PGRI PUBLIC GAMING
INTERNATIONAL

REFLECTIONS ON A PERIOD OF MAJOR TRANSITION

Sarah M. Taylor, Executive Director, Hoosier Lottery (Indiana)
President of the North American Association of
State and Provincial Lotteries (NASPL)

BLUE OCEAN STRATEGY APPLIED TO THE GOVERNMENT LOTTERY SECTOR

Jeff Anderson, Executive Director, Idaho Lottery

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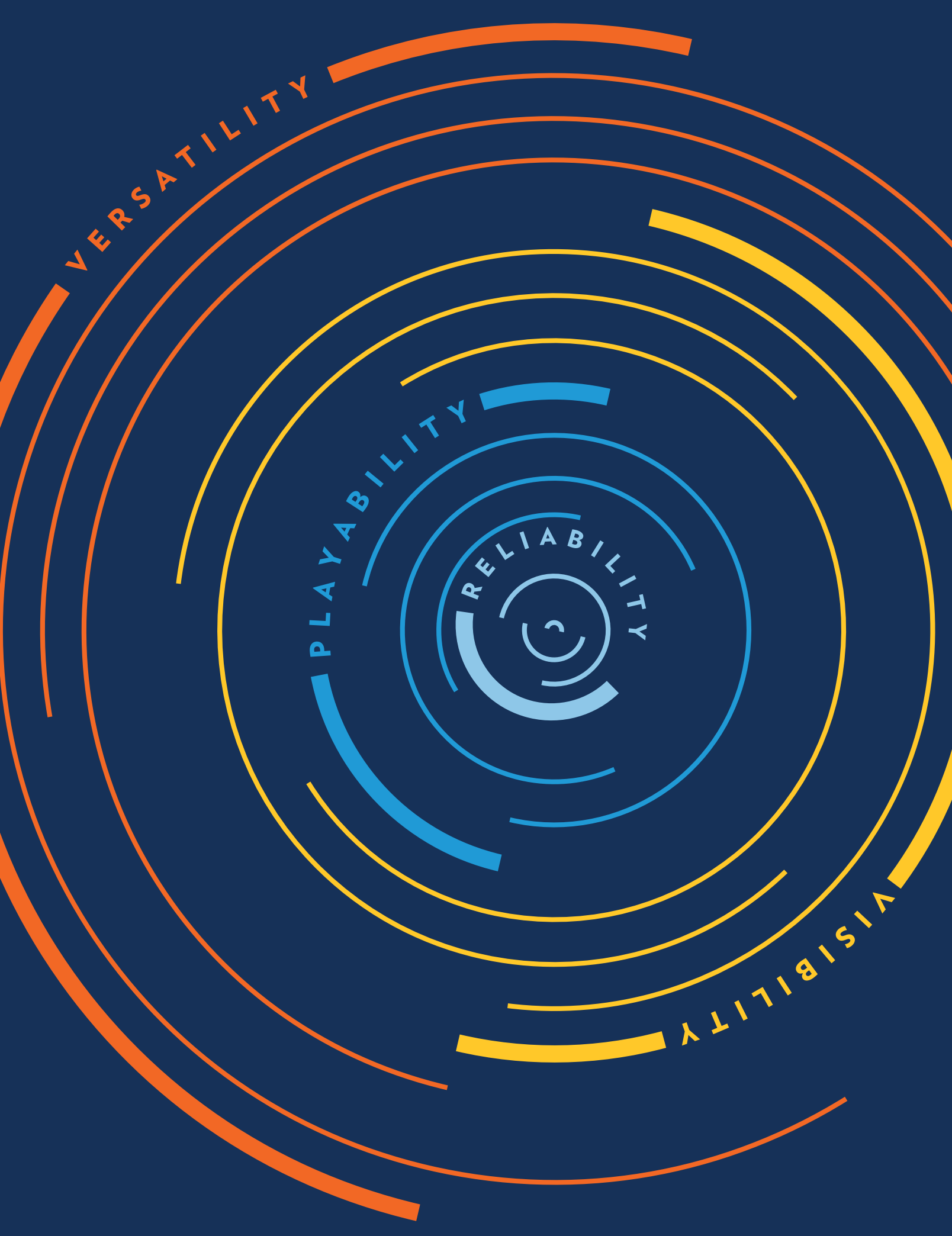
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CONTENTS

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From the Publisher

The Problem with "Problem Gambling"

The legalization of sports betting is exploding across the U.S. Next up is online casino-style gambling. And yet legislatures continue to drag their feet when it comes to authorizing their own state lotteries to make lottery games available online. What is wrong with this picture and how can we fix it??? Some thoughts, just some personal opinions which can be ignored as you like:

The National Council on Problem Gambling (NCPG) states that "As sports betting expands, the risk of gambling problems does as well. Between 2018 and 2021, NCPG estimates that the risk of gambling addiction grew by 30%. NCPG has also seen significant increases in calls, texts and chats to the National Problem Gambling Helpline — roughly a 45% increase in calls between 2021 and 2022." Notice, they did not say that Lottery is the cause of the problem. They did not say "As irresponsible gifting of lottery tickets expands, the risk of gambling problems does as well."

Ever see High Noon with Gary Cooper? There was a problem – the bad guys were going to arrive the next day and the sheriff needed everyone to band together to defend the little town. The only right thing to do was to join hands with the sheriff to defend their town, but everyone wanted to talk about other ways to deal with the problem, or excuse their lack of action by hiding behind the shield of being "neutral". The sports betting sector did not allow themselves to be distracted by their many differences and the fact that they compete with each other. They recognized the need to work together and in unison to promote their shared goal of getting sports betting authorized. I just wonder how productive it is to focus on something like the gifting of lottery tickets when consumers are being routed to sports betting and online casino-style gambling instead of playing the lottery. Seems a pretty irresponsible approach to Responsible Gaming.

I am not arguing for gifting lottery tickets irresponsibly. I am just submitting that even the NCPG points out that the real problem is not about Lottery. It is about the proliferation of sports betting and online casino-style gambling over against Lottery. More specifically, it's not that sports betting and online gambling should not be legalized and regulated. It's just that iLottery represents a much more benign and less harmful form of gaming than sports betting and online casino-style gambling and so should clearly be authorized at least as readily as sports betting and online gambling. Flogging the consumer over gifting of lottery tickets implies that lottery-playing is the problem and distracts from the real issues of how to protect vulnerable consumers. The cause of Responsible Gaming would be much better served by shining the light on how Lottery is much less a threat to vulnerable consumers as these other games-of-chance categories. As an industry, we need to find ways to bring this proper perspective to the attention of our legislators, our stakeholders, and the general media. And we need industry leaders like NCPG to promote real insight and understanding to these issues and not be distracted by issues which are not irrelevant but should not be elevated to top-of-mind. We need the NCPG and others to **explain how and why continuing to prohibit iLottery while legalizing sports betting and online gambling is an abomination to any pretense of Responsible Gaming.**

"The National Council on Problem Gambling (NCPG) is neutral on legalized gambling ... NCPG seeks to minimize the economic and social costs associated with gambling addiction." Neutrality when faced with misguided policy-making that conflicts directly with the stated mission of upholding RG is not a virtue. The NCPG has the power to actually have an impact. We need their help. We need the help of all lottery stakeholders to pull together to represent the interests of the people to empower their own state lottery at least as much as the goals of commercial gambling operators. And let's please stop hiding behind the shield of "neutrality".

Slight change of focus but still on the sore subject of state legislatures failing to authorize iLottery when they are legalizing sports betting and online gambling – check out the **Mark Hichar** article on the financial impacts of continuing to prohibit iLottery. Not only is iLottery much more RG-friendly than sports betting and online casino-style gambling, it generates far more income for the benefit of the people than these other tax-and-regulate game categories.

A special thanks to **Sarah Taylor** and **Jeff Anderson** for our wonderful interviews; and to all our editorial contributors and advertisers!

I hope everyone has jumped off to a most productive first quarter of 2023, that we see you at **PGRI Smart-Tech Miami** March 28-30; and then at the **EL Congress in Šibenik, Croatia.** Has there ever been a more exciting time to be in the government-lottery business!

Paul Jason

Paul Jason, Publisher
Public Gaming International Magazine

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REFLECTIONS ON A PERIOD OF MAJOR TRANSITION

Sarah M. Taylor
Executive Director, Hoosier Lottery (Indiana)

PGRI Introduction: Sarah M. Taylor is an accomplished leader with more than twenty-five years of public service experience. Sarah's career in public service includes twice being elected as the clerk of Marion County, Indiana, the state's largest county and home of Indianapolis. She served as the Director of Constituent Services under Indianapolis Mayor Greg Ballard. In October 2013, then-Indiana Gov. Mike Pence appointed Sarah as the Executive Director of the Hoosier Lottery. She has since been reappointed by Governor Eric Holcomb. In her 9.5 years as lottery executive director, she has moved up the ranks in lottery industry leadership. She has served as president (two one-year terms), vice president and secretary for the Multi-State Lottery Association, and as region director, secretary, 2nd vice president, and 1st vice president before being elected president of the North American Association of State and Provincial Lotteries. Sarah and her husband, a retired law enforcement officer, have three children.

Paul Jason: What an interesting year this is for everyone as we navigate a transition into a future that has been so changed by the pandemic experience. What would the short list of things that are undergoing most dramatic change and those things that surprisingly are remaining the same?

Sarah Taylor: Paul, it is great to be back to "normal" even though our post-COVID "new normal" world is so different from three years ago. Many of you reading this interview will be joining us in-person for PGRI-Miami. Others recently gathered for WLS in Vancouver after a two-year absence. It was good to be back together with my industry peers.

One of the most dramatic changes I've seen is with consumer behavior. For me, I had used Amazon maybe once prior to COVID. Now packages arrive at my house weekly. I also look at my 85-year-old father who knows how to pull up a restaurant menu on his phone by using a QR code. Consumers of all ages have gone digital.

This change goes hand-in-hand with a more contactless and cashless society. In Indiana, for instance, we have one retailer who is transitioning stores to smart-checkouts, without the need for a clerk. Lottery tickets, alcohol, and tobacco are still age-verified by a retail clerk. Many states have self-service lottery vending machines, which allow a contactless purchase of all games. In Indiana, we've seen an increase of 68% in the use of our digital play slips since the start of the pandemic and an almost 75% increase in mobile app downloads.

As consumer behavior continues to evolve, we must communicate with our players that new consumer-friendly and contactless options are available.

Likewise, remote work schedules have seen a very dramatic change post pandemic. Many of our traditional downtown areas have transitioned to fewer in-office workers than they had just three years ago. As an industry, we must take into consideration all of these factors when determining product development and placement, retail expansion and support strategies, and other operational issues as well as big-picture strategic planning.

When players weren't enjoying other forms of entertainment, consumers moved up in price points. $5 and $10 price points are still popular and so they continue to be developed in a similar manner. But

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BLUE OCEAN STRATEGY APPLIED TO THE GOVERNMENT LOTTERY SECTOR

Jeff Anderson
Executive Director, Idaho Lottery

PGRI Introduction: In their classic book, Blue Ocean Strategy, Chan Kim & Renée Mauborgne coined the terms 'red ocean' and 'blue ocean' to describe the market universe. This was cutting edge stuff in 2005 when it was introduced. Given the explosion of games-of-chance options and the reshaping of consumer perceptions of gambling, Jeff Anderson and I think it is a good time to revisit this classic model for understanding the ways in which new markets are created. We also explored Daniel Burris' Anticipatory Trend Modeling, Steve Jobs' Thinking Different, and Simon Sinek's focus on effective story-telling. And why it all comes back to the Blue Ocean mentality. And how this all applies to Lottery.

Blue Ocean Strategy is about reimagining our business model, product/service differentiation, and unorthodox collaborations to open up uncontested spaces and create new demand. It is about creating value for the customer instead of focusing on the competition. It is based on the view that market boundaries are not a closed system and that industry structures are not cast in stone. Doing the same thing and expecting a different result is not the path to innovation and success. Those boundaries and structures must be reshaped by the actions and beliefs of the industry players who are creating our future.

Red Oceans are the industries, the competitive landscapes, the consumer market-places, the business processes and strategies, all as they exist today. In red oceans, industry norms and boundaries are accepted, the conventional competitive rules of the game are followed, and the goal is to outcompete rivals in the known space to grab a greater share of existing demand. As the market space gets crowded, margins are squeezed and growth stymied. Products become commodities, leading to cutthroat competition. Hence the term red oceans.

Paul Jason: Most U.S. states, like Idaho, are still not allowing their state lottery operator to make the games available online. How does Blue Ocean Strategy apply when our freedom to innovate is being restricted in these ways?

Jeff Anderson: An article in the WLA/ NASPL issue of PGRI magazine reminded me of Blue Ocean Strategy. The article was about a keynote speech at the World Lottery Summit in Vancouver. As the producer and director of Cirque du Soleil-Kurios, Michael Laprise wanted to modernize the traditional circus performance, sans animals, their trainers and rail cars. And boy, did he, overlaying a contemporary hero-quest story onto the performance. He drew inspiration from all quarters. Street performers who showed the way you can generously share your talent in new and fascinating ways. He leveraged a spirit of collaboration between everyone – performers, support teams, and audience ¬– to blow up the distinctions between merchant, partners, and audience. He inspired excitement by turning the impossible into the possible. And he talked about the rich framework that lotteries have to craft a story that moves the audience. It reminded me of the
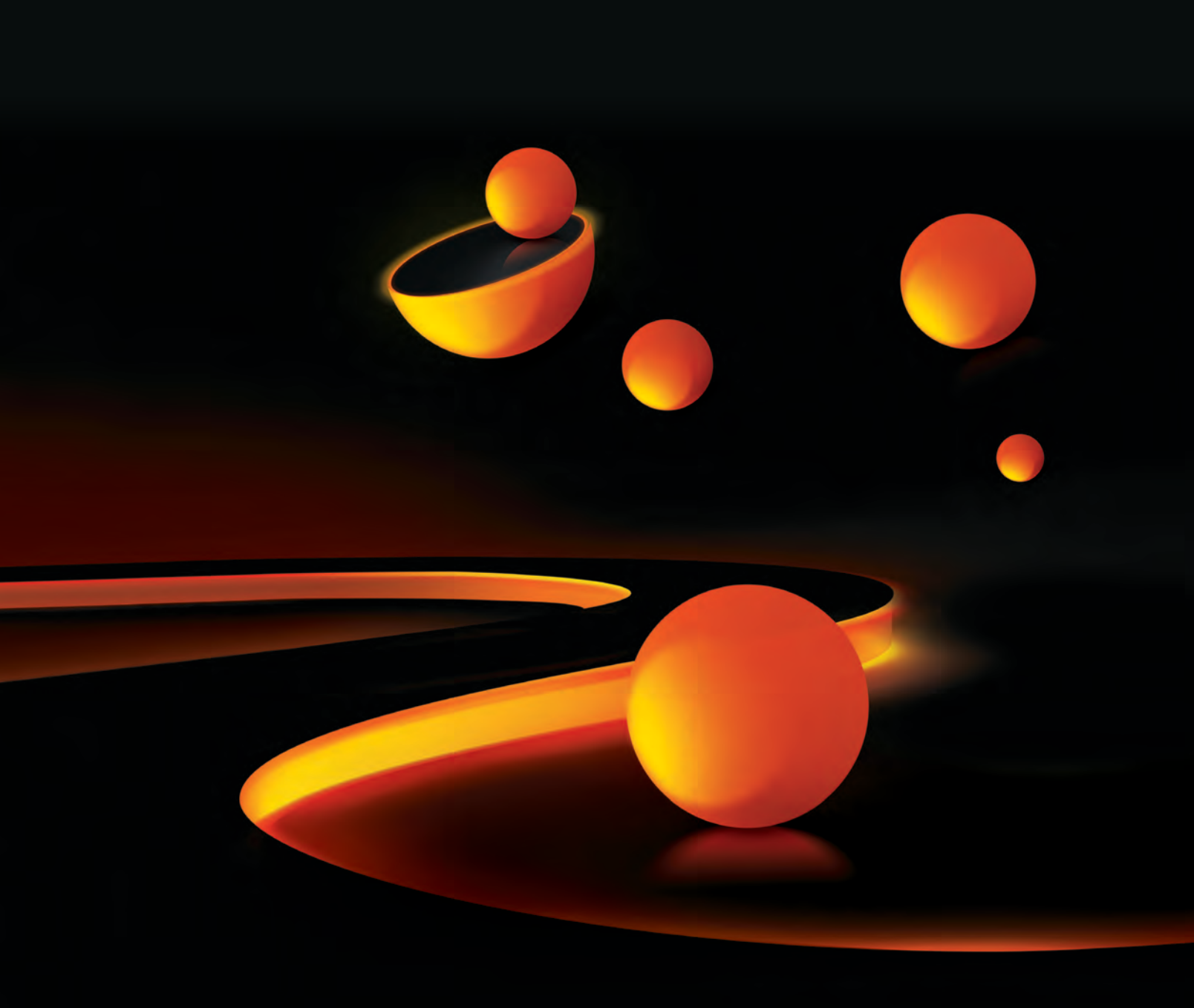
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The following article captures the spirit of this fabulous event held every year in London during the first week of February. The Keynote speeches and panel discussions were as forward-looking as ever. PGRI has had the pleasure of participating in every EL/WLA Marketing Seminar held over the last 20 years and wouldn't miss it for anything. And this is only one of a host of high-level educational seminars and conferences produced by EL and WLA. Last October we had the WLS in Vancouver and now we invite you to mark your calendars for the **EL Congress & Trade Show in Šibenik, Croatia from 4-7 June 2023.** Everyone will be there for the first EL Congress since 2019.

