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CHRISTMAS
LOTTERY**

FEATURE INTERVIEWS

Hansjörg Höltkemeier,
Lotto Berlin and EL

Dr. Heinz-Georg Sundermann,
Lotto Hessen, Germany

Younes El Mechrafi,
Lottery & Sports Betting
Morocco

Evgeniy Vlasenko,
MSL Lottery Ukraine

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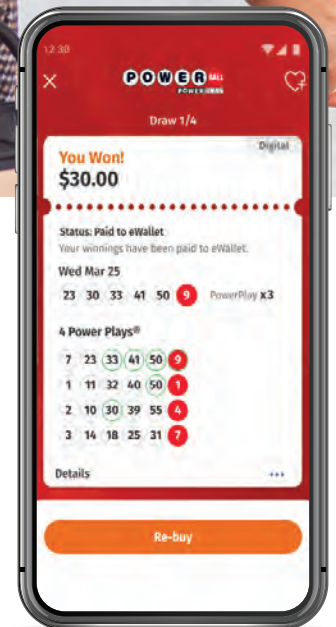


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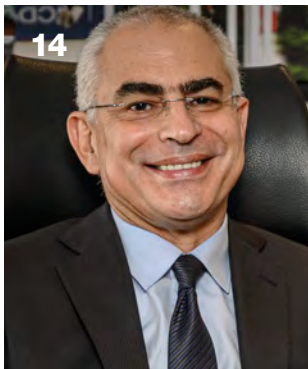
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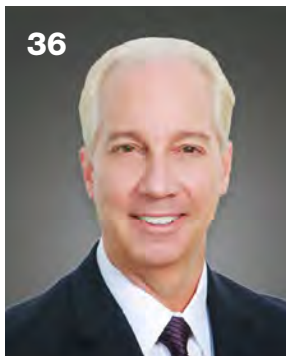
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From the Publisher

We sure do have a lot to feel good about these days! For one thing, we are very excited to see our European colleagues for the first time in 2-1/2 years. The EL (European Lotteries Association) Industry Days is a very special invitation-only conference event, held every other year in June but having skipped the last one in 2020. A lot has happened since then. What's more important is that we are bracing for even more to happen over the next two and three years. Thank you to **Hansjörg Höltkemeier** and **Dr. Heinz-Georg Sundermann** for our feature interviews which move the dialogue forward, getting us started on the path of reinvention for a new golden era of Lottery, and welcoming us to Wiesbaden for *Industry Days*.

Brand Experience Gap, a business meme du jour a couple years ago, refers to the gap between the brand strategy or message and the actual customer experience. The focus then was on closing that gap. Now that legacy customer perceptions and expectations have been so profoundly disrupted, I'm thinking this is a good time to focus on redefining the brand, on revisiting the premises and principles that have informed our brand strategies to date; taking advantage of this period of extreme disruption (or in Jack Welch parlance "not let a good crisis go to waste") to reimagine and revamp the brand. The consumer market-place is being radically reshaped as we speak, so we may as well embrace the uncertainty of the times to reshape our brand. Which brings me to another thing we have to feel good about. To my mind, the Spanish El Gordo Christmas Lottery is perhaps the most inspiring brand story in our industry. It really is more than a "brand", it is a social phenomenon, with a life of its own that is owned as much by the people of Spain as it is by anyone. As many have said, it is hard to watch the TV commercials without tearing

up. No "Brand Experience Gap" with El Gordo. I have wanted to do a feature on the **Spanish Christmas Lottery** for years and so appreciate **María Núñez** for bringing it alive for the global audience, first as a presentation for the WLA/EL Marketing (virtual) Seminar, and now as a special article in this issue.

Another special brand, I would think the most valuable brand in the games-of-chance industry, is **Powerball®**. Congratulations to the **MUSL** organization and the lottery directors who have built this mega-brand over thirty year journey. It is a pleasure to share your history in 30 wonderful photos that capture some of the highlights of Powerball's life story.

Bridging the gap between Africa and Europe, Morocco and la Marocaine des Jeux et des Sports (MDJS Lottery) have always been keen on adopting the most forward-leaning best-practices. As CEO of MDJS, **Younes El Mechrafi** has set about the goal of forging the most collaborative, productive relationship with his business technology partners. That begins with designing an RFP that drives alignment of purpose and actions, and incorporates the flexibility to innovate and integrate new technologies going forward.

Hopefully you were able to view the video of my interview with **Evgeniy Vlasenko** who heads the MSL Ukraine Lottery (posted to PublicGaming.com and our video website PGRItalks.com). The miracle of strength, faith, and fortitude of the people of Ukraine inspires awe and admiration in everyone around the world. It is such a privilege to share this special report from Evgeniy as he and his country men and women fight for their freedom. Our hearts are with them and we stand in solidarity with their mission to defeat the forces of tyranny.

Philippe Vlaeminck and **Beata Guzik** provide the much-needed update on the

changing regulatory climate in Europe. Again, there is much to be hopeful about as the authority to determine gambling and lottery regulatory frameworks is shifting back to EU member states. Misguided attempts to impose pan-European regulatory guidelines continue to cause confusion and impede the enforceability of laws and regulations to prevent illegal gaming. But there is hope that we are moving in the right direction towards a more rational system of laws and enforcement mechanisms.

Integrating digital technology across all channels, media, and land-based systems and retailers is the top-of-mind mission today for lotteries and is the topic of our discussion with **Alistair Boston-Smith**.

And a special thanks to editorial contributors **Scientific Games** and **IGT**. I appreciate our partnership, the leadership you provide this industry, and the brain-trust you share with our readership.

We usually have our next conference to announce by now. We have been exploring different options and dates for Lottery Expo and will have probably announced everything by the time you read this. Please keep updated at our news website PublicGaming.com. Of course, we hope you have already marked your calendars for the **World Lottery Summit** Vancouver, October 16-20. The bi-annual WLS is always an amazing experience. But the last one was four years ago (in Buenos Aires) and so this will be quite the wonderful reunion! We hope to see you all there!

Paul Jason, Publisher
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EL Membership Reconvenes for Industry Days after a too-long hiatus!

Hansjörg Höltkemeier

*President, European Lotteries (EL)
Co-CEO of the Deutsche Klassenlotterie Berlin*

PGRI INTRODUCTION: EL Industry Days is a special bi-annual event that was interrupted by COVID. It has now been over two years since we have visited with each other and are excited to get together again in beautiful Wiesbaden Germany.

Paul Jason: The theme of Industry Days, “WeConnect” captures the spirit of our times, and the excitement we all feel about getting together again in person. Many of us have not seen each other since the EL Marketing Seminar of February 2020.

