right out of the starting gate.

"Do it right the first time," said Charlie. "I know that sounds so simple but if you can reach the players the first time, make a great first impression, that's a lot easier than trying to get them back down the road. If a new player has a bad experience on your site, there is so much other content out there for their entertainment and you might just lose them.

"To use a construction phrase, 'Measure twice, cut once,'" he said. "The early people you attract with the large marketing spends and player retention efforts will provide enormous lifetime value. Make sure they'll like what you are offering."

Shannon, the preeminent veteran of iLottery as she has worked on the Michigan online effort for six years, said working with colleagues throughout the industry has been interesting – and fun.

"We are all definitely leaning on each other and learning from each other," she said. "Since we are all monopolies within our states, it's easy to cheer on another lottery. That has been enjoyable.

Closing out the discussion, Stephanie said, "Now that a number of lotteries are selling online, we can establish best practices. As an early adopter, Michigan established the baseline for iLottery programs and as more lotteries have come on board, we have been able to see what works and what doesn't. What are the best practices for payout, launch frequency, number of games in market? We're all in this together and lotteries can help each other make their programs as successful as possible."

The most exciting take-away: For all its success to date, iLottery continues to be a work in progress with more upside potential than ever.