Visit **european-lotteries.org** and **world-lotteries.org** to stay updated with all the latest Association news, to check out the upcoming calendar of events, and to access other informational resources.

LOTTERY PROFESSIONALS DISCUSS OPPORTUNITIES IN TIMES OF CRISIS

After three years apart, 200 lottery marketing professionals from around the world came together for the EL/WLA Marketing seminar in London from 8 - 10 February 2023. This was a chance to reconnect, exchange, share experiences, lessons learnt and look to the future.

There is no doubt that the world has faced, and continues to face, challenging times. This event was a moment to take stock of the latest marketing trends and the opportunities that can be found during turbulent times – from the pandemic and war to inflation and climate change. As the event was taking place, horrific scenes continued to unfold in the aftermath of the earthquakes in Turkey and Syria. Our thoughts are with the people of these countries at this difficult time.

UNLOCKING MARKETING TRENDS

Over one and a half days, participants heard from experts inside and outside the lottery world on new marketing trends, changing consumer behaviour and how to seek and use opportunities in times of crisis.

Keynote speaker **Rory Sutherland, Vice Chairman of Ogilvy,** brought his thinking in psychology & behavioural science to lottery marketers, emphasizing the unseen opportunities in consumer behaviour. Rory highlighted that too often than not we use quality of reasoning to judge the quality of

a decision. Several case studies looked at how to change customer behaviour without changing anything physically - fundamentally it is all about perception which is contextually driven. For example, you can't make a train journey shorter, but you can make the quality of a journey better and more comfortable.

Rory's key takeaway is to exploit what you already know and explore what you don't - to look at the proportion of resources that you exploit and how much you need to explore what you don't know. After a pandemic or crisis, it is natural that the explore-exploit ratio shifts and you explore more than you exploit.

POWERBALL IS OFF TO THE *RACES WITH NASCAR*

Powerball® has shifted into high gear to cap off its 30th anniversary. The world-record jackpot game has entered its first partnership with a major sports league by becoming an Official Partner of NASCAR®, which includes Powerball being named the "Official Lottery Game of NASCAR." The partnership is the latest progression in the game's national marketing strategy, which over the last five years, has focused on finding partners that can create synergy with the Powerball brand and deliver unique Powerball-based content to national audiences.

"We believe this partnership leverages what Powerball and NASCAR do best – deliver thrilling entertainment to our fan bases," said Drew Svitko, Powerball Product Group Chair and Pennsylvania Lottery Executive Director. "Having NASCAR as a lottery partner only amplifies our mission of offering a premier product that supports state programs and services everywhere tickets are sold."

Daryl Wolf, NASCAR and Drew Svitko, MUSL/Powerball

Svitko joined Daryl Wolfe, NASCAR Executive Vice President and Chief Revenue Officer, to announce the partnership at Daytona International Speedway on Feb. 15, 2023, as part of the events leading up to the 65th Annual DAYTONA 500 and the start of 2023 NASCAR regular season. This year, NASCAR is celebrating its 75th "diamond" anniversary. To highlight the celebration, NASCAR has rolled out new marketing and creative campaigns that honor the sport's past, present and future – recognizing some of the most significant competitors, contributors and moments in the sport's history while looking forward to the road ahead.

"NASCAR and Powerball have shared in the goal of providing exhilarating excitement for decades while also giving back to the communities in which we are a part of," said Wolfe. "Powerball creates millionaires every year, and we can't wait to see the different winning opportunities this partnership will bring to our loyal fans throughout the country."

OFFICIAL LOTTERY GAME OF NASCAR

As part of the partnership, Powerball and NASCAR will launch a season-long promotion called the NASCAR Powerball Playoff, which will culminate with one lottery player winning a $1 million prize in a special drawing broadcast live from the NASCAR Cup Series Championship Race at Phoenix Raceway on November 5. In addition, Powerball branding and messaging will be integrated into race broadcasts, speedways and other NASCAR outlets throughout the 2023 race season.

The promotion will begin at the state-level with participating lotteries randomly selecting entrants, by a method of their choosing, to form a national pool of semi-finalists. Sixteen finalists will be drawn from the national pool to go head-to-head in a series of drawings that coincide with the elimination rounds of the NASCAR playoffs. The top four finalists will win a VIP trip to the NASCAR Cup Series Championship Race Weekend and advance to the $1 million drawing.

"This is a tremendous opportunity for us to grow the Powerball brand at the state and national level," said Rebecca Paul, MUSL Marketing and Promotions Committee Chair and Tennessee Education Lottery President and CEO. "We are excited to see the exceptional Powerball content that will develop as a result of this promotion. We have the product, storyline, and a great partner to create dynamic television exposure for the brand."

Powerball is on track to achieve its highest year of recorded sales, with base game sales up 45-percent in Fiscal Year 2023 compared to Fiscal Year 2022. The primary sales boost coming from Powerball's world record $2.04 billion jackpot run that ended last November with a single winning ticket in California, as well as game sales spurred by two Mega Millions® jackpot runs that each exceeded a billion dollars last July and January. Powerball's add-on feature, Double Play®, has also expanded to sixteen jurisdictions, with Idaho and Nebraska becoming the latest lotteries to introduce the feature last February.

"Powerball has experienced incredible momentum over the last year in terms of sales, promotions and overall brand awareness," said J. Bret Toyne, MUSL Executive Director. "Our Association has a core value of entertainment, and we're confident the NASCAR partnership will help us fulfill that value as we continue to strive for year-over-year revenue growth." ■

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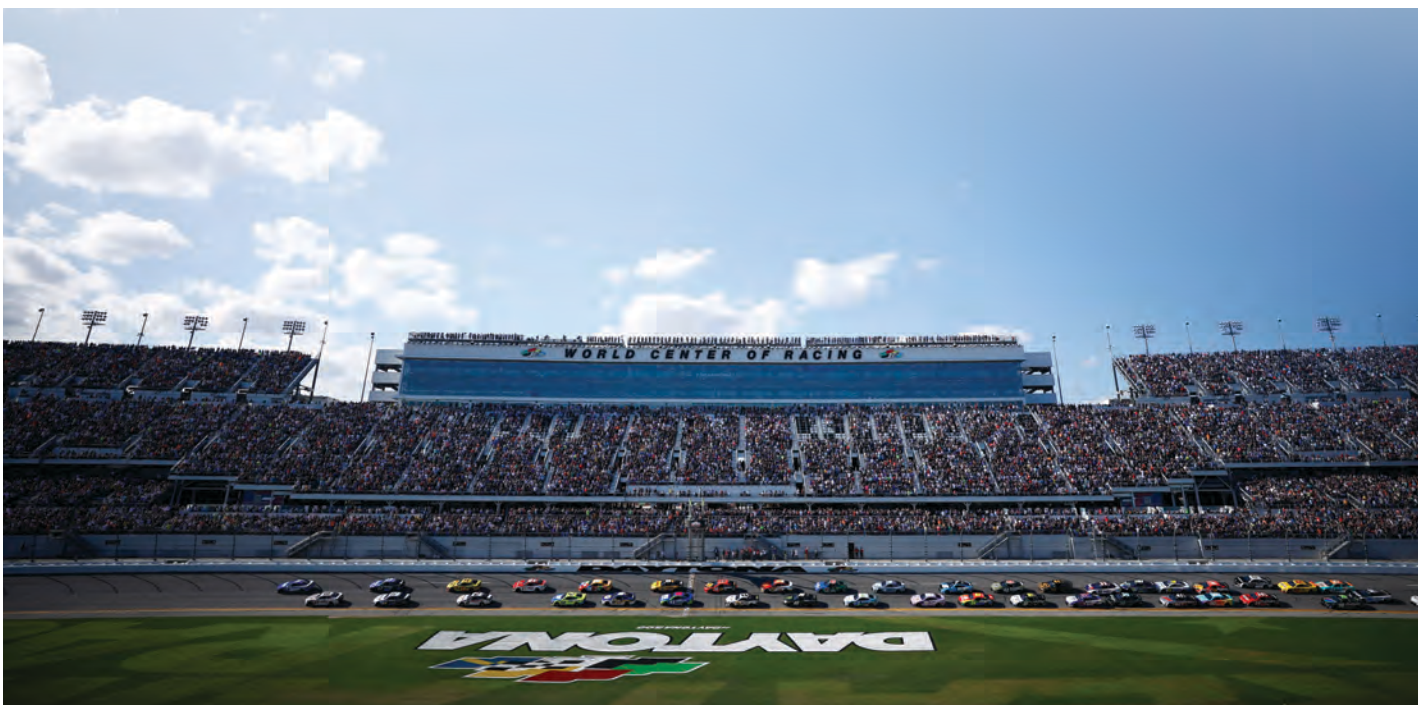
A Growing Body of Evidence Demonstrates Why State Legislators Should Consider iLottery: *a White-Paper Explanation*

By Mark Hichar, Shareholder of Greenberg Traurig, LLP, Boston office

hicharm@gtlaw.com | www.gtlaw.com

States have been allowed to enact legislation authorizing iLottery and online games generally (other than sports betting) at least since 2011, when the Department of Justice ("DOJ") issued its memorandum declaring that the Federal Wire Act[1] applied only to sports betting.[2] While this opinion was reversed by the DOJ in a 2018 memorandum[3], the 2018 memorandum has had little effect on iLottery and other forms of online gaming as a result of litigation in the first federal judicial circuit that declared the 2018 opinion "mistaken" and held the Federal Wire Act applicable only to sports wagering.[4]

In regard to sports betting, however, states have been allowed to enact legislation authorizing in-person and online sports betting only since 2018. In June of that year, the Supreme Court struck down as unconstitutional the Professional and Amateur Sports Protection Act – the federal law that made it unlawful for states to authorize sports wagering.[5]

Although states have been allowed to enact sports betting legislation for less than five years, in that short time 23 states have enacted legislation authorizing online sports wagering.[6] On the other hand, in the 21 years since states were allowed to authorize iLottery, only 13 states have authorized their lotteries to sell lottery products online.[7]

This difference in adoption rates cannot be due to the lack of success of iLottery or its ability to generate revenues for states. Considering the 12 states operating iLottery as of November 2022, total gross iLottery sales increased 19% year-over-year, representing approximately 14% of those states' gross lottery product sales.[8] Further, it is estimated that net iLottery sales (wagering less prize payout) increased by 26% year-over-year, "driven by a higher mix of Draw game sales as well as moderately higher hold rates among Draw games versus the prior year."[9]

Considering actual contributions to state revenues, in Michigan, while sports wagering has contributed approximately $26.4 million in taxes to the state since going live in 2020,[10] iLottery contributed $241.8 million in "net win" (ticket sales net of discounts and prize expense) to the Michigan Lottery in fiscal year 2021 alone.[11] Similarly, in New Hampshire, sports wagering has contributed approximately $24 million in taxes to the state in the 12 months ending June 30, 2022,[12] and iLottery contributed $29.9 million in "net win" (ticket sales net of discounts and prize expenses) to the New Hampshire Lottery in that same period.[13] In Pennsylvania, sports wagering contributed

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[1]18 U.S.C. §§ 1081, 1084.

[2]Whether Proposals by Illinois and New York to Use the Internet and Out-of-State Transaction Processors to Sell Lottery Tickets to In-State Adults Violate the Wire Act, dated September 20, 2011 (issued December 23, 2011), 35 Op. O.L.C. (2011) (the "2011 Opinion").

[3]Reconsidering Whether the Wire Act Applies to Non-Sports Gambling, dated November 2, 2019 (Memorandum Opinion (Slip Opinion) issued January 14, 2019), 42 Op. O.L.C. (2018).

[4]See N.H. Lottery Comm'n v. Barr, 386 F. Supp. 132 (D. N.H. 2019), affirmed in part and vacated in part by N.H. Lotter Comm'n v. Rosen, 986 F.3d 38 (1st Cir. 2021). See also Int'l Game Tech. PLC v. Garland, 2022 U.S. Dist. LEXIS 166590 (D. R.I. 2022).

[5]Murphy v. NCAA, 138 S. Ct. 1461, 200 L. Ed. 854 (2018).

[6]Eilers & Krejcik Gaming U.S. Online Gaming Report (March 2022), which shows 22 states have authorized online sports wagering. Massachusetts has been added as legislation authorizing online sports wagering was enacted in August, 2022. This report is available at https://mvbbanking.com/wp-content/uploads/2022/03/MVB_Online_Gaming_Report___March_2022.pdf (last accessed on February 19, 2023).

[7]Eilers & Krejcik Gaming, U.S. iLottery Tracker – 3Q22 (November 17, 2022), noting that Connecticut was not yet operational. Eilers & Krejcik define iLottery "as a lottery product for which account funding and game play can be managed online." See id., p. 4.

[8]Id., p. 6.

[9]Id.

[10]In Michigan, retail sportsbooks went live in March 2020, and online sports books went live in January 2021 and sports wagering has contributed approximately $26.44 million in revenue to the state in the aggregate since going live. See Legal Sports Report at https://www.legalsportsreport.com/michigan/#:~:text=Michigan%20officially%20legalized%20sports%20betting,over%20%24100%20million%20in%20wagers and https://www.legalsportsreport.com/sports-betting/revenue/ (last accessed February 19, 2023). (The second document is referred to as the "LSR US Sports Betting Report").

[11]Michigan Bureau of State Lottery Annual Comprehensive Financial Report for the Years Ended September 30, 2021 & 2020, p. 43, available at https://assets.ctfassets.net/d6o62jwe1jlr/1FMFKXch3le2hR9Tz4Fqwu/484c038cae9ac62381399b2f474bbcdc/FINAL_PDF_2021.pdf (last accessed February 19, 2023).

[12]See https://www.sportsbettingdime.com/new-hampshire/sports-betting-revenue/ (last accessed February 19, 2023).

[13]New Hampshire Lottery Commission Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022, p. 47, available at https://www.nhlottery.com/Files/PDFs/Financial-Reports/2022/NHLC_ACFR_2021-2022_Final (last accessed February 19, 2023).

approximately $114 million in taxes to the state in the fiscal year ending June 30, 2022,[14] while iLottery contributed $71 million in net gaming revenue (ticket sales net of prize payouts, promotions, bonuses and costs) to the Pennsylvania Lottery during that same time period.[15] (Pennsylvania has a 36% tax rate – 34% to the state and 2% to local jurisdictions – on sports wagering revenues, which is particularly high.[16])

Later adopters of iLottery have been notably successful, perhaps being guided by lessons learned by early adopters, and likely also benefitting from increased consumer acceptance of digital commerce.[17] Spectrum Gaming Group's[18] analysis of the iLottery implementations in Michigan, Pennsylvania, New Hampshire and Virginia, show that later adopters of iLottery have significantly greater first month iLottery revenue on a per capita basis. In Michigan, which implemented iLottery in 2014, first month per capita iLottery sales were only $0.24, while in Pennsylvania, New Hampshire and Virginia they were $1.69, $2.08 and $4.06, respectively.[19] As stated by Spectrum Gaming Group: "Michigan started with a much more limited product selection compared to the other three states. However, the initial success of the three other states … indicates a changing consumer acceptance of digital commerce and a growing acceptance and knowledge of iLottery products, specifically digital instant tickets."[20] Finally, since its arguably modest start, in the five years since its 2014 launch of iLottery, the Michigan Lottery became North America's first lottery to generate $1 billion in cumulative sales through online channels,[21] and indeed, in its fiscal year 2021, sales were estimated to be $2 billion. [22]

Thus, iLottery implementations have been successful and contribute significantly to state lottery revenues and those beneficiaries that benefit from them. In addition, based on a growing body of evidence gathered from U.S. states that have implemented iLottery, it appears that the sale of lottery games online does do not cannibalize traditional retail lottery sales. Among other examples, Spectrum Gaming Group cites the following:

> From FY 2017, the year before iLottery launched in Pennsylvania, to FY 2021, retail lottery sales grew by 33%. A similar experience is shared by the Michigan Lottery, which grew by 91% at retail from 2013, prior to iLottery's launch, to FY 2021.[23]

Spectrum maintains that iLottery reaches a younger demographic not reached by traditional lottery retail channels, and that this is a reason that iLottery and traditional retail sales have increased simultaneously. They note:

> A survey conducted by the US Bureau of Labor Statistics noted that for the 12-month period ending June 2018, the average annual spend on lottery tickets was nearly $70, but adults under 25 spent less than $8, and for adults between 25-34, the average spend was slightly more than $40.