Hansjörg Höltkemeier: You are right. Meeting in person is much more valuable than the face-to-face video meetings that we have all become accustomed to. In a one-to-one video-meeting with well-known partners who we may talk with on daily business, you might be able to focus on the speaker at the other side of the line, or on the video monitor – but as soon as there is more than one on the other side, maybe even discussing in different languages and getting into more complicated issues, it is easy to get lost, or maybe lose some of the important emotional content. And after more than two years of digital exchange, there are lots of topics and different views that need to be shared! I am therefore very happy and thankful that we are coming together to meet again in Wiesbaden.

I expect that for all of us, this whole experience will be a kind of adventure.

Every lottery executive has driven his or her business mostly from a national perspective. The degree of disruption caused by the pandemic varied by country, as did the governmental response to the crisis. So the actions that lotteries have taken to adapt to these extraordinary circumstances have varied greatly as well. Advertisement bans were applied in some countries, partial market-openings in some others, new leadership in some companies, even new operators in some places. Some of these issues are hard to discuss via phone or video in the same trusting manner as we can do in-person. I am sure that the fantastic program of this Industry Days will be just a “first-serve” to inspire the members and participants to engage in further discussions that will help us all to re-load for a future that will not cease to be changing in exciting and perhaps equally dramatic ways. More than ever, I expect “side-discussions” on the floors, in meeting rooms and – last but not least – during our well prepared and attractive evening-programm.

Altogether, you see I have the most positive anticipation looking forward to



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this event. Welcome to everyone!

How has the need to develop remote learning and meeting modes changed the EL?

H. Höltkemeier: As I mentioned, there are and will be successful digital formats to serve us better in many ways, for example in remote learning. The more structured a theme is, the more it is “digital-ready”. And perhaps the reliance on digital media has made us all better at clarifying our themes, structuring the discussion, and designing the projects and action-plans. Another very positive aspect of digital is the reduction of travelling time and costs. As a result, we do see a broader acceptance of digital-learning formats and a higher participation-rate in our basic modules, so we will continue to hold seminars digitally as well as in-person in the future.

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Lotto Hessen Welcomes EL Membership to Wiesbaden for Industry Days



Dr. Heinz-Georg Sundermann

Managing Director, Lotto Hessen GmbH

PGRI INTRODUCTION: EL Industry Days is a special bi-annual event for EL membership that was interrupted by COVID. It has now been over two years since we have visited with each other and are excited to get together again in beautiful Wiesbaden Germany.



Paul Jason: Thank you for hosting Industry Days! This must be an exciting time for you and Team LOTTO Hessen to be the first in-person conference destination in almost 2-1/2 years?

Dr. Heinz-Georg Sundermann: Yes, we are indeed very much looking forward to hosting the first major European Lotteries conference in over two years, from June 13-15. Preparations have been in full swing for weeks now and we are convinced that we will be able to offer the participants a varied and exciting program. Wiesbaden is an excellent venue for the conference, especially at this time of year, and we will provide everyone ample opportunity to get to know our beautiful Hesse capital, including a visit to Eberbach Monastery in the Rheingau region. Over 800 years old, the Monastery is fascinating for its historical significance, and its ancient renown as a center for wine-making was recently rejuvenated with the construction of the Steinbergkeller, a state-of-the-art wine production

facility rivalling any in Europe. It is all only a few kilometers away from Wiesbaden.

And yes, it will be wonderful to finally have the opportunity for a personal exchange again after such a long time. We would like to extend a warm welcome to all participants!

What are some good things to have come about as a result of the disruptions of the last 2-1/2 years?

Dr. Sundermann: It can certainly be said that the pandemic has strengthened the distribution network per se. This may sound strange at first, because after all, the contact restrictions during the pandemic in this country mainly affected brick-and-mortar retailers. But we are in a special situation here. This is because our lottery products are not generally offered independently from other products like food, magazines, and other convenience-store items. In the course of the increased consumer demand and appreciation for

these products of daily use, the importance of the sales outlets for Lotto has also increased. Even during the critical phases of the pandemic-related lockdown, no more than four to five percent of our kiosks were ever closed at peak times. Our portfolio of products was not only available like it had always been – it was now positioned right along side of products with the label "indispensable". To achieve this, we invested a lot, talked to authorities and partners, and made everything as easy as possible for everyone to implement. This effort was ultimately rewarded with excellent sales figures – both 2020 and 2021 have become record years. There are likely to have been few other consumer goods suppliers who have made the same level of commitment as the lottery companies to help us all overcome this crisis together. I believe that our fast response to the crisis has given us recognition and respect from our partners. Further to that, I think it reinforces the stability and trust so important to the future of our relationship with our retailers and customers now that the crisis is over.

Irrespective of this, however, the past few years have also shown how important

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Modernizing the RFP and Process of Forging Productive Partnerships



Younes El Mechrafi

*Chief Executive Officer, la Marocaine des Jeux et des Sports (MDJS)
General Secretary of African Lotteries Association
WLA Executive Committee member and Chairman of
WLA Audit Committee*

PGRI INTRODUCTION: These are interesting times on a wide variety of fronts. In spite of adversity, or perhaps because of it, the world is changing in many positive ways. The emerging markets of Africa are poised to accelerate their growth trajectory. Morocco, long viewed as the gateway to Africa for its strong ties to the rest of the world, has a lottery and sports betting market that is mature, dynamic, and growing. And now it is poised to position itself for an even more ambitious period of development. To this end, MDJS is executing an RFP process with the goal of applying best practices that support technological innovation, flexibility to adapt to new solutions as they become available in the future, and process-engineering to assure partnerships are aligned to pursue goals with a clarity of purpose and direction. We thank Younes El Mechrafi for sharing his vision for forging long-term relationships that will serve the stakeholders of MDJS and the people of Morocco.



Paul Jason: What makes this year, 2022, such an important inflection point in the development of the Gaming, Sports Betting, and Lottery markets in Africa?

Younes El Mechrafi: African sports betting and lottery markets are facing many challenges, but also provides enormous opportunities amidst untapped potential. The top-of-mind issues include: how to improve regulatory frameworks in a sector in constant evolution; how to integrate safe online gambling and avoid problem gambling; and how to maximize sales, growth, and funding for societal causes in a responsible manner.

Often, licenses to operate games-of-chance are no longer effective or up-to-date at addressing ongoing innovation and technological developments. How new technologies are integrated into existing IT infrastructures to bring lotteries into outer zones and rural areas is also a challenge.

