

Launching a

## NATIONAL LOTTERY



in the

**WORLD'S**  
**9<sup>th</sup>**

Largest Country

Lottery Games Come to  
Republic of Kazakhstan

With the excitement of the 2018 Winter Olympics in PyeongChang barely subsided, more than 3,000 miles away in North Central Asia, the National Lottery of Kazakhstan launched on a typically cold, wintry day in March.

Bringing the entertainment of world class lottery games on a national scale to the Republic of Kazakhstan for the very first time, the National Lottery is creating important revenue to support Kazakh Ministry of Sport and Culture, including the Kazakhstan Olympic team.

The last of the Soviet republics to declare independence in 1991, Kazakhstan stands as the economic powerhouse of Central Asia, generating 60% of the region's GDP, primarily through its vast natural resources including oil, gas and minerals like uranium, lead, zinc, copper, iron and gold.

So how did a national lottery in the world's ninth largest country—more than one million square miles—actually come to be? The story begins quite some time ago, when Kazakhstan's government leaders were exploring the untapped revenue potential of lottery. In a market with multiple "gray area" gaming operators, they went in search of global best practices in other countries, then returned to re-regulate and create a single, socially responsible national lottery.

### **From the Beginning**

In February 2017, after a highly competitive bid process, the government contracted with lottery operator Satty Zhuldyz and its exclusive lottery technology, game and service provider—Scientific Games—for a period of 15 years.

Under the leadership of Satty Zhuldyz CEO, Alexandr Ten, and Board Member,

Peter Siroky, Scientific Games helped the operator deliver quickly, launching the National Lottery of Kazakhstan's first games at retail in September 2017 with an internet-based *FlexSys* instant ticket gaming system. This solution allowed Satty Zhuldyz to meet the government's aggressive implementation timeline, while the project teams at Scientific Games continued with the implementation of the company's well-known, integrated *AEGIS*® lottery gaming system. The *AEGIS* system launched in March 2018, with a suite of three draw games added to the product portfolio.

"Given the complexities of the market, Alexandr and Peter decided early on that the best way to mitigate risk and ensure a seamless product launch was to work with a single integrated supplier—fortunately for us, they chose Scientific Games," says Michael Conforti, President, Global Strategic Accounts for Scientific Games.

At the September 2017 launch, players were offered two instant games, Lucky 7s and Altin, priced at 300 Tenge (just under \$1 USD) and 500 Tenge (approx. \$1.50 USD), respectively. Lucky 7s is a cash match game, while Altin is a 'one hit wonder game'. The instant tickets featured both Kazakh and Russian language to ensure that the products can be easily played across the vast and culturally diverse country. After extensive marketing and focus group testing, it was agreed that the three draw games for the March "go live" would include Lotto (6 of 49), daily Keno and a daily numbers game.

(Cont'd.)



## about KAZAKHSTAN

Population: **18 MILLION+**

**9TH LARGEST** country in the **WORLD**  
(1 million+ square miles)

**WORLD'S LARGEST** landlocked country

**LOCATION:** North Central Asia,  
bordered by China and Russia

Last of the **SOVIET REPUBLICS** to declare  
independence in 1991

Generates **60% OF THE REGION'S GDP**,  
primarily through oil/gas and minerals

Capital city: **ASTANA**

**DIVERSE** cultural heritage

Official language: **KAZAKH**  
(Russian is also spoken)

Currency: **TENGE**

Member of **UNITED NATIONS**







## GO LIVE

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A lottery industry veteran who has shared his business, government and legal expertise with lottery start-ups in all corners of the world, Conforti compares the launch in Kazakhstan to the challenges faced by Scientific Games when rolling out the national China Sports Lottery infrastructure in support of the 2008 Beijing Olympics.

“From the challenges of building a technical and retail infrastructure across thousands of kilometers, to the need for understanding each country’s unique cultural attributes in order to design attractive games, the launching of national lotteries in these two neighboring countries required a Herculean effort from our project teams and close cooperation with our customers,” says Conforti.

He adds, “In Kazakhstan, the key to our success lies in the professionalism and integrity exhibited by the Satty Zhuldyz team, which emanates from the leadership style of its chief executive.”

### **A Team Approach**

Building the National Lottery’s gaming system to support a 3,000-retailer strong network, Scientific Games’ technology

teams—primarily from the company’s Vienna and Budapest technology centers—worked with Satty Zhuldyz Vice President of Sales and Marketing, Sergei Korovin. With a “go-live” deadline of less than nine months from contract signature, it was imperative that the project teams and the customer worked hand-in-hand.

“Retailer selection and training is always a challenge with start-ups. We have an extensive training process on-going, but the initial response of Kazakh retailers has been very positive as the games bring incremental visits and sales to their stores,” says Andrew Duffy, Director of Instant Game Services for Scientific Games, who developed the project for the company.

Fluent in Russian, Duffy is based at Scientific Games’ Leeds, UK instant game facility, where Kazakhstan’s games were designed and manufactured.

“We worked day and night to make this happen, and it has been a remarkable experience collaborating with Satty Zhuldyz to create a national lottery from scratch to serve a country of this size,” says Duffy.





While the games were created using Scientific Games' proven *15 Determinants of Demand*, he shares that the team learns more every day about the Kazakh consumer and diverse culture, which informs how games are marketed and distributed.

## Gaining Trust

Prior to the launch, members of the Kazakhstan media along with government officials had the opportunity to tour Scientific Games' Leeds facility, and query the company on every aspect of its business and operating philosophy, as well as its objectives for the Kazakh market.

"We demonstrated an unparalleled depth of knowledge about game design, positioning and prize structure, and as a result, the Kazakh media has been very positive and supportive," shares Duffy.

With every major systems technology project, there is a certain camaraderie that develops among the diverse group of professionals responsible for delivering on time and on budget. According to Duffy, "You can always feel the excitement mount leading up to the "go live" when the customer actually pushes the button and the gaming system comes up, connecting to all of the retailers in the network."

However, delivering the technical solution is only part of the supplier's responsibility. Just as important is the on-the-ground training provided to the customer and its retailers. To that end, Scientific Games sent a team from its Konstanz, Germany facility to train retailers on how to use lottery terminals and validate the instant game tickets.

Duffy mentions a particularly dedicated technologist at Scientific Games, Sandor Paulik, who logged midnight hours for more than a month in Kazakhstan, making sure the system implementation was textbook and all parties were well-trained.

## The Finish Line

Since the go live, a 700 Tenge (approx. \$2 USD) and 1,000 Tenge (approx. \$3 USD) game were added to the product portfolio, with the higher price-point games attracting significant attention from the players as seen by their interaction with Satty Zhuldyz via social media.

As lotteries go, the National Lottery of Kazakhstan is still in its early days, but there are already plans to expand the instant product portfolio, increase the frequency of the Keno draw, and develop the interactive sales channel.

Scientific Games is proud to stand behind Satty Zhuldyz and its support of Kazakh sports and the Kazakh Olympic team.

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