> The growth of iLottery has demonstrated an ability to reach younger generations. Data gleaned from the participating iLottery jurisdictions of Michigan, New Hampshire, North Carolina, Virginia, and the Canadian province of Alberta, show that, in Fiscal Year ("FY") 2021:

> • 25% of those who played digital draw-based games were 35-44 years old, an increase of 3 percentage points over FY 2016.

> • 27% of those who played digital Instant games were 35-44 years old, an increase of 5 percentage points over FY 2016.

The data also showed that the average age of adults who played iLottery on mobile devices was 47. That data point makes clear that the willingness of consumers to purchase lottery tickets via a mobile device cuts across all age groups. This creates an opportunity to capture a younger demographic, while also making inroads into older age groups.

Finally, problem gaming in regard to iLottery can be addressed via methods not available in regard to traditional lottery. Traditional lottery games (physical draw and instant tickets) are sold anonymously. The consumer is not required to provide any identifying information, and thus historic game play volumes and trends are not ascertainable. Consumers cannot play iLottery games anonymously, however, and play history and trends are detectable. Opportunities therefore exist to identify and address problem gaming behavior, and regulations and/or consumers themselves may establish deposit and play limits, as well as self-exclude entirely. While the convenience afforded by iLottery - i.e., making lottery games more accessible – makes more urgent the need for effective responsible gaming policies and procedures, the available options, and the ability to implement such policies and procedures is greater with iLottery products.

In short, iLottery can be a significant contributor to states fiscal health and to the good causes served by state lotteries. A growing body of evidence demonstrates that iLottery can co-exist with traditional retail sales channels without cannibalizing traditional retail sales, and effective responsible gaming policies and procedures can be implemented with respect to iLottery which cannot be implemented in regard to anonymous traditional lottery play.

Consumers increasingly acquire their information, entertainment, goods and services, and do their banking and investing online. The success of state lotteries requires that they have a robust online presence, and a failure to offer lottery products online could result in lotteries not being relevant to the growing demographic that shops, learns and plays online. This does not mean offering lottery products exclusively online, as traditional sales channels continue to be the primary means of state lottery sales. However, there is an increasing body of evidence demonstrating that iLottery contributes significantly to state revenues. Accordingly, iLottery should be included in the discussion when state legislators consider the appropriate mix of gaming for their states. ∎

[14]See Gambling Industry News at https://gamblingindustrynews.com/news/usa/pennsylvania-gambling-revenue-fy-21-22/ (last accessed February 19, 2023).

[15]Pennsylvania Lottery Annual Report FY 21-22, p. 2, available at https://www.palottery.state.pa.us/PaLotteryWebSite/media/PA-Lottery-Reports/Annual/PAL_Annual-Report_FY21-22.pdf (last accessed February 19, 2023).

[16]See Gambling Industry New, cited in footnote 14 above.

[17]Spectrum Gaming Lottery Group, Future of iLottery: Analyzing, Developing Multi-Channel Strategy, Prepared for NeoPollard Interactive, March 15, 2022 (the "Spectrum Paper"), p. viii - x. The Spectrum Paper is available at https://www.spectrumgamingcapital.com/wp-content/uploads/2022/05/spectrum-report-on-future-of-ilottery-3-15-22.pdf (last accessed February 19, 2023).

[18]Spectrum Gaming Group "is a non-partisan consultancy that specializes in the economics, regulation and policy of legalized gambling worldwide." https://spectrumgaming.com/ (last accessed February 19, 2023).

[19] Id., citing NeoGames, S.A. Form F-1: Preliminary Prospectus, November 16, 2020.

[20]Id., p. ix.

[21]Testimony Scott Bowen, Senior Vice President of NeoPollard Interactive before the Senate Government Oversight & Reform Committee, of file:///C:/Users/hicharm/Downloads/SB269_Proponent_Bowen.pdf.

[22]Spectrum Paper, p. 33.

[23]Understanding iLottery: Growth Through Expansion, not Cannibalization, by Michael Pollock, Managing Director, Spectrum Gaming Group, in NASPL Insights, May/June 2022, available at https://www.spectrumgaming.com/wp-content/uploads/2022/06/naspl-insights-magazine-may-june-understanding-ilottery-pollock.pdf (last accessed February 19, 2023).

ADVANCING
the Science Inside *Traditional* Lottery Retail

For retailers, connecting with customers in extraordinary times means it is *not* business as usual. Consumer behavior is moving in a divergence of directions as – despite a challenging economy – people get back in their stride. And they are not looking back at the world as it was before the global pandemic.

The $346 billion global lottery industry has grown to one of the biggest consumer products on the planet. With lottery games driving retail traffic and market baskets, retailers are focused on delivering the in-store experiences consumers expect and it's reshaping how lottery products are marketed and sold.

At Scientific Games, data continues to be a constant in developing solutions that help lotteries and their retailers stay in step with consumers, and those experiences can reinvigorate brand engagement.

"Our global teams understand consumers. We use consumer data to continually make the physical lottery retail experience better, we listen to retailers and collaborate on solutions to support what's happening in their stores—because it's already different from last year. Brick-and-mortar is just one part of the lottery ecosystem, but it's currently the core of lotteries' revenues," said Michael Martin, VP of Retail Solutions at Scientific Games.

Finding Consumer Connections

On-the-go purchases and out-of-home experiences are making a strong comeback – a top 10 consumer trend this year. As consumers establish new routines, 39% of those surveyed globally by Euromonitor said more of their purchases would be in person.

"Our digital menu boards help lotteries meet shoppers in the moment. The boards are now using real-time information to adapt to what's selling, what's not selling, and lotteries can refresh what's on the digital screen so it doesn't become wallpaper in the store," said Martin.

Creating brand connections with a dynamic, digital board featuring lottery games is an attractive, modern touch that also meets the here-and-now top 10 trend of "sparking joy" when the shopper spots their favorite game or licensed brand.

Michael Martin
VP of Retail Solutions

But to engage players, digital menu boards require more than just displaying 4x4 game artwork. The board should be dynamic so it updates regularly, and it should feature large, clean game images, colorful backgrounds, and movement on the screen.

"Digital menu boards are currently being utilized in 12% of our retail network. Having our products displayed on these boards has provided a dynamic and seamless experience for our players and retailers while also providing a substantial lift in sales at each location," said Abby Morgan, Director of Marketing and Product Development for the Oklahoma Lottery. "With the modernization of our approach on display, we are positive that we'll see continued success as we are able to add more digital menu boards throughout the network."

Automation is Part of the New Journey

Retailers are reimagining the customer journey, and in 2023 automation plays a leading role behind the scenes creating organizations with fewer out-of-stock rates and a better-trained and trusted workforce empowered by real-time data.

Automation also enhances the consumer experience. Although most customers like a blend of automation and human interaction, Retail Dive's 2023 Future of Retail report shared that 73% of consumers actually prefer that local retailers use automation in at least one area of their shopping experience.

At lottery retail, that automation is *SCiQ*. Now in the top seven North American convenience store chains, the company's revolutionary *SCiQ* technology helps create a retail ecosystem developed in response to consumer and retailer demand. Always using data as the backbone to modernize the lottery category, the technology provides real-time inventory tracking both at the individual store level and chainwide – an industry first.

SCiQ's digital menu board keeps games visible to shoppers and the auto-dispensing bins keep them secure from theft. Retailers benefit from easy shift reporting and automated out-of-stock alerts.

Kevin Howell, Director of Lottery for Par-Mar Stores, said "I really like the visual aspect of the dispensers. They are eye-catching and customer friendly. I also like the reporting so we can see where the out-of-stocks are because tickets aren't sold out of empty bins. I am pleased that all managers in the stores where *SCiQ* has been installed love them, and visiting managers want one in their store."

Retail Dive's report indicated that 44% of consumers want an automated tool to check product information or inventory. *SCiQ* lets them know if a game is in stock without asking a retail staff member, who would then have to stop what they are doing and manually check.

It also allows the customer to experience lottery their way and at their own pace.

Larry Vertal, North American Age Restricted Product Manager for Circle K, said, "*SCiQ* gives us the tools to be a best-in-class lottery retailer. We now use analytics to track our lottery sales and inventory, while also creating friendly competition within the business to drive improvement. Circle K has seen the successes of *SCiQ* through a faster and efficient sales process, which paired with inventory management, has led to greater customer satisfaction."

Expanding to self-service, *SCiQ's* performance is also proving a significant opportunity to increase profits.

Partnering with multiple lotteries and retailers, Scientific Games has deployed a total of 4,500 *Powered by SCiQ* ecosystems in the U.S. with more than 125,000 camera-based instant game dispensers and fully integrated digital lottery displays.

"With the enhanced player attraction, ease of use and actionable data; our *SCiQ* ecosystems offer, we have noted sales increases ranging from 15% to 50% in the first 90 days compared to stores without the solution," shared Martin.

In Step with Consumers

In 2016, when Scientific Games introduced *PlayCentral*, it was the lottery industry's first payment card industry (PCI) compliant player self-service technology. At the time, the National Association of Convenience Stores reported that 40% of convenience store transactions were credit and debit card purchases. Today, it is more than 73%.

PlayCentral self-service machines initially launched in Pennsylvania, winning the company Walmart Services Division's 2019 Supplier of the Year Award. Today, there are more than 13,000 units at lottery retailers across the U.S. The technology recently debuted in Canada to serve Atlantic Lottery players and it is being piloted in Germany.

Now the company has added *SCiQ* technology to these powerhouse self-service machines, bringing all the advantages of *SCiQ* to *PlayCentral*. Offering both draw and instant scratch games in an online shopping cart purchase experience, the flagship machine features up to 40 instant games – and now, advanced software that helps connect data.

Always aligned with its players, the Pennsylvania Lottery has deployed *PlayCentral Powered by SCiQ* at retailers throughout the state. Locations with the advanced machines saw 19% sales increase 90 days after installation vs. the previous 90 days.

Cashless is King

The number of cashless purchases at retail continues to increase, and the average lottery basket size is more than 50% higher than cash purchases. Cashless is also bringing new players to the games. And it is the reason Scientific Games has continued integrating cashless solutions across the company's entire line of retail technology

"We are ensuring that our products for brick-and-mortar retail are built to adapt to the current environment while looking to the future," explained Martin.

With more consumers joining the 'cashless' economy, in less than a decade the number of Americans who go cashless has increased by double-digits according to the Pew Research Center. Today, 41% of Americans say none of their purchases in a typical week are paid with cash.

And with consumers glued to their mobile phones – sometimes even while shopping in-store – it is no surprise that 79% of consumers make purchases directly from their mobile devices.

Most recently, the Pennsylvania Lottery reached $1 billion in retail cashless sales since cashless launched in the state.

"The Pennsylvania Lottery recognizes that the world is evolving into a cashless society," said Pennsylvania Lottery Executive Director Drew Svitko. "As part of our modernization efforts, all our vending equipment and point-of-sale terminals are expected to offer cashless options within 18 months. Cashless payment options provide great convenience and player engagement, but also drive responsible growth, which drives profits to support programs that benefit older Pennsylvanians every day."

Where Data Comes into Play

Scientific Games' tech innovations in the physical retail space have empowered the company's ability to create a more informed, data-backed information loop for lotteries – and for future innovation to stay in step with consumers.

"Our analysts make recommendations that help determine things like whether a specific store should have more $10 and $20 games and less $1 and $2 games," said Martin. "We're using the data to inform what products should be offered and how games should be displayed. Conversely, it informs key products that could potentially hurt business if they were unavailable."

As an example, Scientific Games analyzed market basket data from approximately 70 million purchases from *SCiQ* and *PlayCentral Powered by SCiQ* to better understand which games are purchased together – or not, as many baskets include only one game – and in what order purchases are made. This helps guide, not only merchandising tactics but launch planning and the ideal number of games in the market by price point. And since this level of market basket data is analyzed by specific game, the interaction of game attributes such as playstyles, themes, or specialty prize structures can also be assessed.

This kind of data can also be applied to a loyalty program, allowing the lottery to connect with players interested in specific games or combinations of games, and offer extra loyalty points.

"As business intelligence practitioners, we see great value when multiple datasets from our different systems are integrated. This leads to insights that can influence stakeholders at retail and enables the systems to work smarter," said Cameron Garrett, VP of Analytics and Insights for Scientific Games. "Connective data creates so many opportunities, but the major opportunity is optimizing product at retail."

Empty instant scratch game bins result in disappointed players and a direct, quantifiable reduction in potential retail sales revenue for lotteries.

"We estimate that lost sales are approximately 5% of total retail sales at the counter, and more than 10% at self-service machines due to out of stocks," explained Garrett. "We as an industry have a real opportunity to re-capture multi-billions of dollars in lost sales annually. As self-service continues to ramp up, ensuring healthy inventory levels and focusing on product mix becomes increasingly important."

The future represents a world where lotteries must have smart, integrated and actionable ecosystems. Benefitting from this data may come in many forms tied to such an ecosystem but should consider all of the retailer touch points—from inside telesales to the tools that lottery sales representatives use for guidance, to the behind-the-scenes algorithms that empower logistics decision-making.

Cameron Garrett
Analytics & Insights

How Can I Help You

The quintessential retailer greeting is service-focused, but advances in the use of data have propelled customer relationships and brand interaction to new heights.

Anticipating consumer behavior – mining data for purchasing patterns and combinations of products – helps increase profitability through cross-selling, promotions or even the placement of games on digital menu boards and self-service machine screens.

"It's all about connecting with consumers, convenience and speed of checkout, and it's our job to bring the most modern experience to players at brick-and-mortar retailers. Again, this is just one part of the ecosystem, but from a lottery revenue standpoint brick and mortar is the most critical," shared Martin.

Scientific Games is committed to the science inside lottery retail. More than a high-level view of consumer connectivity, the company is digging deep into data from all areas to help lotteries and their retailers sustain success.

SG SCIENTIFIC GAMES

For more information, contact
Retail@scientificgames.com

The Challenge of Effectively Acquiring & Leveraging Player Data
Building and Reinforcing Player Lifetime Value

Business growth is built on the ability to attract new customers. The same applies to iLottery programs. New players generate about 50% of the annual incremental growth for typical U.S. iLottery programs.

Inviting new players to explore iLottery products requires Lottery to be present and visible across the digital media universe. For this purpose, Lotteries annually spend millions on player acquisition through social media and other advertising platforms.

The Demand for Metrics

The inherent challenge with player acquisition marketing is that each media platform provides its own metrics for campaign effectiveness. Marketers are challenged to consolidate data across platforms and make informed decisions about how marketing investment should be allocated.

Google Analytics is often selected as the metrics integration point to combine traffic from multiple sources and deliver a campaign performance dashboard for the user. While this platform offers many notable features, there are limitations on the data it can process. As a result, metrics are limited to basic conversions and attributable sales. This makes it challenging to quantify the true effectiveness and profitability of a marketing investment.

In this time of challenging economic conditions, where marketing budgets are becoming more constrained, marketers must prove returns on their investments more than ever. **IGT Marketing Services** — IGT's in-house growth-marketing agency — is supporting lottery marketers to optimize the new player gain from their digital media investment and show true marketing effectiveness.

Not All New Players Are Equal

Having accurate player models can make all the difference. When marketers can attribute revenue and costs to their initiatives, they can better predict and optimize player lifetime value. But what might seem like a linear relationship between acquisition investment and new players is in fact more complex. When **IGT Marketing Services** experts investigated customer acquisition campaigns for post-conversion player activity, it became clear that what appeared to be a high performing acquisition campaign was not conveying sustained player value.

In as little as three days after player conversion, an indication of player lifetime value can be seen when the correct modelling is applied. Seven days after coming on board, IGT's models predict player lifetime value to 90%

Effectiveness of Marketing

CHALLENGE TO MEASURE

OUTCOME METRICS

ACTIVITY METRICS

INPUT METRICS

LTV PROFIT

REVENUE AND COST ATTRIBUTION

ROI

NEW PLAYERS

SPEND PER PLAYER

CPA

GOAL CONVERSION

CPM

CPC

IMPRESSIONS

CTR

OPEN RATES

MEDIA BUDGET

PROMO BUDGET

METRIC RELEVANCY

Marketers are continually challenged to make informed decisions about how marketing investments should be allocated, and to advantageously apply diverse metrics to quantify effectiveness and profitability.