Of course, these challenges represent opportunities for suppliers and operators who are encouraged to work together with us to forge solutions and new pathways to growth and prosperity for the African economies and people. African lotteries are in the ascending stages of their

learning curve. The good news is that Africa is also in a dynamic of heightened economic growth and development.

The success strategies that have contributed to modernization in other global regions have varied greatly according to the times they took place in, the legacy industrial and technological infrastructure, cultural mores and gaming culture in particular, and countless other factors. Economic growth and technological innovation have followed quite different trajectories in Europe, North America, Asia, and even the countries within those regions. And so it is now the case that Africa is developing its own unique success story.

We all want to learn from the past, we want our strategic planning to be informed by the best-practices as they have been applied in other regions. But we also need to recognize that African economies are following a path that is quite different from any others in history. For instance, Africa's lack of a built-out land-based cables

and wired communications infrastructure enables it to completely leapfrog an entire generation legacy technology. Africa is moving directly into satellite-based cellular technology to connect B2B, B2C, and C2C. This represents an incredible opportunity for the African market-places to expedite modernization, given the vision and technology partners to make it happen.

The process of modernizing does pose formidable challenges in Africa as it does everywhere. For one, the cooperation of commercial technology leaders is needed to unlock Africa's resources and consumer markets. For another, that cooperation needs to be based on a prudent combination of best-practices as established in more mature markets along with a keen recognition for the differences that apply to African market development. Africa's economic, social, technological, and cultural evolutionary pathway has been and will continue to be quite unique, certainly different from Western Europe and North America and other developed economies where many of the current "best-practices" have been established. And even within the

“This represents an incredible opportunity for the African market-places to expedite modernization, given the vision and technology partners to make it happen.”

continent, there are countless differences to the way local markets are evolving. We do want to learn from others who are further along in the journey towards modernization. But we also want the thought process to be informed by the character and conditions of local markets and local political/social/cultural infrastructures as well.

In sum, we need to work together to build a better and more sustainable common vision. As a young organization with a mission that is by a sound statutory structure, ALA can serve us all well as the platform to drive progress through congresses, seminars, webinars, and meetings. My goal, as General Secretary of ALA, is

to nurture a deeper cooperation among the leadership of the global industry to work together to accelerate the development of the African gaming and lottery markets.

How is ALA currently supporting the development of the African gaming markets?

Younes El Mechrafi: The basis for all progress is working together to achieve mutually desired goals. We need to cooperate and collaborate to clarify those goals and forge the alignment of purpose and process to achieve those goals. And we need everyone, all stakeholders and all of us working in this industry, to be informed and to understand the issues and acquire



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a thoughtful approach towards pursuing the success strategies that will serve society and the good causes that depend on lottery funding.

More specifically, the ALA can serve that end by working with the WLA to provide an educational agenda geared towards the specific needs of our African constituents. That would include webinars and in-person conferences and seminars. Those would include at least French translation for ALA members, world class experts from outside of Africa, and the younger generation of management as well as the leadership of African operators. We need a leadership vision that is informed by the insights and wisdom of the global community of leaders and technology partners. That is how we will unlock the full potential of the African markets for the benefit of society and stakeholders in government gaming. ALA and MDJS (as the member holding the role Secretariat) are dedicated to doing whatever we can to support progress in Africa, and to build a stronger network of communication and dialogue between and among the ALA and its members, along with the international community of industry leaders.

Further to that end, MDJS wants to invite everyone to work together to forge a new way forward. MDJS is working to engender a deeply collaborative relationship between the ALA, the WLA and GLMS, and other sport related organizations.

How do you envision the Moroccan market evolving over the next years?

Younes El Mechrafi: MDJS, just like Morocco itself, occupies a place that connects Europe and Africa, and endeavors to leverage that role to help in whatever ways we can to smooth the pathway for technological progress in Africa. First of all, there is the new business approach we have set up at MDJS.

The last 10 years have seen an incredible growth of the gambling industry in Morocco, led by the sports betting market rise.

Besides the organic growth of sports betting (18% per year) the Moroccan gambling market shows a lot of potential evolution factors:

The evolution of online gaming: Online gaming represents only a very low share of the overall lotteries' revenue today. But the very fast digital transformation the country is facing shows that the Moroccans have a

very high appetite for the digital. With the rise of new, bank less, payment methods (e-wallets, mobile payment, vouchers) the opportunities of an online gaming growth are real.

The low payouts: The overall payouts in the local lotteries are still quite low compared to the worldwide benchmarks. It means that there is a big market growing potential by strategically rising those payouts and still staying in the responsible gaming standards.

Addressing new targets: By developing an offer and communication more appealing to a new kind of target such as women and others social classes, with the promotion of leisure (and responsible) gaming there is a big market growing potential for the lotteries in Morocco

Diversify the offer: The overall gaming offer in Morocco is quite simple compared to what is available worldwide. And the development of new games and new ways to enjoy lottery games offers a big room of growth for the market. There are plenty of things to establish in Morocco like scratch tickets, more betting options, more virtual gaming, e-sports betting etc.

“MDJS wants to work with its partners to unlock the investment and resources that enable progress and innovation.”

Second, there is the Macolin Convention. Morocco is the first African country who signed this very important international Treaty to fight match fixing and promote integrity in sport. MDJS, as observer member, cooperates with the Copenhagen group in monitoring big international sport events. Together with ALA & GLMS, MDJS will encourage other African countries to join.

MDJS is strongly committed to actively participating in the different lottery fora and organizations. MDJS staff is participating in a wide range of seminars and educational programs, while I myself assume responsibilities in the Executive Committees of both the WLA and GLMS.

MDJS has fulfilled the highest standards

of responsible gaming and operational excellence for many years. And you hold influential positions in international associations. This would seem to represent an opportunity for leadership in the development of the ALA.

Younes El Mechrafi: MDJS does aspire to leverage its historically unique role as the bridge between Africa and the international lottery community for the benefit of ALA members and the technology partners so key to our success going forward. MDJS has been in the market for 60 years. MDJS understands the nature of operational challenges and how to assess and optimize the competences and strengths of its suppliers/providers/managers.

MDJS has signed several partnership agreements with African lotteries. The objective is to create a framework for the exchange of experiences and expertise in the respective fields of activity, to work on projects of common interest and to strengthen existing relationships between the institutions, with a view to increasing the necessary funds that they collect.

MDJS has accompanied some lotteries in their certification projects in the field of security and responsible gambling.

Your RFP is attempting to address the concern that vendors/technology partners have long expressed about contracts that are so cost-centered and restricted that they impede innovation and inhibit investment in initiatives that are key to driving success in the future.

Younes El Mechrafi: Yes, exactly. The new RFP is indeed completely different from the previous RFP's of MDJS but also from the RFP's launched in the past jointly with our Moroccan colleague, SGLN.

The RFP has been drafted with the support of international and Moroccan experts. Also the evaluation team will be comprised

of a combination of very experienced MDJS team members and various top experts who will collaborate to provide an objective marking.

We learned a lot from previous RFPs and also from the COVID pandemic. The new RFP is fundamentally different from the previous RFPs. It includes:

1. WLA standards based on the knowledge of, and in fact drafted by, international experts in this field
2. More open to innovation. That requires a contractual platform that allows suppliers to implement new solutions during the contract. The RFP promotes a dynamic and business-driven approach that is highly responsible according to the WLA and EL RG and CSR standards
3. Experience and a successful track-record are highly valued. But this RFP also opens the door for young, innovative companies to be a part of the process and contribute to the success of MDJS

The process enables us to listen to potential partners regarding issues that have emerged too recently to provide “best-practices” templates. For instance, the pandemic has accelerated trends and ushered in completely new factors and market-place dynamics. What are the new solutions that enable gaming operators to effectively adapt and succeed to this new world order?

It is our hope that our approach to this RFP will constitute a new model that will be helpful to other members of the ALA and WLA members.

So I understand that you are looking to remove the barriers to entry to select the best operator(s). How does this translate into your tender?

Several criteria have been relaxed to have maximum competition and remove barriers to entry, among them:

Financial capacity criteria and length of history of activity of bidders revised downwards and Join-venture: For instance, while we still want experienced operators, the number of years of experience required has been reduced from ten

down to five, and experience in three jurisdictions instead of more. Additionally, we encourage operators to enter into joint-venture constructions to allow the entry of new, younger suppliers bringing innovative solutions. This joint-venture (JV) approach is something we really advocate for. We accept that partners within the JV pool their references and experiences to meet the selection criteria set in the RFP. MDJS strongly believes in joint collaborations to bid for the project.

It is our intention to consider such joint ventures to operate and promote MDJS games in Morocco market. We hope that this progressive approach will create confidence and trust from the players and recognition from the international market.

At the same time such partnerships will take advantage of joint experience and know-how of Operators in different product areas and different markets for the benefit of Moroccan players and good causes. We hope that this approach may even serve as an example for others to learn from, and for us in turn to learn from others going forward.

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CHRISTMAS LOTTERY DRAW: A STORY OF MAGIC AND HUMAN VALUES

María Núñez,

Journalist, Press & Communications Secretary, SELAE (Spanish Lottery)

<https://www.loteriasyapuestas.es/en>



PGRI INTRODUCTION: I would like to thank María Núñez from SELAE for turning her wonderful presentation into a wonderful article that we can share with our readers. Ms. Núñez' presentation was part of the EL/WLA Marketing Video-Seminar on February 2 and 3 of this year. Visit websites european-lotteries.org and world-lotteries.org to see the educational seminars, informational resources, and services offered by the European Lotteries (EL) and the World Lottery Association (WLA). Visit european-lotteries.org to view Ms. Núñez' presentation. That is highly recommended as the TV commercials provide a special insight into the true meaning of the Spanish Christmas Lottery.

María's presentation followed Ray Bates' whirlwind exposition celebrating the last twenty years of lottery marketing, with a serious look at the underlying changes to the way brands are connecting with their audience. Probably more casual than planned as an introduc-

tion to Ms. Núñez' presentation, Ray used some TV commercials of the Spanish Christmas Lottery to illustrate the shift from feature/benefit advertising towards human values and emotion-based communication – and how to capture the hearts and minds of a world in search of meaning and purpose. And what could be more representative of that shift than the Spanish Christmas Lottery. After all, it's not just a draw game – it is truly a social phenomenon. It's an extraordinary story about an extraordinary brand. And Ms. Núñez tells it beautifully.

The Spanish Christmas Lottery (officially Sorteo Extraordinario de Navidad or popularly known as Lotería de Navidad) is the most special draw of the Lotería Nacional, the weekly national lottery run by Spain's state-owned Loterías y Apuestas del Estado (SELAE). The special Christmas draw takes place every December 22 and it is the biggest and most popular draw game



of the year. Lotería Nacional, with its first draw held on 4 March 1812, is the second-longest continuously running lottery in the world.

Though other national lotteries have bigger individual top prizes, Spain's "El Gordo" is ranked as the world's richest lottery in total prize money. The literal meaning of El Gordo is "The Fat" or "The Fat One," which is the Spanish shortcut for saying first prize.

want to share with you the wonderful story of the history-making Christmas Lottery, whose first draw was held in Cádiz in southern Spain in 1812. Over these last 210 years, the Christmas Lottery has come to represent much more than an exciting draw game. It has become a tradition that is a part of Spanish society and culture, an event that we associate with the special moments and historical events of our lives. For this reason, we say that the Christmas Lottery belongs to the Spanish society. So, let's please try



View Video of TV Commercial at: <https://youtu.be/8UVPu139mr0>

to bring back the Christmas spirit for the next fifteen minutes. Think and feel, right now, the spirit of emotional connection, of community, of sharing and love that the Christmas spirit evokes and that will help us understand the special role that the Christmas Lottery holds for the people of Spain.

What makes the Christmas Lottery unique in the world is that it is all about SHARING. El Gordo is like no other lottery in the world because people play the Christmas Lottery for the very purpose of joining together in the shared experience of giving, receiving, and expressing friendship, love, and caring for one another. Insofar as you may not be viewing my video presentation, you may want to watch “Spanish Christmas lottery commercials” on YouTube to see how the commercials connect us with the spirit of giving, of sharing, of doing our part to spread happiness and love. For the last 20 years, the commercials all tell a story, creating dream-worlds that spark the imagination, that inspire us to have faith that the impossible may become possible, that cause our hearts to open and feel the joy of others. The commercials also change with the times, telling a story that lifts us up from the troubles of the world to embrace hope, optimism, and the joy of giving. The Christmas Lottery is not intended to be played on your own, or even with the goal of winning a big prize. It is meant to be enjoyed with others, to be shared with friends, loved ones, extended family, workmates – as a community who looks



View Video of TV Commercial at: <https://youtu.be/btbcJW2t6pM>



View Video of TV Commercial at: <https://youtu.be/tY3vQTrCn7I>



View Video of TV Commercial at: <https://youtu.be/HdR7xVLFm7M>

out for and cares for each other. Many of the tickets are simply gifted to friends and loved ones.

Last year, Christmas Lottery sales hit a record, reaching more than € 3 billion for the first time ever. The top prize of € 400,000 was paid out 1,720 times.