1 CAPTURE	2 PROCESS	3 LEVERAGE
• Player Source • Deposits, Wagers, Winnings • Game Data • Campaign Response • Touchpoint Behavior	• Player Value Prediction Models • Game Recommendation Engine • Churn Prediction Models • Next-Best-Offer Models • Comms Optimization Models	• Relevant Offers • Personalized Communications • Automated Campaigns • Optimized Marketing Budgets

Capturing, processing, and leveraging data are essential as iLotteries continue to evolve best practices to deliver the most beneficial data strategy outcomes and optimize player value.

accuracy, allowing much more nuanced acquisition investment decisions.

Data: The Key Fuel for the Growth Engine

Data is of course at the heart of this modelling. Most iLottery operators working with different systems within an organization are aware of challenges around data. Marketers look for solutions – often external – that enable them to execute their marketing activities; for instance, they would like to have an ad network, CRM platform, and/or Artificial Intelligence (AI) system to automatically send player communications. Customers install various internal and external solutions with multiple vendors and face the challenge of leveraging the data these platforms contain.

Data aggregation consolidation is one of the hardest tasks for iLotteries, in e-commerce, and most industries. IGT's data scientists have been working on a tailor-made solution to these problems, specifically for the lottery industry. The proprietary **Player Data Platform** (PDP) is the enterprise-wide, cloud-based analytics platform built by IGT's lottery experts for the lottery industry that leverages information from hundreds of thousands of lottery player events and transactions. Its 360-degree player view and AI modelling empowers lotteries to use data-driven decision-making to yield superior results while saving time and staffing costs, improving processes, and maximizing marketing budgets to responsibly increase acquisition, retention, and sales.

IGT's industry experts understand the importance of marketers receiving what they need from marketing campaign systems. The **Player Account Management** (PAM) core solution records each player source, logging whether the player has come from online media or retail point of sale. Tracking hooks are enabled in campaigns and the PAM, providing an end-to-end accurate player source identity. Player source identity, not personal identity, is key for operators to understand player activities: deposits, wagers, winnings, selected games, play frequency, and engagement duration.

Valuable, continuous streamlined sources of tracking, CRM, player account management, and game account data are ingested into IGT's **Player Data Platform,** capturing data as desired: real time, near real time, and/or end of day. When campaign responses and player touchpoints from all channels — point of sale, website, mobile app — have been captured, the task gets easier!

It's All About the Model

IGT's data engineers and data scientists enable required data processing. Once data is in one location, potential player value can be defined, and predictions can be made. IGT models the potential player lifetime value optimization opportunities, helping to inform the best player marketing investment. For example, the churn model will predict if a player is going to leave the iLottery program. How do you retain that player? Rather than offering money to return, modelling reveals the effectiveness of content

such as innovative games, or Netflix-style purchasing recommendations based on prior behavior.

Leveraging Data

iLottery marketers can utilize sophisticated models and dashboards for marketing automation. Player acquisition marketers have access to dashboards showing real-time campaign-level profitability to optimize their marketing spend on the go. Retention marketers gain advantage from models to personalize and amplify communication with existing players. AI-based modeling creates microsegments optimizing send time, communication channel, offer, and associated product to maximize goal conversion.

The Optimum Solution

iLotteries continue to evolve the best ways to obtain and use data within data privacy regulations, and to overcome the challenges of players' reluctance to share data, especially at point of sale. Preparing, capturing, recording, and processing are all important steps in the process. IGT directs maximum effort toward developing best practices for utilizing data. **IGT Player Marketing Services** professionals can deliver the benefits of the **Player Data Platform** and help determine each lottery's optimal data strategy. ■

FAMILY TIES:

GETTING **THE MOST** OUT OF A FAMILY OF GAMES

Product trends come and go, with few able to stand the rigorous test of time. In the lottery industry, families of games (FOGs) have proven to be a category that endures. Over the last decade, the impact that FOGs have had on lottery sales has grown exponentially, increasing from an average of 2.3% of U.S. instant ticket sales in FY 2012 to an impressive 15.3% in FY 2022. In fact, several lotteries consistently attribute over 30% of annual sales to their game families. The undeniable success and appeal of this category is further demonstrated by its seemingly universal popularity: *all* U.S. lotteries have launched at least one family of games in the last three years.

Game families are approaching a maturation point, becoming an established category in a lottery's portfolio that delivers reliable benefits, including the ability to offer "something for everyone", thus broadening a lottery's player base while remaining compelling to current players, as well as marketing efficiencies unmatched by other instant ticket products. As is the case with many established products, however increasingly sophisticated and multi-faceted, strategies are required in order to maintain consumer interest and drive sales.

Undoubtedly, the foundation of a successful family starts with outstanding games that feature attractive design themes, with appealing print innovations, bold colors, and interesting game graphics. Layer in unique retail approaches that boost

visibility by prominently displaying games together, as well as the added excitement that engaging interactive games and enticing second chance opportunities deliver, and the growth of this category can be nurtured for years to come.

Lotteries are increasingly leveraging the power of Pollard Banknote's print innovations and specialty features to create FOGs that pop at retail. In 2022, the **IDAHO LOTTERY** was the first jurisdiction to introduce a family of games featuring Pollard Banknote's Scratch FXtra™, which combines holographic images with Scratch FX® patterns. The Lottery chose regally, enhancing all price points in their Royal Card scratch game with this print feature. The game quartet dazzled players at retail, recording collective five-week sales 72% higher than the average of all regular game families launched by the Lottery since 2012 and accounted for 23% of all scratch game revenue in the first five weeks compared to the average of 16% among other Idaho families of games.

Print innovations also deliver a fresh look to a re-launched family, something the **MARYLAND LOTTERY** knows quite well. When the Lottery launched a new iteration of their successful *X the Cash* family in 2020, with Pollard Banknote's Scratch FX® combined with neon and pastel inks, sales of the family jumped. These games outperformed the previous *X the Cash* family by 21% in 27 weeks of sales.

The right games with the right features perform best when strategically

positioned within a lottery's portfolio. Considerations include the number of games and price points, including higher price points, along with launch timing and frequency. Since 2019, the most successful families of games launched across the U.S. included six

ALL IN THE FAMILY

PERFORMANCE AT EVERY PRICE:

Families of games frequently outperform regular games because they appeal to a wide variety of players with each price point delivering a clear value proposition.

PROMOTE POINTS OF ENTRY:

Advertising a family together boosts the profile of all games, especially the lower price points which pique the interest of new players.

PROMINENT VALUE:

Group display at retail increases the games' visibility and marketing reach.

Outstanding Games.
Retail Excellence.
Digital Innovation.

price points—and they sold 17% more than average across all price points.

Along with variety in price points, rotating themes helps to differentiate each game's specific value propositions while appealing to different player types. This attention to themes drives family sales growth by sparking purchases from new and returning players alike.

But, as with all family of game planning, timing is important. The new year, when holiday games come off the shelves, is the perfect time to greet players with fresh ticket offerings. Another crucial factor for family game success is launch frequency and a consistent schedule that primes players' expectations. In fact, most lotteries launch family games twice a year, while some lotteries launch three times annually. In FY 2022, 74% of lotteries that launched a family of games did so twice!

Staggering the launch of the highest price point—either leading or following the rest of the family—is another launch strategy utilized by some lotteries. This extends the family lifecycle and helps increase sales. **MICHIGAN LOTTERY** uses this strategy effectively; when they launched the $20 price point of their *Frenzy Multiplier* family one month before the rest of the family, the $20 game received a sales boost when the remaining price points entered the market.

Strong game characteristics and effective launch strategies are complemented by a comprehensive promotional program. Families of games allow for unique promotions that stir up player excitement, and the **TEXAS LOTTERY** does this in a big way. Following the success of the Lottery's *Gems 7s*-themed FOG that featured the Big Cedar Lodge Cash Adventure Promotion, the Lottery launched the *X the Cash* family. These games sported Pollard Banknote's Scratch FX® and neon inks for a striking look and had the support of an exciting second-chance program, the Hawaii Dream Getaway Promotion. This family sold $234.7 million in its first 12 weeks.

Similarly, a digital game component can boost instant ticket value, attract new players, and enhance the lottery's digital footprint. The results are persuasive: Pollard Banknote-printed games with a digital component have an average sales index 18% higher than those without, making a digital game the perfect addition to a family of games! Launched by three **INTERPROVINCIAL LOTTERY CORPORATION (ILC)** regional lotteries, the *Jackpot* family included a second chance draw and an exciting companion digital game for players to win bonus entries into weekly draws and one grand prize draw. Digital engagement was strong, with high site visitation among players under 45 years of age and a 19.5% participation rate.

While a key component of all instant ticket success is a prominent retail presence, this is particularly effective for driving family awareness. Displaying the games as a group creates a stronger profile that attracts new and returning players alike. When Schafer Retail Solutions + worked with the **KENTUCKY LOTTERY** to create

a specialized display for a holiday family and deployed 200 eight-game dispensers state-wide, featuring double facings of these games, participating retailers experienced a monumental 84% average growth in year-over-year holiday sales!

Families of games have evolved from a trend to become tried-and-true winners in a lottery's portfolio. Lotteries looking to maintain instant ticket growth have many options in building their family of games strategy to maximize their contributions to good causes. Lotteries can optimize the impact of their family of games at retail with the purposeful selection of game designs, the portfolio of games in market, and creative launch and promotional strategies. This strategic planning and support will help any lottery grow their revenues from families of games.

A LEAP FORWARD
IN INSTANT TICKET SECURITY

IGT's NextGen technology is a breakthrough that takes security further than previously possible — by harnessing the blockchain to create **unalterable instants game-creation and audit files.**

Ensuring game integrity has always been core to the lottery industry. And for instant tickets, which represented about two-thirds of total retail U.S. lottery sales in 2022, security is critical not only for programming games and preventing unauthorized game reconstructions, but also for enabling authorized game reconstructions when required — for example, to validate damaged physical tickets that are presented as prize winners.

In all of these instances, lotteries can now benefit from a new, state-of-the art patented system for secure predetermined instants game generation, developed by IGT.

This proprietary system, known as NextGen, harnesses **modern digital-security technology** to improve on the legacy security processes that have been commonly used throughout the industry for the past two decades.

Among its advantages, IGT's NextGen platform maintains **an unalterable forensic blockchain** of an instant game to help prevent the possibility of security breaches. A blockchain is associated with each instant game's unique database and protects not only the entire **game development process** but also the **reconstruction process.**

Benefits of NextGen Security vs. Industry Legacy	IGT NextGen	Industry Legacy
Encrypts Genesis/Shuffle Seed	✓	✓
Ciphertext Decryption Seed Managed by at least one "Trusted Party"	✓	✓
Enables Multiple Parties to Manage and Approve a Game Reconstruction	✓	✗
Forensic Audit Trail Maintained in an Unalterable Blockchain	✓	✗
Forensic record of both Game Generation as well as Ticket Reconstruction	✓	✗
Enables audit of distribution or arrangement of Winning and Losing Tickets in the Development Phase	✓	✗
Database Architecture for secure storage of all Game Elements	✓	✗

And rather than rely on just one trusted party for the security of game reconstruction, as has been the norm in the industry, IGT's proprietary system can optionally allow lotteries to ensure that **multiple trusted parties** must agree and participate before a game reconstruction can occur.

Keith Cash, IGT Vice President Global Instant Ticket Services, shared more about this innovative technology, now being used to generate secure instant games for IGT customers worldwide.

PGRI: How did the new game security system come about?

Keith Cash: Over the past few years, IGT invested several million dollars in developing a next-generation platform for programming instant games that is revolutionary in many ways.

To begin with, it takes more of a data-based approach, as opposed to traditional game programming, and this approach has given us vast means to innovate to add value for customers and players. For example, we are now using this advanced platform to create our Infinity Instants™ games, a whole new category of instants in which virtually all elements of the ticket can be enhanced. But that's just one of its applications.

When we created the NextGen game-programming process, it also allowed us to develop a new and superior security process that harnesses the advantages of blockchain technology and **can be used for all of IGT's instant products.**

How does the use of the blockchain increase instant game security?

Our NextGen technology uses a game database to store all of the basic elements required to generate a given game, including the prize structure, the game art, and the rules (see Figure 1). NextGen maintains a separate blockchain for each game database, logging every access or modification. You cannot create a game or reconstruct a game without touching this associated database, which leaves a permanent and visible record — or signature — in the blockchain.

When anybody accesses the database, for example, to program or to audit the game, each action is logged automatically by the user's name, Internet Protocol (IP) address, and computer identifier, with this information stored in a game-specific blockchain. By virtue of how blocks in the chain are generated, the previous blocks **cannot be altered.** Now the entire record of the game – any action made when a game is generated, accessed, or recreated — shows up in that blockchain. And we can share that blockchain with our customers, so they can always see the life of their game.
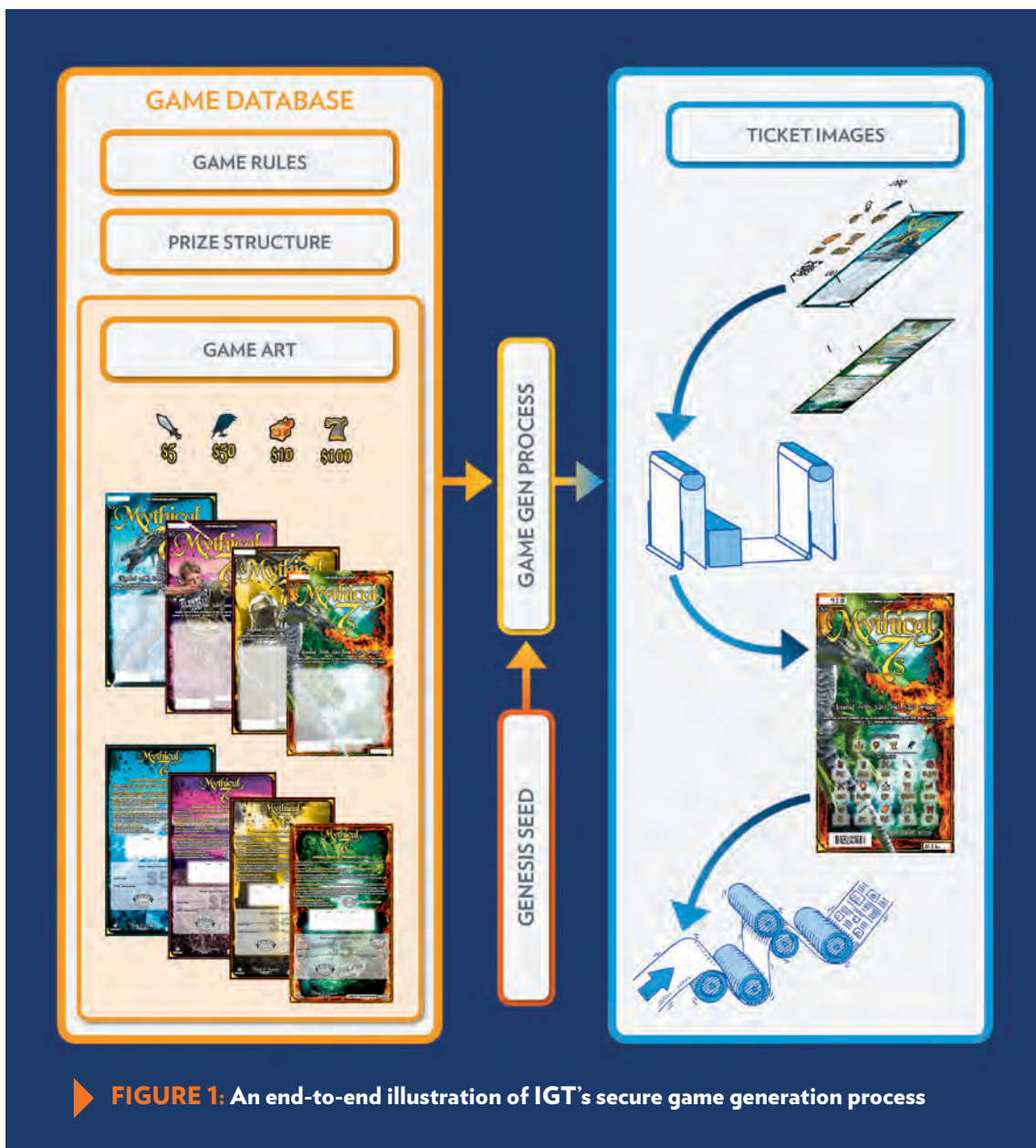
▶ **FIGURE 1:** An end-to-end illustration of IGT's secure game generation process

In an ongoing process over the past couple of years, **we have already migrated about 98% of all IGT instant games over to NextGen security.** This system not only increases transparency but gives us and our customers a checkpoint to monitor their games' security.