A Newsweek Magazine article (27/08/2021) explains “A true Spanish success story, the lottery’s history is deeply intertwined with society. It has evolved over the centuries, launching the National Lottery in 1812 with the signing of Spain’s constitution, and introducing the Extraordinary Christmas draw that year.”

By tradition, children of San Ildefonso school sing the lottery results every year in a ceremony that has kept its traditions and unique liturgy since 1812.

The essence of El Gordo Christmas Lottery is TRADITION. In Spain, we think of the Christmas season as officially starting when the ‘El Gordo’ ad is released. And, even more important, Christmas officially starts

when the children of San Ildefonso sing the lottery results, as they have every year in a ceremony that preserves bicentennial elements. .

The mission of the Christmas Lottery has been integrated into the culture of Spanish society. Probably, the biggest success of an institution is achieved when the society you belong to integrates your company into its culture. There are many examples of that in the Spanish public lottery company, whose profits go back to society. That mission is deeply founded on the human values that bring us together in a spirit of kindness, of giving and sharing. The Christmas Lottery draw is a joint celebration, the nation-wide anticipation of the draw reminding all of us about the things that matter most. On December 22 of every year for the last 210 years, Spanish society attention is bound to an event that celebrates the human values of equality, solidarity, and generosity. It is the lottery that brings us together. We invite all of you to celebrate and share with us! ■

POWERBALL 30 YEARS IN 30 SNAPSHOTS

30 YEARS POWERBALL®

POWERBALL® celebrated its 30th anniversary this past spring! Ticket sales began on April 19, 1992 for the game's first drawing held on April 22, 1992. Over the past three decades, Powerball has produced some of the biggest jackpots in lottery history and generated more than \$27 billion for good causes supported by U.S. lotteries. To mark the 30-year milestone, MUSL wanted to pay tribute to the lotteries and players who have joined Powerball on its journey and transformed America's Game into the world-renowned powerhouse it is today.



1. MUSL Director of Draws and Production Sue Dooley loads the machines for the Powerball drawing held on her wedding day, May 8, 1993.



4. Powerball Instant Millionaire was one of two Powerball-based game shows that featured lottery players in the early 2000's.



7. South Carolina launched Powerball in 2002 with a "PowerBug" contest. A red VW bug filled with red and white ping pong balls toured the state. The person who guessed closest to the correct number of balls won the car. There were 17,166 ping pong balls inside, the winner missed by only six balls.



10. In October 2005, the West and Chaney families of Southern Oregon won what was then, the largest jackpot ever won - \$340 million! Members of both families attended a press event at Oregon Lottery offices in Salem.



2. Kentucky's first Powerball winner Brenda Knopp smiles for the camera after winning a \$64.2 million jackpot in the April 20, 1994 drawing.



5. "Don't belittle Powerball ... it's always big!" A Minnesota Lottery campaign launched in 2002 reminded players that the jackpot is always big.



8. A group of co-workers became the South Dakota Lottery's first Powerball jackpot winners in February 2003. The Watertown 34 split the \$101.8 million jackpot with an Indiana player, taking the \$27.4 million cash option for their half of the jackpot.



11. A group of eight coworkers at the ConAgra Foods ham and corned beef plant in Lincoln, Nebraska won a record \$365 million jackpot in the Feb. 18, 2006 Powerball drawing.



3. Louisiana joined Powerball in 1995. To mark the occasion, the Lottery sponsored the longest parade called "As Big As It Gets." The Powerball float visited 55 cities and towns and travelled over 1,500 miles making it the world's longest parade.



6. Former New Hampshire Lottery Executive Director Rick Wisler stands out the retailer that sold the jackpot-winning ticket from May 15, 2002 Powerball drawing.



9. Long-time draw show host Mike Pace on the set of the Powerball drawing in 2005. At the time, the Power Play multiplier was selected by a wheel during the broadcast.



12. The North Carolina Education Lottery launches a hot air balloon over the Raleigh claim center to commemorate the start of Powerball sales in the state on May 30, 2006.



13. Nothing says Wisconsin Lottery like 100 cheese factory workers winning a \$208 million Powerball jackpot in August 2006. The winning ticket was sold in the city of Fond du Lac along the so-called "Miracle Mile," a stretch of South Main Street earning the name after several stores sold multimillion-dollar tickets during the 1990s. The group called themselves the 100 Miracles.



14. Louisiana Lottery Corp President & CEO Rose Hudson marches around downtown Baton Rouge in a Powerball suit after the Lottery hits its United Way contribution goal in 2008.



15. Nine family members and friends from Roswell, New Mexico won \$206.9 million playing Powerball in 2008. This was the fifth, and largest, Powerball jackpot prize won in New Mexico.



16. The Missouri Lottery decked out a "Money Truck" for events throughout the state to showcase the new \$40 million starting jackpot in 2012.



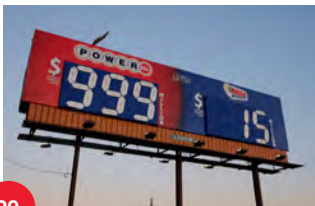
17. Former Arizona Lottery Executive Director Jeff Hatch-Miller announces a ticket in Arizona wins half of the \$587.5 million jackpot in the Nov. 28, 2012 drawing, splitting the grand prize with a ticket in Missouri.



18. A giant Powerball display was hung above a United plane that served as the player entrance for the 2014 Pro Football Hall of Fame induction ceremony.



19. Missouri Lottery Executive Director May Scheve Reardon visits with members of the media at Gateway Newstands in St. Louis, where a \$202.6 million jackpot-winning ticket was sold for the Nov. 8, 2014 Powerball drawing.



20. Texas Lottery jackpot billboards across the state max out at \$999 million as the Powerball jackpot crossed the \$1 billion threshold in January 2016.



21. Tennessee Education Lottery President and CEO Rebecca Paul retrofits a Powerball billboard ahead of the Jan. 13, 2016 Powerball drawing.



22. A long line forms at a Top Stop in Malad, Idaho ahead of the Jan. 13, 2016 drawing for the world record Powerball jackpot.



23. The Powerball jackpot climbs to \$1.586 billion for the Jan. 13, 2016 drawing, setting a new world record for largest jackpot. The grand prize was split by three winning tickets in California, Florida and Tennessee.



24. As Powerball Product Group Chair, Texas Lottery Executive Director Gary Grief conducts an interview with CNN New Day on Thursday, Jan. 14, 2016, the morning after the world record \$1.586 billion Powerball jackpot was hit.



25. Former Florida Lottery Secretary Tom Delacenserie presents the trustee of The Nickel 95 Trust with a check for 1/3 share of the world record \$1.586 billion Powerball jackpot offices in Salem.