What's the process for preventing unauthorized reconstructions?

The game database generation process also includes what we call the **Genesis Seed,** which creates the unique arrangement of winning and non-winning tickets for the game being created. For live games, the Genesis Seed is created by a True Random Number Generator (TRNG), which ensures that the live-game production Genesis Seed is truly random and therefore unpredictable. This is similar in concept to the "shuffle seed" in legacy security systems, but with another important differentiator: IGT's proprietary technology supports **multiple levels of encryption** of the Genesis Seed.

At the foundational level, we encrypt the Genesis Seed with what's called a One-Time Pad (OTP), the only form of encryption that's been mathematically proven to be unbreakable, and that action is recorded in the blockchain.

We then take the OTP-encrypted version of the Genesis Seed — the ciphertext — and encrypt it again with the public key of the lottery's trusted third party. Again, this second-level encryption is recorded in the blockchain. And we can advance this security process *n* number of steps further by encrypting it with multiple trusted parties' public keys — as many as the lottery designates — so that no one individual can access the unencrypted — cleartext — Genesis Seed (see Figure 2).

Each "key" is a series of bits that are astronomically large (512 bits) – it runs to a decimal number with 154 zeros behind it. To provide some perspective on how big that number is, the estimated number of atoms in the Milky Way galaxy is a number with only 67 zeros behind it.
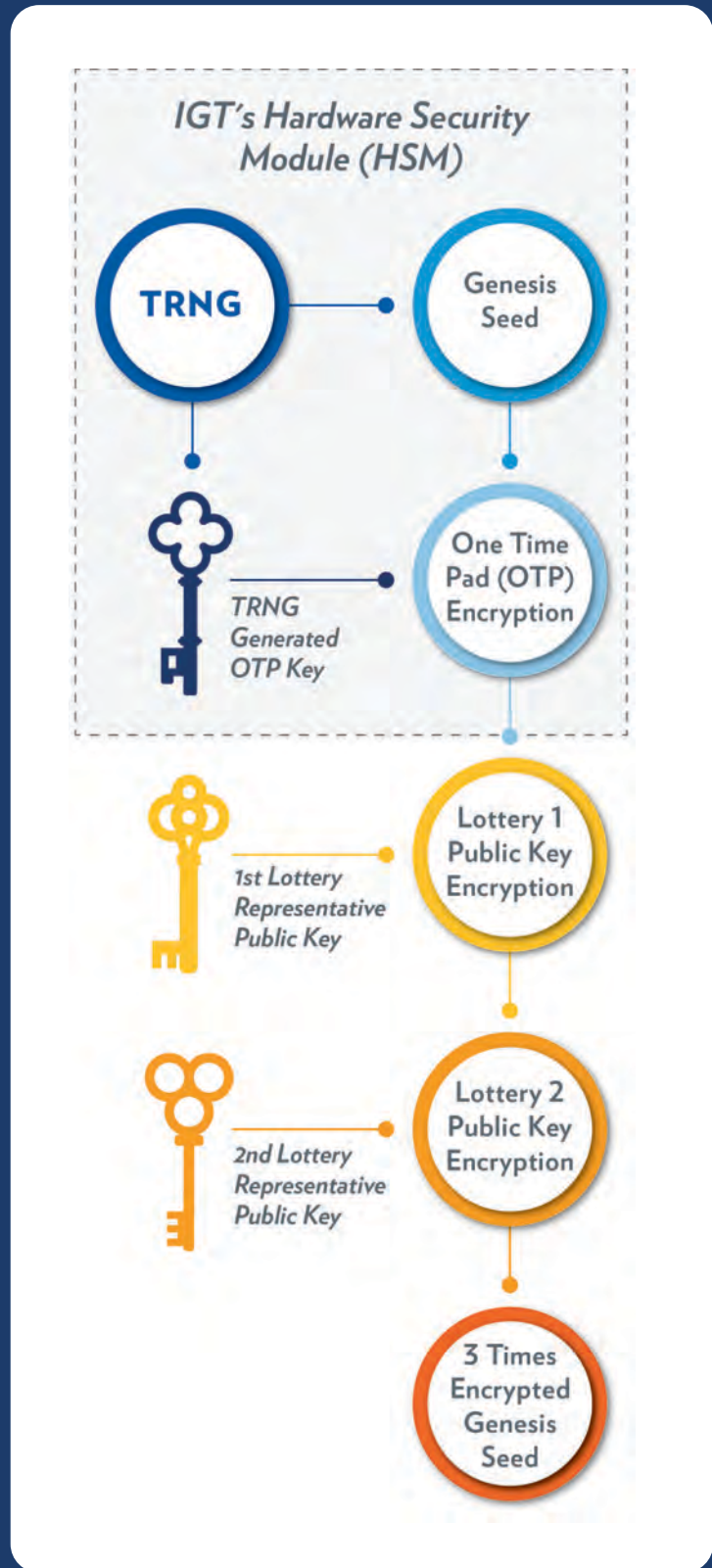
FIGURE 2: **The difference between the live game and a test game is the Genesis Seed, which for the live game is created anew by a True Random Number Generator (TRNG) for live games.**

IGT's NextGen security system encrypts the Genesis Seed for a game with multiple trusted parties — as many as the lottery designates — so that no one individual can access the unencrypted (cleartext) version of the Genesis Seed.

The lottery and IGT can always read the blockchain, but to perform a reconstruction, the private key(s) from the trusted party(ies) are needed. And even after each private key is used to perform one level of decryption, the lottery is still transmitting an encrypted version of the Genesis Seed to us — if you recall, it was encrypted and secured with the One-Time Pad. We take that encrypted version, perform the final stage of decryption, and provide the lottery with the reconstruction.

Is this more involved or time-consuming than in the past?

Not at all, in fact one of the many advantages of the new system is that it's **more convenient for the lottery.** Each decryption can now happen in less than a second. Of course, this takes a lot of computing power, and to supply it, IGT also invested in a server farm of computers with an unbelievable amount of computational power. If you compare it to the computing power available when the U.S. landed on the moon, it's trillions and trillions of times greater. This investment is what makes the process secure, fast, and practical.

NextGen also removes the requirement that the trusted parties be present at a certain physical location to initiate a reconstruction. A lottery can even initiate the process at their own headquarters. This is something that other security systems can't enable, because in those legacy systems, once the shuffle seed is run through the trusted third party's private key, it reveals the unencrypted — cleartext — shuffle seed.

Given the significant investment required to create these advanced systems, what drives IGT to improve on the status quo?

Lotteries upgrade their technology periodically because they know technology is central to bringing new innovations and capabilities to the industry. We know this, too, and the NextGen system is a vivid illustration because it has resulted in security that is significantly higher than legacy solutions. It's an example of how we're harnessing our investments in new technology to deliver superior value and multiple benefits for customers.

We understand the lottery market and our customers' needs, and even after all these years in the lottery business and the instants business, we still see room for advancements and growth in this category. We don't like the status quo. That's what drives us to innovate. Over the past couple of years, our customers have seen us invest millions of dollars toward quality, service, and innovation – and security is just the most recent example.

IGT INSTANT ADVANTAGE

IGT offers a suite of products and services that can be deployed alone or together to optimize a lottery's instants business. Known as **Instant Advantage**, it goes far beyond printing to cover the full spectrum of what some lotteries are doing to achieve success in the instants category in partnership with IGT.

The components draw on IGT's professional service offerings to cover every touchpoint of the instant product, from **strategic market planning, game development, instant data analytics, and retail logistics, to other critical operational and marketing needs.** Through Instant Advantage, IGT supports customers by putting to work the efficiencies and analytics that only come from an integrated solution to help realize their vision for instants growth. ■

Don't miss Keith Cash's discussion of IGT Product Innovation and NextGen Security at PGRI SMART-Tech in Miami. For more information about Instant Advantage and NextGen, contact your IGT Account Representative.

Keynote speaker Rory Sutherland, Vice Chairman of Ogilvy

As lotteries face an overwhelming amount of information at an accelerated pace, **Hana Barochova, International Category Manager, SAZKA (ALLWYN GROUP), Czech Republic) and Sara Pavic, Head of the Marketing Activities Department, Hrvatska Lutrija, Croatia** emphasized the importance of dealing only with the most important trends and looking at how to turn them into opportunities. The four key trends focused on financial anxiety, from global to local, the need for employer branding and the fight for attention. In all these four trends, opportunities were shared.

Zsófia Banhegyi, Chief Commercial Officer, Szerencsejáték Zrt, Hungary, then looked more widely at global consumer behaviour that affects the work of lottery marketers, based on EL's latest report, which shows that EL Members contributed a 5% higher amount to society in 2021 than pre-covid levels. It also noted that lottery sales increased in all game categories in 2021; the fastest-growing area was sports betting (due to the resumption of more events, notably UEFA Euro 2020) and instant games.

SEEKING OPPORTUNITIES IN TIMES OF CRISIS

Two panel debates looked at the lessons learnt over the past years and how to find opportunities in times of crisis. Although lotteries have become more resilient and innovative - adapting their marketing strategies accordingly - they are still facing similar challenges.

The first panel included **lottery CEOs:** (L to R) **Cindy Polzin** (Wisconsin Lottery, USA), **Bryndís Hrafnkelsdottir** (Happdrætti Háskolá Íslands, Iceland), **Riina Roosipuu** (Eesti Loto, Estonia) and **Anja Bohms** (Land Brandenburg Lotto GmbH, Germany) who found many similarities (despite differences in lottery size, politics and geographics) in their key takeaways for participants: be efficient, fast, agile, flexible and responsible. Keep products fresh, new and attractive. Remain relevant, proactive and foresee crisis situations and at the same time listen to the players and retailers. The online channel was developed as an alternative during the pandemic with many lotteries developing or considering apps for their customers. This is a trend that is set to continue, even in the Americas where several Lottery operators are pushing for online opportunities.

Moderated by WLA President Rebecca Paul, a second panel discussion on day two brought together CEOs from the U.S.: (L to R above) **David Barden** (New Mexico Lottery Authority & President, Multi-State Lottery Association, MUSL); **Sarah Taylor** (Hoosier Lottery & President of NASPL); **Mark Michalko** (North Carolina Education Lottery); and **Rebecca Paul** (Tennessee Lottery & President of WLA) to emphasis the importance of working together, noting that the MSLA allows the different states to collaborate on bigger, national branding opportunities. Funding has been obtained from Powerball proceeds for such marketing activities, and successful examples include partnering with Dick Clark's Rocking New Year's Eve, and others, such as NASCAR, which are helping to attract younger audiences to the games.

In addition to the panel debates, lottery professionals from various WLA and EL Members showcased case studies from digital opportunities in times of crisis to changing perspectives and from customer centricity to environmental challenges.

The Austrian Lotteries followed consumer trends closely during the pandemic, building on the idea of enjoying the now (through gaming entertainment) rather than planning for an uncertain future, **CEO Erwin Van Lambaart** tells participants. The measures paid off with instant ticket sales at Christmas 2022 up by 26% on the previous year. During the pandemic and since, the focus has very much been on customer needs, for example, by developing new products and

Lottery CEOs discuss opportunities in times of crisis

loyalty programmes driven by customer preferences. All distribution channels have been grown and modernized by adding new screens and attractive scratch card dispensers to POS as well online payment systems. The year finished on a high note, by winning the best Advertising Award at the World Lottery Summit in Vancouver, Canada.

From customer centricity to digital opportunities, **Khalid Naili Special Advisor to the GM, La Marocaine des Jeux et des Sports (MDJS)** highlighted how, likely many countries in recent years, Morocco has seen growth in illegal betting operators, who use different means to recruit new customers. In response to these illicit activities, MDJS created a new website and mobile application (launched in 2022), offering great betting options, enhanced infrastructure and a smoother registration process. To ensure its success, MDJS ran a comprehensive ad campaign which included physical ads in different cities, inserts in papers (physical and online), ads on different websites and the use of social media. At the close of 2022, sales and subscriptions all increased.

Sisal Sans in Turkey has also seen growth during turbulent times by upgrading its technology to better serve customers, ensuring continuous innovation in its product pipeline, with more games reaching a broader group of players, expanding its retail network and developing its online channel with over one million active players. **Oguzhan Aslan, CMO** explained how an effective and strong 360° brand communication, as well as a growing workforce and strong stakeholder engagement has increased POS visibility and complimented all the above mentioned actions. has included TV, media support, promotional campaigns, and increased POS visibility. Finally, Sisal has grown its workforce and developed strong stakeholder engagement.

With a large and diverse population, **Edilson Carrogi, Vice President, Caixa Econômica Federal, Brazil,** highlighted the strategy taken to grow and transform Loterias CAIXA, involving product launches over the past five years, for new audiences (online lotteries portal, apps for iOS and Android), increased investment in marketing with new ways to communicate (paid, owned, shared and spontaneous media), and by using player data to develop omnichannel in a customer-centric way. As a result, sales growth has increased by almost 28% since 2018. In retail outlets, players in the 45 to 55+ age groups have increased significantly over the past

CEO Panel Debate "Views from the U.S."

two years, while online has grown but not as rapidly.

On the topic of connecting Sports with customers in a rational way with social media, **Yang Yang, Head of Public Relations Department, China Sports Lottery,** talked about how sports development has been part of China's national agenda, with a surge of awareness following the global pandemic. As social advertising continues to rise, the China Sports Lottery has adopted innovative marketing practices, using video content on different social media platforms, leveraging large social events such as the World Cup, to promote its association with public fitness and welfare, and encourage participation in sports. All these initiatives have successfully reached very large audiences.

Tay Boon Khai, Chief Risk & Compliance, Singapore Pools (Private) Ltd., described how the pandemic years and restrictions led to a different approach by Singapore Pools to make additional funds available to help specific groups affected by COVID-19. With all outlets closed and online services stopped, it focused on staff and customers, supporting the broader community and advancing its business transformation. Outlets, run by volunteers, were converted into collection points for COVID-19 supplies and training programs were offered to seniors to improve their online skills. Overall, the results have been very positive, with increased sales in 2022 and strengthened relations with customers, partners and the broader community, thanks to working for the greater good, at a trying time for all.

Nils Petersen, Permanent Representative to the EU, Westlotto, Germany closed the first day looking at how marketing meets politics. He focused primarily on crisis as the new norm in everyday life. From the pandemic to Brexit to environmental challenges, Nils highlighted polycrisis, the simultaneous and overlapping crises facing the world currently, the impact that this has on societies and in how far lotteries can help overcome these crises.

LUCK: WHERE HARD WORK MEETS OPPORTUNITY

On day two of the seminar, participants had the pleasure to hear from inspiring Keynote speaker **Liz Jackson** MBE about her extraordinary personal and professional journey. After running her own award-winning company for 17 years, a business launched in the year that she lost her eyesight, Liz is perfectly placed to share her experience of the pressures and challenges that business owners face.

Now the Marketing Director for leading business sales advisor BCMS, Liz believes the secret to adapt and thrive is to "grow" (Goal. Reality. Options. Will do) and that life is better lived outside your comfort zone. Her key takeaway is to look at your goal as a vision. Luck is where hard work meets opportunity, which helps us reach our goals. This in turn takes mental resilience.

THE EXPECTATIONS OF TODAY'S INFLUENTIAL GENERATIONS

Seventeen year-old founder and CEO of Thred Media, entrepreneur and change

activist **Jenk Oz** shared his knowledge and wisdom on how lotteries could better understand Gen Z beliefs, behaviour and transformational consumer trends. Often known as 'identity nomads' who don't want to be trapped by any one label, Gen Z have been shaped by five main events - smartphones, the financial crisis, a decade of social activism, a pandemic and now war. Pragmatic with the need for direct communications, Gen Z have become so important to marketing and brands lately as they have a $7trillion of annual income, the fastest growing across all cohorts, and they are entering the workforce.

Among Jenk's key takeaways for lotteries: to really understand what drives the people behind the players - transparent, authentic and genuine messages, create a storyline and communicate progress and successes of the lottery model; mix old and new approaches (retail v digital), create an omni channel experience where the old world and new world are in sync and complement each other. Gen Zers are more sophisticated than you expect - think beyond the instant gratification, think needs and opportunity!