26. Hoosier Lottery Executive Director Sarah Taylor presents a celebratory check for a \$435.3 million jackpot won in the Feb. 22, 2017 drawing. The grand prize was the 39th Powerball jackpot won in the Hoosier State.



27. Mavis Wanczyk of Massachusetts was the sole winner of a \$758.7 million Powerball jackpot in August 2017. At the time, it was the largest jackpot won by a single ticket in U.S. lottery history.



28. "I realize this is a life-changing moment," Lerynne West said as she claimed her prize at Iowa Lottery headquarters. West's ticket split a \$687.8 million jackpot in the Oct. 27, 2018 drawing with a ticket purchased in New York City.



29. "A family member gave me the numbers over twenty-five years ago and I faithfully play them," said Robert Bailey, of New York City, who purchased the other jackpot-winning ticket in the Oct. 27, 2018 drawing.



30. Blaine from Maine becomes the inaugural Powerball First Millionaire of the Year on New Year's Day 2020. The \$1 million drawing was broadcast live on Dick Clark's New Year's Rockin' Eve with Ryan Seacrest shortly after the ball dropped in Times Square.

Separation into two lots: We also split the RFP into two lots: sport betting (still our core business) and lotteries to grant more operators the opportunity to enter our market. JVs can share the references required to participate on an aggregate manner and can also share the risks of a new business that they may be asked to operate. JV's can be formatted to support lot 1 or lot 2 (i.e. sports betting or lottery), or jointly lot 1 and 2, in order to take advantage of synergies. We expect internal corporate structure of such special purpose vehicles to be fair and transparent, and shared responsibilities to be clearly articulated.

No minimum investment amount: We are not setting in advance any obligations on minimum investment and/or specific budgets. We leave it to the candidates to include their reasoning in their business and technology proposal.

More flexible penalty system: The penalty for late receipt of the system is equivalent to the loss of revenue of the MDJS (1 day of gross gaming revenue), and 3 times less than the one foreseen in 2020

No requirement for the deployment of conventional equipment, and encouragement of innovative solutions, especially for lottery lot.

The technology proposal can be cloud-based and make use of tablets as long as normal security standards applicable to our sector are respected. To that end, we are allowing more flexibility to set the pay-out ratio.

The functionality and performance of MDJS systems and terminals meets the highest standards and we want our customers to always receive the best-of-breed services, as well as enjoy a wide selection of channels to participate in our games. We have worked hard to integrate into this RFP Tender an understanding of and respect for the concerns of technology partners. And we have tried to remove the obstacles to ongoing innovation.

We recognize that it is in our common

interest to explore the wide variety of solutions to deliver the best service to our players, and to minimize system failures and maximize efficiency and effectiveness – and so we are open-minded to the variety of approaches that our bidders might propose.

We invite everyone who is interested in our approach and to the building of a successful future with MDJS to join us in our effort and co-construct a mutually agreeable contract. Participating in our new RFP with an open and positive mind-set, looking not only at the hurdles of working within a governmentally imposed regulatory structure, but willing to engage in a constructive dialogue with MDJS to find appropriate solutions and create a new, post-pandemic, future for all.

Finally, well performing operators can benefit from a 2-year extension.

Could you elaborate on the mechanisms that allow investment in innovation and technical solutions that are unknown at the time the contract is executed.

Younes El Mechrafi: Today the evolution in technology and variance in games is so rapid that lottery organisations need to adopt flexible platforms ready to accommodate new games from new studios, new game technologies, and new functionalities relating to customer penetration, POS Marketing, CRM, retailer reports, etc. We are enlisting the input from bidders on how to craft platforms that enable us to integrate new games or adopt new technologies. We want to work with bidders to identify parameters in terms of time and material, as well as to be proposed with methodology/processes to accommodate such technologies. MDJS wants to work with its partners to unlock the investment and resources that enable progress and innovation, all within the context of RG and according to the WLA standards.

A few more specifics on this MDJS RFP, please ...

Younes El Mechrafi: The process is also very different, much more open than

RFP's in our industry have historically been. Submissions are accepted in English and French. We established an electronic-rich data room where recourse to answers to all questions and lots of other information is made available.

We are also establishing with the selected operator "a gaming observatory" enabling us to implement new technologies during the contractual term.

You mentioned the ongoing impact of Covid and the transition period. How do you address this matter?

Younes El Mechrafi: We are aware that the disruptions of the pandemic may create complications during the transition period. We installed a "transition committee" to assist the selected operator(s) with finding the necessary local partners and facilitating the cooperation. We are prepared to work with our new partners to overcome issues that may not have even existed two years ago.

We were ready to launch the RFP earlier last year but elections in the country obliged us respectfully to wait for a new government. Everyone involved in the lottery sector understands this as we have seen this happen in other jurisdictions.

In the meantime we have been able to review our RFP schedule. The deadline for submission of bids is now 31 May 2022 (instead of 4 April 2022), while the commencement date of the operations is scheduled for 1st January 2024 (instead of 1st January 2023). This extension of time is in line with the MDJS' constant willingness to establish a trustworthy and sustainable partnership with the global community of operators and technology providers.

We are really looking to establishing a trustworthy and sustainable partnership with the vendor community and invite them to look at our RFP with an open mind and positive attitude. Dialogue between lotteries and vendors is of crucial importance for me. ■



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CONSOLIDATING THE SOCIETAL ROLE OF LOTTERIES IN EUROPE

VLAEMMINCK.law

By Philippe Vlaemminck & Beata Guzik

Following the ruling of the European Court in Schindler in 1993, the debate on the role of Lotteries shifted almost exclusively towards the protection of consumers and responsible gaming, and the protection of public order against crime and illegal gambling. This in turn reduced the influence and role of Lotteries in society.

Misinterpretation, or at least absence of accurate interpretation, of the overall case law of the European Court of Justice did take the focus away from the important societal role of Lotteries and their valuable contribution to our societies.

To some extent, Regulators and shapers of public policy have chosen to think of online gambling as an independent activity, or even new game category, instead of just another form of distribution as it should be. Classifying online commerce as a new product is illogical and causes regulatory confusion. We will only refer to this problematic regulatory issue incidentally, but it would certainly be useful to address in a separate article. Here it is enough to say that there is no good reason to think about online gambling as a new sector or game category that should be regulated separately from their land-based counterparts given it is only another form of distribution of a like service, something that the European Court and also the World Trade Organisation already decided in the famous Antigua case.