During the final session, we heard from **Michael Kastelijns, Business Director, Nederlandse Loterij** who described the interesting journey and challenging ups and downs of the past two years with the oldest lottery brand in the world, the Staatsloterij. In 2021 the price of tickets was raised after careful consideration. Then in 2022, due to the war in Ukraine a dip in consumer confidence led the Dutch state lottery to take rapid next steps to add extra value to

Keynote speaker Jenk Oz, Founder & CEO of Thred Media

its offerings, including raising the jackpot, and adding special prizes to certain draws. It connected the mission of the brand for a 'happy, healthy and sporty Netherlands', with continued sponsoring of the National Olympic Committee and other sports federations. As a result, 2022 exceeded growth expectations and no need to push the 'panic button'.

Vincent Perrotin, CSR Director, Française des Jeux, France, highlighted the importance of tackling environmental challenges and putting CSR at the heart of any lottery strategy. Since launching its environmental policy 15 years ago, FDJ has been combating climate change and preserving biodiversity, for example funding innovative projects aimed at conserving or restoring forests and their biodiversity. As the environmental crisis continues, it is more important than ever to work together. EL's Environmental Initiative, a voluntary com-

mitment open to all EL members, highlights the importance of sustainability for lotteries.

Across the two days, **EL Level I Partner & WLA Platinum Contributors IGT and Scientific Games, WLA Platinum Contributor Pollard Banknote Limited and new EL Level 2 Partner NeoGames,** contributed to the seminar with involving presentations. Fueled by new research Scientific Games dug deeper into the importance of happiness and explored the needs of the post-Covid lottery players. IGT, which focused on how to leverage AI to make data-based decisions, providing players with personalized messaging and optimizing marketing budgets, uses this approach to support iLottery marketers with their holistic end-to-end advanced analytics platform. Pollard highlighted the driving force for innovative new products. When we think of innovation, sometimes the key to finding new opportunities for success requires a change in perspective. NeoGames provided a perspective on how lotteries can successfully prepare for - and power through - turbulent times.

Finally, as Winston Churchill famously once said: "Never let a good crisis go to waste.".

EL and WLA members responded to the extreme disruption of the last three years provided with ingenuity and resourcefulness as well as operational excellence. Our keynote speakers inspired us to see that adversity provides us with an opportunity to push ourselves in ways we never have, and to be excited about a future rich with potential.

The event was moderated by Arjan van 't Veer, EL Secretary General & Luca Esposito, WLA Executive Director. Welcome speeches by Rebecca Paul, WLA President and Hansjörg Höltkemeier, EL President. ■

Keynote speaker Liz Jackson MBE, Marketing Director & Co-owner at leading Corporate Finance Advisor, BCMS, UK

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LOOKING FORWARD

Lotteries of the Future

THE 11TH EUROPEAN LOTTERIES (EL)
CONGRESS & TRADE SHOW 2023

We are **LOOKING FORWARD** to the EL event of the year under the theme ''Lotteries of the Future''.

Set in a beautiful region, characterised by its Mediterranean climate and picturesque landscape, **a future looking programme with inspiring speakers** will allow us to reconnect, exchange and engage on relevant topics such as the Metaverse, corporate culture, and e-sports as well as state of the art examples on artificial intelligence.

An attractive Trade show will bring the latest developments by the leading suppliers of the lottery sector and will be the place to meet, experience and do business.

Surrounded by sun, sea and sand on the idyllic Adriatic coast, **we look forward to welcoming you to Šibenik for the magic that you will never forget!**

Registration open via the **EL website.**

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LOTTERY WINNERS IN SPACE!
EXPERIENTIAL PRIZING REDEFINED.

Hans Christian Andersen, the renowned Danish author, who transported millions to far away worlds with his marvelous, fantastical stories famously observed that, "To travel is to live". It's true. The sentiment is as relevant now as it was 200 years ago. We love to travel, and we thrive on the experiences our journeys deliver. It's at the heart of why experiential prizes in the lottery industry work so well. By awarding 'money-can't-buy' trips, loaded with custom touches that make them totally unique, lotteries are fulfilling player dreams and creating goodwill in high profile ways that more traditional cash prizes don't often deliver. Games and promotions that include experiential trip prizes have become an indispensable tool to help lotteries achieve their sales, marketing, and public relations goals.

And as experiential prizing has evolved, lotteries and their vendors have learned valuable lessons about what differentiates a 'trip' prize from an 'experience'. Winners are increasingly delighted by incredible destinations and one-of-a-kind activities they might never consider but for the purchase of a lottery ticket.

Experiential prizes have come a long way since lotteries began awarding them decades ago. Trips to Vegas or Hawaii are still popular today, but players have grown to expect more, and the things INCLUDED in those trip prizes have steadily raised the bar. Anyone can buy airline tickets to Vegas and book rooms at famous casinos, but the turnkey, all-inclusive, white-glove treatment vendors deliver, along with cash and unique events take these prizes to a whole new level. We feel like we've nearly perfected the process.

But even the most successful recipes can benefit from a new perspective. How do we take the winner's experience to new heights? What can lotteries offer that checks off all the right boxes, cuts through clutter, creates buzz, and pushes the 'wow' factor through the roof? It's space. It's giving lottery winners a true, life-changing opportunity to see the world from an entirely new perspective. And it's now reality. That's the dream the team at Alchemy3 has brought to life. The bar has

been raised, and players will be lining up to take their shot.

"We've been looking to space for a long time", said Jeffrey Schweig, President at Alchemy3. "But until now, there were just too many barriers. Cost was prohibitive and the inherent risks involved with rocket powered flight were just too much. It wasn't until we established our relationship with the great folks at Space Perspective that we knew we were really on to something."

Imagine. Lottery winners embarking on an all-inclusive, fully curated trip to Florida's 'Space Coast' where they'll experience Cape Canaveral and its contributions to NASA and space exploration, culminating in a SIX HOUR flight that will take them to the very edge of space; the perfect backdrop for conducting (pardon the pun) an 'astronomical' drawing that may result in the creation of a new millionaire at 100,000 feet! That's the experience your lottery can now affordably offer.

The team from Space Perspective quickly understood the vision and value proposition Alchemy3 brought to the table. "The opportunity to send lottery winners into space using our technology was very appealing to us," said Edyta Teper, Head of Global Sales, Trade Partnerships at Space Perspective. "And with the launch of the Texas Lottery's program later this year, our partnership with Alchemy3 will make space flight available to just about anyone. It's a realization of our own vision, and we see it as a truly mutually beneficial relationship."

So, what will a Space Perspective trip to the edge of space be like?

No rockets. No g-forces. Space Perspective will deliver a completely reimagined spaceflight experience. Instead of rocketing away from the Earth at high velocity, Space Perspective's zero-emissions spacecraft, Spaceship Neptune, is rewriting the playbook. Propelled by a SpaceBalloon™, eight passengers will ascend on a gentle yet thrilling journey to look back at our planet from an entirely new perspective.

The six-hour voyage aboard Spaceship Neptune will be more like a super-premium box seat at a sports stadium – safe and comfortable, with no training needed, and as easy as boarding an airplane. The pressurized roomy capsule, or 'space lounge' allows passengers to experience the majesty of space in luxury, giving winners the ability to walk about the capsule during the flight and enjoy VIP amenities that include Wi-Fi, a stocked bar, and onboard facilities with a view. This journey to the edge of space provides a great opportunity to LIVE STREAM the experience, create incredible media buzz and delivers a perfect backdrop for lotteries to consider the award of life-changing second chance cash prizes. The buzz surrounding such an event could eclipse that generated even by recent massive draw game jackpots.

The reality of 'accessible, affordable' space flight has made Space Perspective a new star in the field of space tourism, and flights to space are booking fast. If you'd like to learn more about how you can send your own winners on this adventure of lifetime, contact your Alchemy3 Account Director today. ■

WHAT CAUSES US TO CHOOSE ONE GAME-OF-CHANCE OVER ANOTHER?
UNDERSTANDING THE MOTIVATIONAL DRIVERS OF EACH GENERATION OF CONSUMERS …

Simon Jaworski, *Executive Vice President Lottery & Gaming, Leger USA*

Le9er

THE **RESEARCH INTELLIGENCE** GROUP

LEGER – PLAYER VALUE GAMING 2023

A large majority (85%) of the adult US Population has played at least one of the 6 main gaming/gambling products (this includes video and social games) within the past year, with three-quarters having played in the past month. Think about that for a second. This is among everyone into their eighth decade. For Gen Z, these numbers are even higher, with 90% having played a video or social game in the past year. Whomever coined the phrase "Take your life in your own hands", probably didn't realize that an iPhone or Android device would do just that to a majority of the first world population in 2023.

Social games and video games are the most played type of game, with more than half of the U.S. population playing either type of game in the past year. However, Lottery games closely follow, with around 50% of Americans having played at least one type of Lottery game within the past year. Sports betting and fantasy sports are up and comers, with a quarter of the population playing in the past year, leaving room for growth as legalization grows (at least on the sports betting side). But for now, Lottery commands a huge lead over sports betting.

Ever since mobile sports betting was legalized (it is now legal in 26 states as of March '23, up from 18 in January '22), gaming and gambling organizations, including North American State lotteries, have tried to understand what drives player value in the post-COVID era. This is so they can respond to changing behaviors and inform their planning decisions with insights about which other gaming categories provide the biggest competitive threat and adjust for this strategically.

Leger's team thought long and hard about this quandary, and devised its own Gaming Player Value Score, which captures and assigns values to a wide variety of what we call "dimensions": functional, social, monetary, and psychological factors,

including the experience of winning and losing, routine play, pace of play, relevance or perception of odds, risk vs reward, convenience, and much more. The Player Value Score (PVS) allows for benchmarking and comparisons between these gaming dimensions to understand differences, similarities, and opportunities.

The key aspect of the research, conducted in October 2022 among 3,692 Americans from all states, focuses on what drives value for players across five key gaming categories: lottery (split by draw game and scratch games), sports betting, casino gambling, online gambling, and video/social gaming. Leger's Analytics team has derived how value from play leads to players' behaviors such as frequency and spending, and how it will also affect future intention to play. These vital insights can guide the ways we shape game development, brand messaging, and promotional strategy.

So, what is Leger's Player Value Score composed of?
Nine components make up how much value players derive from the gaming categories they play, and how those aspects will drive their decision to play in the future. Please note that while these are ranked in order of overall importance to gaming and gambling, they affect all six gaming categories very differently.

#1 Convenience
How convenient the game is to play. Convenience is a mission-critical variable.   It is not only the #1 driver across the entire range of gaming, but it is a top 3 driver across five of the six gaming categories.

#2 Time Spent
How much time players spend playing. This is the #2 key driver for Casino Gamers, Sports Bettors and Video/Social Gamers.

Leger's Player Value Score – Heavy Spenders

Among heavy spending players, the Player Value Score increases for each Gaming category, with Sports Betting and Social/Video Gaming seeing the largest increases over the average (both increasing Player Value by 11 points).

Draw Games and Online Gambling see the lowest increases from the average (up 8 points) and still garner the lowest scores.

Draw Games	Scratch Games	Casino	Sports Betting	Social/Video Games	Online Gambling
58	66	67	68	72	62

WHAT DOES IT MEAN?

- Scratch ticket 'heavy spenders' derive as much value from play as Casino game players and Sports Bettors, and significantly more than Draw Game players.
- Social/Video Gamers 'heavy spenders' derive the most value from what they do, at a significantly higher level than the other five gaming categories.

Fig.1

So what's driving PVS? – Derived Importance Ranking

- Convenience ranks 1, 2, or 3 for all types of games besides sports betting, where it lands in spot 6
- For Scratch and Social/Video Gamers, Convenience, Entertainment and Time Spent are the three critical factors driving Player Value.
- For Draw Game players, Regular Play, Convenience and Money Spent are the three key drivers, very similar to Casino players whose value is driven by Regular Play, Time Spent and Convenience.
- For Sports Bettors, Entertainment and Time Spent are the top 2 drivers of PVS.

	Draw Game Players	Instant/Scratch Players	Casino Gamers	Sports Bettors	Social/Video Games	Online Gamblers
Base Size	2172	1947	1181	1078	2583	1103
Convenience	2	2	3	6	1	1
Time Spent	5	3	2	2	2	4
Entertainment	4	1	5	1	3	7
Regular Play	1	6	1	4	6	2
Luck	6	5	6	3	7	6
Money Spent	3	4	4	7	8	5
Winning/Losing	9	8	7	8	4	3
Winning Odds	7	7	8	5	5	8
Social	8	9	9	9	9	9

WHAT DOES IT MEAN?

- Scratch Players share two qualities driving PVS with Sports Bettors and Social/Video Gamers, but the two latter categories are almost exclusively online.

- Winning Odds was ranked low among all types of gamers, including those who play games where they could win money back. Entertainment and time spent are more important factors.

Fig.2

#3 Entertainment

How entertaining the games are. Scratch players and Sports Bettors have this as the #1 driver of their Gaming Player Value, which could explain why there is a lot of play crossover between the two categories.

#4 Regular Play

Both Draw Players and Casino Gamers are driven by Playing Regularly as their #1 Player Value driver, although there are very strong and significant differences between Heavy and Light Spending players.

#5 Luck

Although luck plays a moderate part in driving players value of each gaming category, Sport Bettors feel that it has a bigger part to play in their ability to bet and win. However, this changes significantly when comparing Heavy to Light Spending Sports Bettors, with Heavy bettors feeling luck plays a very important role in their future play. The different player attitudes as regards to the role of luck, and how it varies across game categories, is a most interesting object for future research!

#6 Money Spent

Not a driver at all for the Social/Video Gamers (at least not at the total level), the amount of Money Spent is still an important driver (4th) for Scratch Players and Casino Gamers, especially Heavy Spending Scratch purchasers.

#7 Winning/Losing

The winning proposition is a Top 3 driver for Online Gamblers, but this factor is truly driven by those Low Spenders in the category.

#8 Winning Odds

Although mostly a tertiary driver, Winning Odds, which will not come as a surprise to industry experts, does have a stronger drive of future play among Heavy Spending players in both the Casino and Sports Betting sectors. We need to understand more about the way lottery players perceive Winning Odds, and how that may be changing.

#9 Social (v Individual)

Perhaps one of the most interesting aspects of the Player Value study, is the fact that Gaming overall has always been more of an individual activity as opposed to a social one. However, both Heavy Spending Sports Bettors and Online Gamblers are driven in part by a 'social connection' to their gaming. We might expect the industry to work on finding ways to tap into this universal desire for a more social experience.

How overall Player Value affects a Gaming category in terms of future play

Although a one number score can be seen as somewhat simplistic, it does offer an insight into the health of a gaming category. Right now, Video/Social Gaming is the healthiest category in Gaming in terms of Player Value, driven especially by Gen Z and Millennials. Lottery Draw Games have the lowest overall Player Value in 2022,

Scratch-Off Price Points Played And Favorite To Play

- $5 Scratch-Off tickets emerged as the most played price level for tickets purchased within the past year. Over half of players have purchased a $5 Scratch-Off ticket and 22% said that it was their favorite price point to play.
- $1 and $2 tickets were the next most popular price level, with just under half playing each of these price points within the past year.
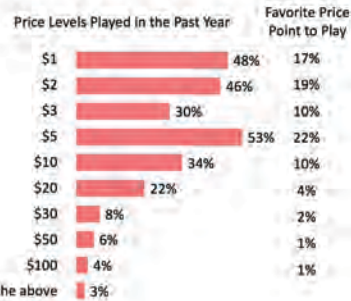
Price Level	Price Levels Played in the Past Year	Favorite Price Point to Play
$1	48%	17%
$2	46%	19%
$3	30%	10%
$5	53%	22%
$10	34%	10%
$20	22%	4%
$30	8%	2%
$50	6%	1%
$100	4%	1%
None of the above	3%	

Fig.6

PVS Drivers – Derived Importance Ranking by Generation (Boomers)

- Boomers are primarily looking for entertainment at their life stage, and this is the #1 driver for Draw and Scratch Lottery games and Sports Betting.
- For Casino games, Boomers want Regular Play and Spending Time, perhaps just looking to kill time.

	Draw Game Players	Instant/Scratch Players	Casino Gamers	Sports Bettors	Social/Video Gamers	Online Gamblers
Base Size =	594	555	314	249	636	224
Convenience	7	5	5	4	1	3
Entertainment	1	1	4	1	5	6
Regular play	2	6	1	7	4	8
Luck	3	3	7	3	8	2
Money Spent	6	2	3	5	7	5
Social	8	7	9	8	9	9
Time Spent	4	4	2	6	2	1
Winning Odds	9	9	6	2	6	4
Winning/Losing	5	8	8	9	3	7

Fig.3

WHAT DOES IT MEAN?