In this article we only want to go deeper into the societal role of Lotteries. In 2010, under the previous Belgian Presidency of the European Union, the Member States adopted with unanimity the following declaration:

III. THE SUSTAINABLE CONTRIBUTION OF LOTTERY AND RELATED SERVICES TO SOCIETY

RECALLS that all EU Member States have different types of state lotteries or lotteries licensed by the competent state authorities, providing lottery services.

NOTES that a few Member States temporarily or permanently authorize smaller scale lotteries for the benefit of charitable or philanthropic purposes. In the same manner, certain Member States allow for other games of chance to fund such benefits.

RECOGNIZES that contributions, in particular from state lotteries or lotteries licensed by the competent state authorities play an important role for society, via for example the funding of good causes, directly or indirectly where applicable.

AGREES that this specific role should be recognized in discussions at the European level.

Today, more than 10 years later, the above declaration is not yet fully implemented as a fundamental principle under EU law, although the Court of Justice did give us

the necessary tools to do so in a number of cases. **Lotteries stand for important non-economic values and societal principles that need to receive a protection similar to economic freedoms. Therefore protecting Lotteries cannot be seen as an exception to the economic freedoms but require to be considered of equal and constitutional importance.** The EU Court of Justice did in various cases recognize that there are principles established by the Court to validate such equal recognition.

Most Lotteries are still operating as monopolies, at least legally. In jurisdictions where online gambling has been set up independently from the existing land-based operators, such monopoly becomes almost irrelevant. As a result, consumer protection has been undermined.

The conferral of exclusive rights to operate gambling activities is a measure necessary to enable governmental authorities to limit exploitation of the human impulse to over-indulge in gambling and to avoid the risk of crime and fraud related to games-of-chance. Countries like Finland show that this can be done in a successful and at the same time very responsible manner. Others have a dual system with a monopoly for certain activities and licenses for others. This is equally legal to the extent that the lines between the various activities are clear, the scope of the various exclusive rights respected, and a proper risk

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**BUILDING A FUTURE ORIENTED
& SUSTAINABLE PARTNERSHIP**

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LAW AND SPECIFIC AREAS INCLUDING
LOTTERIES, BETTING & GAMBLING – BANANAS
– FRUIT & VEGETABLES – ENERGY & CLIMATE
CHANGE – BIOCIDES

Life in Ukraine

Evgeniy Vlasenko

Vice President, MSL State Lottery Ukraine



PGRI INTRODUCTION: The miracle of strength, faith, and fortitude of the people of Ukraine inspires awe and admiration in everyone around the world. The resistance has been more effective than anyone imagined it could be. Now, as we move into the next chapter of prolonged conflict, we can see that with a little help, the Ukrainians may actually defeat Russia in this iconic battle between good and evil, against barbaric tyranny and in defense of democratic freedom. The impacts of the decisions and actions taken now by global leaders will have long-term global consequences. We are deciding now if we want to forge a conflict-ridden co-existence with a militarily aggressive and expansionist dictator (like Hitler) or a world in which respect for national sovereignty and human rights is still valued. For the last eleven years, Evgeniy Vlasenko has led the MSL Ukrainian State Lottery. He served on the EL Executive Committee 8 years until 2021 and is a personal friend to myself and so many others in our industry. We connected on Zoom for a video interview which is posted on PGRItalks.com.

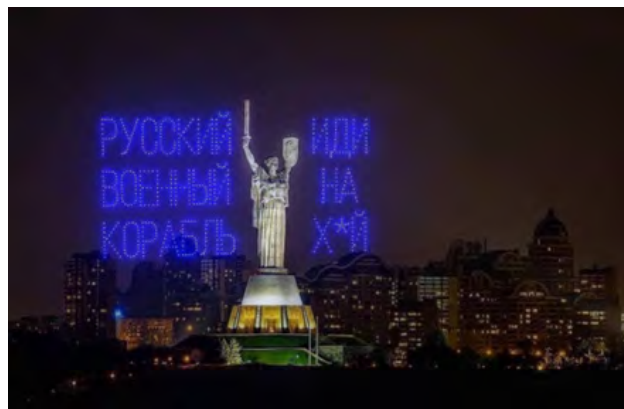


Paul Jason: Please tell us about your life. Is everyone completely absorbed in the resistance, in fighting the Russian invaders, and fighting to survive? What is everyday life like for you and your MSL Lottery colleagues?

Evgeniy Vlasenko: There has been no war in Ukraine since 1945. That's 77 years... My mom is 77. And now, after all these years of peace, she faces war when she is 77 years old. Along with her, this war changed lives of 43 million people of Ukraine. On Feb 24, when Russians started to bomb Kiev, Kharkov and other cities and their ground forces started invading, all our lives were divided into Before and After the war. I thought I was a pragmatic man and did not believe that Russians could start a war against Ukraine. I was wrong. They have a mentally sick leader admired by the majority of Russians and after 22 years of his rein he has reshaped the Russian population into his own image, 75% of whom support this war.

Amidst others, some MSL people were

forced to move from their places, some lost their homes, some stayed under occupation and some of them stay in occupation and work as volunteers, risking to their lives. Some of our colleagues are in the front-line defending Ukraine. For security reasons I cannot open their names before our victory. They are real heroes.



Are there still MSL Lottery offices in Kyiv? Do they continue to be lottery operations, initiatives, or work to do?

E. Vlasenko: For personal and business security reasons, top management of MSL is located now in different geographies to enable sustainable control over the

company even in the case of serious military escalation in one area or another. Our communication infrastructure, including the central computer system, its reserve site and the web site – work stably. I want to thank Tuv Nord, our auditor for WLA/ISO security certification, that for all six years of our joint work together, they were not only good auditors but good advisers who shared a lot of best practices with us which are helping us greatly today, even during the war. MSL is now able not only to operate under daily missile attacks but has managed to design and release a new lottery game.

The proceeds from this new lottery are intended to support our Army. It is called D.A.R. (G.I.F.T. – Grant It For The Army). It is a terminal instant game and a charity lottery and soon it will become available online too. All cash after payout will be donated to the best possible good cause that we have today – the Ukrainian Armed Forces.

Unfortunately, the retail infrastructure of MSL has been damaged by the war. We lost



a lot of equipment from our retail outlets in the combat areas. Many shops are closed. As well, we had to discontinue two of our most popular draw-based games and we are thinking now about how to restart them in a new format. People are short of money and there are fewer visitors at the shops.

On the one hand, our business is suffering. On the other hand, it is a miracle that it is still active despite this severe and awful war when Russian barbarians are destroying the Ukrainian economy, including oil refineries, railways, highways, factories. They steal our agricultural machines and production and bring it all to Russia. They blow up the warehouses that store fertilizers and grain and mine the fields to disrupt the sowing season.