Perhaps surprisingly, Just like Gen X and Millennials, Boomers are driven by Convenience for their Social/Video Game play.

slightly behind Online Gambling. This ultimately means that Video/Social Gaming is doing a better job at meeting future needs ('convenience', 'entertainment' and 'spending time'), than the Draw Games sector (which is lowest for 'convenience', yet highest for 'important to play regularly'). At some stage, Draw Games will need to offer something more enticing other than 'regular play', especially for Gen Z.

Are the four Generations different in their Gaming Player Value, and if so (ok, yes, they are), what drives each one in the six gaming categories?

For Gen Xers, spending more money is less important for Social/Video gamers than most other types of gamers. However, unlike younger generations, spending more time and deriving entertainment from their choice of game starts to emerge as more important drivers for gaming, perhaps a distraction from their everyday lives. This can be seen among Gen X Scratch gamers, Casino Gamers, and Online Gamers.

Millennials derive the most value from five of the six gaming categories, with the notable exception of Social/Video gaming which has the highest PVS of all gaming types among Gen Z. As the 'owner' of two Gen Z boys, their iPhones are never far from their hand irrespective of what they are doing, and the younger one plays high speed Chess on his device while engaging in other activities.

Boomers derive their highest PVS from Casino games, and their lowest from Draw Lottery games, although they have the lowest PVS among all gaming categories, among all generations.

Ironically, the two generations at opposite ends of the spectrum, Boomers and Gen Z, are both driven by 'Entertainment' as the #1 factor for Player Value for Draw Games, which allows U.S. State lotteries to perhaps proverbially 'kill two birds with one stone' in designing new Lottery numbers games that could connect with both generations.

Scratch ticket 'heavy spenders' derive as much value from their play as Casino Game players and Sports Bettors, and significantly more than Draw Game players.

So what does all this mean for the future of some of the main gaming and gambling industries?

Video/Social Gaming – Video/Social gaming has the highest Player Value of any Gaming sector, and notably among the highest spending group in their sector. It also has the highest Player Value scores across all Gaming variants, plus the least variance among 'heavy spenders' across the three youngest generations (Gen Z, Millennials and Gen X), and so it is primed for additional growth over the next decade. The 'heavy spenders' are driven by Convenience, Entertainment, and also

Gaming Profile – Video/Social Gamers
KEY: Video/Social Gamers have the lowest crossover levels with the other 5 Gaming sectors
Fig.4

PVS Drivers – Derived Importance % - Online Gamblers

	High Spenders $2000+	Medium Spenders $500-$1999	Low Spenders $499 and Under
Base Size =	67	75	82
Convenience	10%	13%	3%
Regular play	5%	22%	35%
Winning/Losing	1%	10%	23%
Time Spent	21%	4%	3%
Money Spent	15%	15%	11%
Luck	3%	2%	12%
Entertainment	25%	12%	4%
Winning Odds	5%	13%	5%
Social	14%	9%	3%
TOP 3 IMPORTANCE %	61%	50%	70%

Fig.5

What do the Player Value Gaming results means for the future of each industry?
Fig.7

Winning/Losing, and this last aspect has to strike a balance with players to ensure financial growth can be achieved. Video/Social Gaming also has the distinct advantage of being both national (in all states) and being exactly where the consumer is (in their homes, in their hands), which also points to 'Time Spent' being another driver of their future play intent.

Online Gambling – Despite the second lowest PV Score, Online Gambling is currently held back primarily through litigation, with a majority of US states not currently allowing legalized gambling online. However, despite being about a decade behind Video/Social Gaming in terms of accessibility, Online Gamblers have the advantage of two key components driving future play and spend – 'Convenience' and 'Entertainment'. A large proportion of the big players in the space are also affiliated with key land-based Casino brands, so they do not need to re-invent the wheel, unlike Sports Betting. How this sector does in attracting more Gen Z and Millennials over the next decade will ultimately lead to how well the industry will

succeed as a whole. Right now, crossover appeal with Social and Video Games is already there.

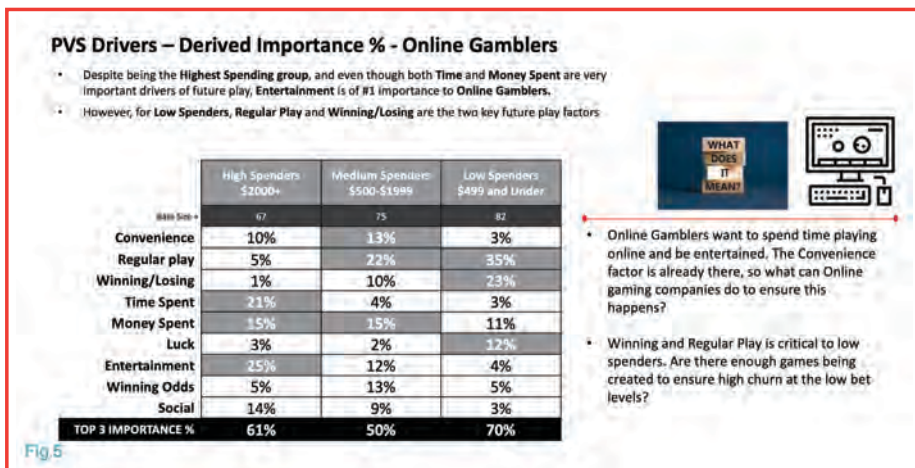**How should lotteries (and other industries) use this Player Value information?**

Obviously, with a study this large, and with such depth of information by category, by generation and by heavy/medium/light players, the Player Value offers something for everyone connected to the strategic growth of playership and retention of lottery players.

It is not simply understanding what is driving current lottery players to play Scratch, buy a Pick 3 ticket, or launch an App to gain access to Keno that is essential, but ultimately what is driving your current lottery players (essentially distracting them in terms of time and money) to find value in competitive gaming products.

Five years ago, there would be almost no mention of 'lines' (sports betting jargon) on ESPN or the other major networks, but in 2023, you cannot move for information on 'in-game parlays', and the seamless integration with every aspect of gambling on sports. This form of free advertising enjoyed by sports betting operators is now ubiquitous. It's in our homes, on our phones, and above all, is there at our convenience.

Right now, only 15 U.S. states have online Casinos, which offers a chance for land-based Casinos to devise new strategies for incoming competition.

For the handful of states who can count eInstants (electronic Scratch tickets) in their current game portfolio, be thankful that you are not now at a strong competitive disadvantage. eInstants are convenient and entertaining (two of the key drivers), matching sports wagering stride for stride. For everyone else behind the technological curve (i.e. states with no iLottery), this type of information may be very useful for your state representatives, especially those who value the revenue that U.S. lotteries give to good causes, and value Responsible Gaming and a gaming market-place that provides parity of access and options – to build the case for competitive balance. Sometimes the value of a player isn't clear, until they are a player no more.

If you would like to buy the 100 page 2023 Player Value Gaming study, it is available now for $9,500, which includes data tables and a 30 minute presentation of results.

Next year's (2024) Player Value Gaming study will also allow states to oversample within their own state, to get direct comparisons to the U.S. market as a whole.

Trust me, I am a researcher. ■

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our overall portfolio of gaming options has expanded and that causes changes to peripheral activities and functions like planograms to take on a new and different look. Frankly, it is exciting because it opens up opportunities to expand. We must continue to innovate or, as former GE CEO Jack Welch says "Change before you have to," to meet player needs.

How has the disruption of the last two years changed or impacted NASPL's mission?

S. Taylor: That's a great question, Paul. Thanks to our incredible staff at NASPL HQ, we are business as usual…with a few minor changes. We joined the rest of the world in embracing remote work and online meetings. While we do enjoy the return of in-person meetings, conferences, and trade-shows (see you in Cleveland for Lottery Leadership Seminar, then in Denver for Professional Development Seminar, and then Milwaukee for the big NASPL annual conference/trade-show!), like everyone we have integrated video-meetings into our basic communications agenda.

The immediate past-presidents of NASPL – Bishop Woosley, Angela Wong, and Gretchen Corbin – did a lot of the heavy lifting with input from the rest of the NASPL executive committee. We reacted promptly by making the best decisions with the information we had at the time. We began by offering virtual opportunities that included video training and educational seminars sessions for our lottery teams. A few issues were unavoidable, such as the need to extend contracts for hotels and conference centers so events scheduled in a time when there was no travel could be rescheduled for a time when we have gotten back to our normal travel routines. We also launched a new survey tool with the results being posted to the NASPL Matrix site.

In addition, we certainly refined how we maintain communications and project-management process throughout the year. In fact, I might observe that a collateral impact of all this disruption is that many of our skill-sets and competencies have been enhanced by the whole experience. Kind of a "necessity being the mother of invention" thing.

In your letter to the industry (in December NASPL Insights on NASPL.org), you refer to experiential prizes as an example where lottery is innovating. Where else do you see innovation taking place?

S, Taylor: While cash prizes will always be the standard for lotteries, players have shown an interest in more experiential prizes. The Texas Lottery, for example, has partnered with professional sports teams to provide once-in-a-lifetime game experiences. Other jurisdictions have prizes involving concerts and cruises, just to name a few. And recently, Powerball and NASCAR have partnered to reach a wider audience. This unique agreement will highlight one of our industry's most popular games in a way like never before. I think we can expect to see more of these new kinds of brand collaborations.

But it's not just these types of prizes that show the innovation of lottery.

More basic but important innovations, such as game design and price-point progression, remain key components of product life-cycle management and our business in general. Increasing the number of POS sales-points with in-lane sales and courier services where deployed or permitted allows easier access to our products. Other innovations include possible game changes for Mega Millions and thinking holistically about the "for life" games.

I'd be remiss if I didn't mention iLottery as a modernization opportunity. Those states that have already implemented it have seen success without harming traditional brick and mortar retailers, which still reign as king. While this new sales channel has been successful, not all states have gotten onboard due to various constraints. States who have iLottery have gained a lot of information about and insight into player interests and preferences. iLottery states are introducing new games to their portfolios and developing new ways to capture and interpret data to take a more individualized approach to their players. The end result of iLottery-enabled enhancements is a better player experience and more funds for the good causes supported by Lottery.

Speaking of iLottery; are there things we can do to increase the effectiveness of our legislative outreach to get iLottery authorized in more states?

S. Taylor: Here in Indiana, we just went through this exercise where iLottery and iGaming legislation were bundled into one bill and failed to gain traction due the perceived lack of a need or want by the consumer, by the citizens of the state. The NASPL Government Relations committee is equipped to support lotteries that are involved with their legislatures by providing industry-wide facts, data, white-papers, and debunking myths about Lottery. NASPL also stands ready to conduct surveys about the interests of lottery industry topics or issues for the benefit of our members.

Since lotteries are sanctioned by the state, certain laws or rules or just tradition may limit their legislative efforts. By working with our vendor and retail association partners, we can collaborate and share data and information with lawmakers. In the meantime, NASPL is also monitoring illegal lotteries that deprive legitimate good causes of revenue. Legislators are natural advocates for consumer protection of their citizens and should be informed on how to help eliminate, or at least minimize, illegal lotteries and illegal gambling activities.

Sarah, you've been involved in the lottery industry for almost a decade and have led both MUSL and now NASPL. What do you enjoy most about our industry?

S. Taylor: So many things could be said about our industry and what makes it so special, but I think the spirit of cooperation is key. We truly learn from each other. Because we are prohibited from selling products outside our own jurisdiction, we can be collegial and not competitive. It's not uncommon for directors to call and ask, "Can I talk to your sales team about XYZ?" We share job descriptions and game ideas. The Hoosier Lottery once used a TV ad previously used in Tennessee (with their permission, of course).

As a part of this collegial nature, I want to point out the Women in Lottery Leadership (WILL) mentoring program. It's a wonderful program where everyone is a phone call away and willing to support each other through the relationships with our colleagues and in our various game groups. The lottery industry is not short on collaboration! ∎

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t's the collaboration between operators and their commercial partners which drives innovation and progress and makes this industry work. PGRI endeavors to support and nurture that relationship, confident that together we can all build successful businesses that meet the needs of our stakeholders and customers. The leaders of the commercial community play a vital role in our industry, and we are thankful for their invaluable contributions to the exchange of ideas that happens at PGRI conferences, and all industry events and conferences. Their products and services are the result of a tremendous investment in R & D, and their insights and capabilities are informed by a deep experience in all aspects of the lottery business. Following is their story. Please also visit the conference website (www.PGRItalks.com) to see their presentations from PGRI conferences.

★ DOUBLE-PLATINUM INDUSTRY LEADERS ★

INTERNATIONAL GAME TECHNOLOGY PLC (IGT)
North America Lottery Headquarters:
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A global leader in lottery and gaming, IGT is uniquely positioned to deliver unrivaled gaming experiences that engage players and drive growth.

To support player-driven innovation and growth for our customers, we leverage a substantial investment in player insights, a wealth of premium content, operator experience, and leading-edge technology. Our Global Lottery, Global Gaming, and Digital & Betting organizations respectively support four key business segments:

Lottery – IGT's pioneering and award-winning solutions encompass all aspects of the lottery business, including iLottery. We're the trusted source of fully integrated product roadmaps and advanced solutions to accelerate the convergence of retail and digital. We continually refine and optimize our systems and tailor distinctive game content to help our customers strengthen their relationships with the players they serve.

Gaming – We deliver dynamic games, systems, gaming machines and other growth-driving innovations to gaming venues around the world. IGT's distinctive systems solutions give operators the control and flexibility they need to optimize their gaming floors, offer cashless gaming, and manage robust loyalty programs.

Digital – IGT PlayDigital is dedicated to delivering growth-driving solutions that advance digital play across the global iGaming sector. From content and systems technologies to critical support services, our iGaming portfolio is integrated, modular, and flexible.

Sports Betting – The IGT PlaySports solutions portfolio was created specifically to meet the needs of North American casino and lottery operators. The proven, award-winning platform is versatile, and annually processes billions of dollars in wagers through retail, mobile, and self-service technology.

IGT's commitment to responsible gaming is woven into the fabric of our product development, services, programs, and policies. The Company maintains responsible gaming certifications for all four of its product segments – lottery (including iLottery), gaming, digital, and betting – through both the Global Gambling Guidance Group and World Lottery Association.

IGT is a member of the United Nations Global Compact network to align strategies and operations with universal principles related to human rights, labor, the environment, and anti-corruption. We also support the United Nations' Sustainable Development Goals (SDGs).

IGT is dedicated to creating a fair and inclusive culture that values unity, diversity, and belonging in our people, players, customers, and communities. We received a perfect score on the Human Rights Campaign Foundation's 2022 Corporate Equality Index earning us the "Best Place to Work for LGBTQ+ Equality" designation. IGT was also recognized by the All-In Diversity Project as the top-ranking gaming supplier in the 2021 All-Index™ report.

Pollard Banknote Limited
www.pollardbanknote.com

Pollard Banknote delivers a full suite of industry-leading print, retail, and digital products and services to lotteries worldwide. As the lottery partner of choice, we empower our clients by delivering strategic recommendations and innovative tools that support responsible growth and increase proceeds for good causes.

Our expert team of lottery specialists focuses on three key dimensions for success: **outstanding games** that excite loyal players and attract new ones, **retail excellence** through effective in-store strategies and retail network expansion, and **digital innovation** that enables a fully integrated experience. Our unwavering commitment to innovation across these areas has resulted in exponential growth and a global family of companies spanning 16 locations, with over 2,000 employees collaborating across seven countries.

Pollard Banknote supports our clients' business objectives with comprehensive marketing strategies and related services that drive lottery performance by creating engaging player experiences, while our revenue-driving games push the boundaries with captivating designs, unique playstyles, and exciting licensed brands that maximize entertainment value.

Our retail products include best-in-class in-lane solutions and instant ticket merchandising, dispensing, and POS display options from our Schafer Retail Solutions + portfolio. With responsible gaming at the core, Pollard Digital Solutions encompasses an extensive range of world-class digital products spanning mobile application development; Space Between™ games; player engagement, including 2nd chance and loyalty platforms; iLottery; and other lottery-specific systems and services. The brand also offers a full suite of lottery management and optimization tools, including warehousing and distribution platforms and services. Our Pollard Charitable Games Group provides pull-tab tickets, bingo paper, ticket vending machines, and electronic games and devices to charitable and other gaming markets in North America.

With a range of innovative solutions and products supported by unparalleled expertise and experience covering all aspects of lottery, Pollard Banknote continues to be the premier partner for lotteries worldwide and a driving force in the industry.

Scientific Games
www.scientificgames.com

Relentless innovation. Legendary performance. And unwavering security. All built on a foundation of trusted partnerships.

Headquartered in Atlanta, USA, Scientific Games is a global leader in retail and digital products, technology and services that drive profits for government-sponsored lottery and sports betting programs. With 130 lottery customers in 50 countries, we responsibly propel the industry ever forward and elevate play every day.

From enterprise gaming platforms to exciting entertainment experiences and trailblazing retail and digital solutions, we care about the details that drive profits for lottery beneficiary programs.

Our worldwide team of 3,000 employees on five continents know what people like to play today. And with the power of our data analytics, we can predict what they'll want to play tomorrow.

We're always thinking about the player experience. Because it's not just a game. It's an instant of optimistic fun.

Scientific Games is the world's largest creator, producer and manager of lottery instant games and a leading provider of lottery technology. But the best part? We're just getting started. We are the partner of choice for the growing iLottery and lottery sports betting markets. Because when it comes to digital, trust is everything.

The lottery experience is always one of excitement. But we're endlessly innovating, always evolving and firmly committed to responsible gaming. So that the future of lottery funding shines bright.

It's a future of stability and inspiration. The strength of security paired with the thrill of the new. It's the future of Scientific Games. Since 1973, we're the driver of today's favorite lottery games and most advanced technologies, and sustainability for tomorrow.

- Retail Instant, Draw and FastPlay Games
- Digital and iLottery Games
- 2nd Chance Games and Promotions
- Winners Events
- Licensed Brands
- Player Loyalty Programs
- Mobile Apps

- CRM
- Enterprise Gaming Platforms
- Sports Betting
- Retail Solutions
- Payment Solutions
- Consumer Analytics and Insights
- Business and Retailer Intelligence
- Managed Services

ABACUS Solutions International Group
In-lane Solutions for Innovators
www.lotteryeverywhere.com

Abacus' mission is to allow consumers to buy lottery tickets everywhere via constant innovation in distribution. Our entire ethos is built around thinking differently and improving the customer experience. Abacus views consumers, retailers, vendors and lotteries, as our customers. We are the first company to try to improve the experience for all of these varied customers simultaneously. Abacus does so by bridging the gaps between the different parties for frictionless ticket sales and gameplay.

The future of lottery lies in integrating with existing retailer and consumer infrastructures. We enable this by providing a highly secure transaction gateway between the Retailer and the Lottery CGS.

Moving to an in-lane solution (both manned and unmanned) will help eliminate shrink and reduce retail labor costs; reduce debit and credit costs associated to lottery; print a ticket on a retailer's receipt paper; dispense instant tickets securely through every point of sale; offer digital game play through a mobile or a retailer terminal. Easy, smooth, instant: a virtual terminal in every lane.

Our fully managed service offering includes:

· Lottery In-Lane, Self-Checkout, and Self-Serve

· Instant ticket sales and validation through our gateway

· Ticket by ticket delivery of instants where supported by your CGS

· Abacus Digital using our mobile application for game selection and gameplay

· Sports Betting where supported by your CGS

· Online delivery through e-commerce (where allowed by State law)

· Abacus games portfolio, including Bill Paid™

· Retailer loyalty solutions, follow-on promotions & second chance draws

· Dedicated management portal: control and monitoring of all services and reporting

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Carmanah Signs, a Division of STRATACACHE
www.carmanahsigns.com

Carmanah Signs is the Lottery & Gaming Division of STRATACACHE, the world's leading provider of intelligent digital signage and in-store marketing technology. Providing **best in class retail signage to 55+ lotteries** on four continents, Carmanah has **over 220,000 networked sign installations** at retailers worldwide.

The company offers products designed to engage players at retail, including digital sign c**ontent management software, media player and display hardware,** all-in-one **interactive tablets,** and **jackpot and gaming signs.**

Carmanah also offers a complete suite of services to help lotteries build and operate effective digital communication platforms, including **network hosting, network monitoring, content creation and scheduling,** and **specialized field services.**

The Carmanah team is made up of **retail technology experts** and **customer experience strategists** with **deep roots in lottery.** Carmanah is your partner in transforming lottery at retail to deliver exceptional player experiences — growing sales and **responsibly raising funds for beneficiaries.**

EQL Games
https://www.eqlgames.com/

Not a Typical Aggregator
EQL Games believes the lottery industry should be a marketplace of ever-evolving content and technology innovation. Supported by our modernized tech stack, EQL Games lives this vision by delivering disruptive, first-to-market products - both as an original game studio and as a third-party content aggregator. In 2023 EQL Games will be introducing new digital lottery content on multiple digital lottery platforms to help realize this vision.

We enable lotteries to add new and innovative content across both retail and digital channels and thanks to the start of a new partnership, we can now offer Team USA and Olympics content for all products, including scratch tickets. Our first-of-its-kind content aggregator enables EQL Games to deliver innovative content from multiple studios spanning draw, keno, and eInstant products without the potential headache and inefficiencies of dealing with multiple studios who do not understand the market. Inversely, we enable studios to offer content in a market they could not have entered otherwise.

EQL Games has four key business segments:

EQL Aggregation
Technology platform enabling access to a wide variety of game content – both originals and 3rd party – with a single integration and allowing speed to market

EQL Technology
Flexible, scalable configuration-based game engine and management platform powered by GLI-certified RNG and built on a platform that scales with demand

EQL Originals
Unique game content created in-house by EQL Games - live sports, TV shows and traditional draw games

EQL Licensing
Suite of best-in-class-brands delivering compelling and experiential content including NBA, MLB, NHL, NASCAR and Team USA

The EQL Approach to everything we deliver - True Agility. As a third-party, it is our responsibility to make adding our products as seamless as possible. That philosophy is clear in everything we do.

Instant Win Gaming (IWG)
www.instantwingaming.com

IWG is the world leader in supplying digital eInstant and instant win games to NASPL and WLA-member lotteries. It has 20 years' experience of making award winning, top selling games.

Each year, IWG develops more than 300 new InstantGames for its global base of lottery customers. Its games consistently perform at the highest level, engaging and retaining players while driving superior sales results. It has the knowledge to deliver winning game portfolios, and the experience to make them grow.

IWG delivers an end-to-end solution covering all aspects of eInstant development and portfolio management. The Company's InstantRGS (remote game server) delivers it's content in multiple lottery jurisdictions from data centers in the United States, Canada, United Kingdom and Gibraltar. It has a broad library available via its InstantRGS with games covering many proven themes and mechanics that can be developed into an ideal offering for a partner's eInstant and/or instant win program.

★ GOLD INDUSTRY LEADERS ★

Inspired Entertainment
inseinc.com

Engaging the next generation of Lottery Players

Inspired offers an expanding portfolio of content, technology, hardware and services for regulated gaming, betting, lottery, social and leisure operators across land-based and mobile channels around the world. The Company's Gaming, Virtual Sports, Interactive and Leisure products deliver winning entertainment that appeals to a wide variety of players, creating new opportunities for operators to grow their revenue. The Company operates in approximately 35 jurisdictions worldwide, supplying gaming systems with associated terminals and content for approximately 50,000 gaming machines; Virtual Sports products through more than 32,000 retail venues and online; interactive games for 170+ websites; and a variety of amusement entertainment solutions with a total installed base of more than 16,000 gaming terminals. As a large gaming provider, Inspired produces machines that deliver a winning combination of innovative technology, hardware, content and services. Inspired's proven online and mobile interactive slots and ilottery products are currently some of the highest-performing games. And Inspired is the creator and best-in-class producer of award-winning Virtual Sports that are popular with players around the globe.

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NeoGames is a global leader of iLottery solutions and services to national and state-regulated lotteries. Our mission is to be the long-term partner of choice for lotteries worldwide on their journey in the online interactive era.

We empower our customers to create the most successful iLottery programs for their players with a complete solution that includes industry-leading omnichannel platforms, an innovative portfolio of the best performing interactive games, and a full suite of business and technology services.

In 17 years of industry experience, research, and innovation, NeoGames has mastered the art of digital transformation and helped many customers to make the online transition smooth and generate outperforming growth. Our top-class technology, unmatched set of services, and partnership built on trust and commitment to excellence can withstand any market obstacle.

NeoGames' expertise enables it to astutely recognize the evolving needs of lotteries globally, and in 2022, NeoGames strategically acquires the Aspire Global group of companies, empowering it with the ability to provide the broadest set of solutions across iLottery, Sports Betting and iGaming.

NeoGames is publicly traded on the Nasdaq under the ticker symbol of NGMS.

NeoGames S.A. is a company incorporated in Luxemburg.

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INTRALOT is a leading gaming solutions supplier and operator active in 41 regulated jurisdictions worldwide with a global workforce of 1,800 employees in 2021. INTRALOT introduces business innovation driven by leading edge technologies to drive the lotteries transformation and to support them in raising funds for good causes.

INTRALOT fulfills its promise to customers and communities for sustainable growth by deploying ESG principles and standards within its operations. As a member of UNGC, INTRALOT supports the Ten Principles in human rights, labor, environment & anti-corruption. In addition, it has been awarded with the WLA RG Framework certificate.

USA subsidiary, INTRALOT, Inc., employs approximately 613 employees, with 16 contracts; three sports betting, in 13 jurisdictions, providing online systems and services, warehousing and distribution of instant tickets, and VLT/COAM monitoring. INTRALOT, Inc. contracts with lotteries in Arkansas, DC, Georgia, Idaho, Illinois, Louisiana, Massachusetts, Montana, New Hampshire, New Mexico, Ohio, Vermont and Wyoming.

SCA Promotions
Our risk, Your reward
scapromotions.com/lottery

SCA is the promotional risk management leader since 1986, supporting over 130,000 promotional events for the Fortune 500 and the Lottery industry. We provide tailored solution for Lotteries, their agencies, and vendors to drive sales, reduce volatility, and support precise budget forecasting.

Prize Indemnity and Risk Transfer for
Player club acquisition & retention promotions
Retailer incentive bonus coverage
2nd chance promotions and prize coverage
Reducing volatility for Lotteries who operate legalized sports betting
Higher restart jackpots and faster progression for draw games
iLottery player acquisition
Our team of account managers, actuaries, and lottery veterans bring together a unique skillset that assists lotteries in maximizing player engagement, sales, and contributions to good causes.

SCA offers a complimentary risk & opportunities analysis for your portfolio of games
Contact our Lottery expert, Jackie Walker
Jackie.Walker@scapromo.com or (214)860-3752

Alchemy3
alchemy3.com

Established in 2007 by a team of dedicated lottery industry veterans, Alchemy3 is an industry leader in the development and implementation of highly successful integrated marketing programs, creative game designs national promotions, drawing and fulfillment services, web design, mobile app development, social media engagement and loyalty solutions for lottery clients across North America. Over the past 15+ years, the company has developed smart gaming solutions for dozens of branded game concepts, bringing them to life through a unique, visionary approach that considers the specific goals of individual lottery customers, generating more than $2 Billion in lottery game sales along the way. With more than 125 years of combined industry experience within both the customer and vendor communities on staff, Alchemy3 has a deep under-standing of the challenges and opportunities that face today's lotteries. The Company is based in Roswell, Georgia and is an authenticated NASPL vendor. They can be contacted at 770-742-6993 or at info@alchemy3.com.

Atlas Experiences

55 Park Square Ct. Suite 207
Roswell, GA 30075
www.atlasexperiences.com

Atlas Experiences is a promotional marketing company specializing in custom second-chance promotional strategies. These strategies deliver once-in-a-lifetime prizes, exclusive events, and money can't buy experiences. Atlas' innovative approach and technologies strategically engage consumers and reward loyalty to lottery organizations.

Program Services:
• 2nd Chance Prize Packages
• Multi-State Linked Programs
• Private Concert Sourcing and Production
• 3D Digital Game Show Development and Production
• Augmented Reality Promotional Solutions
• Individual Promotional Prize Packages
• Promotion and Event Design
• Marketing Strategies and Execution
• Turnkey Program Planning & Execution
• Winner & Guest Services
• Custom Merchandise

DREAM IT with Atlas Experiences!

Contact: Derek Gwaltney, Founder & Chief Executive Officer
dg@atlasexperiences.com

Blue Ocean mentality that can reshape the way we perceive our role as both producer and consumer, as partner and competitor, as both a story-teller and an actor in the story of our life. The Laprise experience is a brilliant account of how a traditional product – the circus show – can be turned into a cultural phenomenon. And it comes from focusing less on the problem and more on the solution, on the Blue Ocean.

An example of something in our industry that may not be as captivating as the Cirque du Soleil, is the Courier Service model as a Blue Ocean strategy. It is a different way of doing things. Blue Ocean strategy is about thinking differently, being open to new ways to see opportunity, and finding ways to serve the customer. Courier services are an example of that. We launched courier services just last year. Our big games were offering billion-dollar jackpots that the courier services helped fill a gap for the consumer of today.

At the Idaho Lottery, we are committed to continuous learning and that only happens when we stretch to think differently about the way we approach our business.

The business of lottery is unique. In my view, we need to think about the ways we can learn from others outside our industry. Blue Ocean thinkers that created Cirque du Soleil. Visionaries like Steve Jobs. Look at his YouTube videos from 1997 when he rejoined Apple and launched the 'Think Different' campaign. It's a great example of "subtract and replace" inside-the-box thinking when inventing the myriad of Apple products we take for granted today.

Lotteries necessarily operate under varying degrees of regulatory constraints. Constraints, however, force us to focus on what's possible and attainable. I think that makes it even more imperative that we use a Blue Oceans mentality to think differently. It allows you to see differently, to unlock the deeper reservoirs of talent and creativity needed to make the most of the tools we have.

I am proud of our team for finding a way to make the courier service work in Idaho. My thanks to Gary Greif and his team for helping us understand how one can approach the business problem by seeing differently. We need to think differently about how we approach our business opportunities and challenges, with an open mind towards thinking differently and seeing differently.

You and I have also talked about "anticipatory thinking".

J. Anderson: This insight comes from technology futurist and trend-tracker Daniel Burrus. Daniel helps see things differently by recognizing the difference between hard trends and soft trends. We all try to see around the corner and anticipate what's next before it comes into view. The trick of it is to realize that hard trends, usually influenced by technology, will not change. And an over-focus on soft trends can lead to unproductive problem-solving.

If something is not producing the desired outcome, we need to be willing to fail fast so our energies can be channeled into activities that have a higher-potential customer delight. We need to constantly reassess our business processes to look for activities that can even be skipped altogether.

This brings us back to Blue Ocean strategy, which is about focusing on our commonalities instead of our differences, how we can collaborate to mutual benefit, and to the benefit of the customer, as well as compete to deliver the best product and service and produce the best customer experience. Blue Oceans is about applying a vision that is expansive enough to unlock the ingenuity and open-mindedness to look past obstacles and focus instead on the positive pathways forward. Combine this with Burrus' anticipatory thinking, of being inspired to see around corners by identifying hard trends that are so key to understanding a world teeming with opportunity.

And Simon Sinek story-telling …

J. Anderson: We recently had to dig deep in our efforts to save Powerball for Idaho and our players. Game group changes threatened to put Powerball out of our portfolio of games because the changes conflicted with enabling legislation in Idaho statutes.

We pleaded our case, but I failed the first time to connect with our audience, Idaho policymakers. The traditional game-plan seemed the obvious choice until it wasn't. We needed more. So we thought about our "Why"; about how to reformulate an approach based on Simon Sinek's "What's your why". That led to thinking about how to recast our message as a story, and how to engage all our stakeholders – policymakers, educators, retailers – in the mission to embrace and spread our story.

People don't buy what you do, they buy why you do it. For instance, when I talk about the $75 million that Lottery generates for our beneficiaries, we get a spot on the evening news. It certainly makes a positive impression, but the reality is that giving millions of dollars for public education is just what state lotteries do every year and has come to be simply assumed and expected of us.

We needed ways to capture people's imagination, to tap into the universal human need for meaning and purpose. We thought about how we could make our story come alive and resonate with more energy and feeling, particularly when others tell our story for us. The Idaho Lottery "Do Good" initiative was born. We asked for wish lists and received requests for things like books and other necessities for schools. Things as simple as Bunsen burners and test tubes for science classes. We awarded hundreds of dollars for resources like this and watched what a great story that turned out to be. Earned media and kitchen table talk exploded. That type of storytelling is priceless and effective.

This is just a small example of how we think differently in finding a pathway towards something that has a bigger impact on the way all of us, players and non-players alike, as well as Team Lottery feel about why we do what we do.

We need to focus on the "why" that resides not in the mission statement or the reports of our accomplishments, but in the hearts and minds of everyday people. Our audience is everyone who cares about our children and public education, about lottery games, about fiscal prudence, about security and integrity of the games.

So let's inhabit the Blue Ocean, cast our creativity net far and wide, and tell a story that has a universal human appeal. The long-term benefit of connecting with everyone will serve future generations of lottery stakeholders quite well. ∎

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