What is Putin's end-game? What does he hope to gain by destroying Ukraine, murdering its non-combatant civilians in violation of international law and the most basic standards of morality, and turning the whole world against Russia?

E. Vlasenko: Russian chauvinism is the ideology of Putin's regime multiplied by imperialistic ambitions. It is even more dangerous than Nazi ideology, because it is more cynical and mentally distorted. Putin's end-game was declared by him some time ago when he said that for him the border of Russia is along the line where the Berlin wall used to be.

But I hope that his end will be similar to Hitler. Actually, since 2014 in Ukraine we call Putin the "putler".

The key message is this: the real reason for this war in Ukraine is that Putin does not want for Ukraine to exist as an entity, neither the Ukrainian language nor Ukrainian culture. And if Ukrainians are not ready to become Russians, the Kremlin is ready to kill all of us and destroy everything on our territory.

And this is the basis of Russian chauvinist ideology.

If they could succeed in Ukraine they would expand the invasion to the Baltic countries and Poland and after that all other former Soviet-block countries. They will continue until the Russian flag is raised in Berlin. This is their plan, not because I say so but because

Putin has said so, on many occasions and in perfectly clear terms. Those who understand this are helping Ukraine in its defense against Putin's Russia.

You ask about international law and morality. No space for law and morality for the Russian army when they act like the worst examples of SS troops during WW2.

- Filtration camps

- Deportation of Ukrainians to Siberia and Far East
- Tortures (pictures of civilians shot into back of the head with their hands tied behind and torn off fingernails have been shown to the whole world)
- Holding people on frost without shoes until foot becomes gangrene.

They are specially trained to conduct torture. They hit residential houses, hospitals, schools, everything... They kill simple people, rape women, men, children... These are not traditional military forces, this is a universal evil perpetrated by physical perverts. On the occupied territories they steal laundry machines, water closet bowls, second-hand underwear and used deodorants, actually everything that they are able to carry away. They shoot dogs, horses, and other domestic animals just for fun. Wild people. No, I cannot use the word "people" in relation to Russian soldiers.

What is the most urgent need of the people of Ukraine right now in your war against the Russia invaders?

E. Vlasenko: To list by priorities, military support is priority #1. If NATO had closed the sky to Russian planes in March the war would finish by now. But at least now, the Ukrainian Army has started to receive all necessary armaments and ammunition. And as I mentioned to you in March,

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Digital Integration Unlocks the Power of De-Channelization



Alistair Boston-Smith

Chief Strategy Officer, Bede Gaming

PGRI INTRODUCTION: Bede Gaming is a leading supplier of software to the lottery and online gambling industries, processing hundreds of millions of transactions per month and powering some of the sector's biggest brands globally. Bede provides operators with cutting edge digital tools to entertain customers in a safe and engaging gaming environment. Its single-code base, API-led open architecture empowers the operator to select and implement best-in-class products and services from multiple sources, content providers, and technology partners. As part of the Gauselmann Group, Bede is an integral partner to forward-thinking lotteries whose ambitions require innovative solutions to provide a world-class experience for customers to keep them returning again and again.

Integrating digital technology across all channels, media, and land-based systems and retailers is the top-of-mind mission today for lotteries and is the topic of our discussion with Alistair Boston-Smith.



Paul Jason: What are some of the hallmarks of the migration from a “Retail-First” to a “Digital-First” mentality?

Alistair Boston-Smith: A couple of decades ago, it was not so much “Retail-First” as Retail-Only, with Retail being the only channel for distributing lottery games. With the advent of the Internet, Mobile, and self-serve kiosks, the consumer has now moved a larger share of their time, their activity, and their purchases to digital channels.

Consumers themselves don't distinguish between “distributional channels”. They don't operate in a channelized world and as such, neither should we. Rather than switching to a “Digital-First” mentality, I propose we want to de-channelize altogether and instead, align with the way

consumers think about the way they move through space, how they make their way through this world, and their transactions with merchants and brands.

But isn't digitization the key to de-channelization?

A. Boston-Smith: Well, yes, of course. Player Account Management systems, Players Clubs, Loyalty Programs, and the ability to migrate from one POS to another are all supported by the digital platform. The players may play mostly on one channel or another, but their accounts are managed on the digital platform, and are accessed by the player through a user-interface that is digital, i.e. online, on Mobile, through

in-store digital interfaces, bar-code reader, etc. Digital is the unifying principle that integrates all the moving parts. So the player can play at retail, or on a self-serve kiosk, or online, or on their Mobile, and know that the points they accrue will end up in one place – their digital account. They know the promotions and communications they receive are based on the information gleaned from all their playing activity, from purchases at retail, online, self-serve, or wherever, and it's their digital connection that enables all these benefits to enhance the overall experience.

The de-channelization is a reference to the terms in which we, as brands, think. We put blockers in our own minds about the different channels that don't exist in

“Digital is the unifying principle that integrates all the moving parts.”

that of the customer. The brand itself and the experience is the consideration, not where they are playing. Instead of pitting retail and digital to compete against each, they can work in harmony, creating smooth transitions for the customer between each and lifting each other up. De-channelizing our games by thinking like our players, significantly increases the potential for engagement and brand traction amongst our customers.

Digital enables players to evolve their play-style in whatever ways suit them. Many players will continue to play only at retail because that is what they have always done, that is what they are comfortable with and like to do and that is fine. They may use their digital account to enter second-chance draws and check winning numbers and their loyalty points and nothing more and that is fine. The advantage to both operator and player accrue, though, when the full capabilities of a robust Player Account Management system (PAM) are activated and used. Eventually, all gaming activity will be managed within a single PAM. Everyone benefits. And we might hope that the ease and convenience enjoyed by the player may even lead to increased play.

The fully integrated digital platform is also the most vital tool to promote responsible gaming. Anonymous play at Retail provides none of the tools or avenues for communication to assist the players in their journey towards an active and healthy play-style. The interactive relationship enabled by digital platforms is the key to evolving the customized dialogue that keep the players engaged and receptive to messaging that promotes responsible play.

What is the timeline for activating a fully-integrated digital platform?

A. Boston-Smith: The timeline is today, yesterday, now. I think you should maybe be asking when will it be too late? At what point will retailers, operators, and players have all moved into the new world of fully-integrated digital platforms, and anyone who is not there will be at a perilous disadvantage?

One part of the answer is that it depends on the maturity of the market. Ontario, for instance, has already evolved from

“Consumers don’t distinguish between ‘distributional channels’. They don’t operate in a channelized world and so neither should we.”

a monopoly to an open market with multiple gaming operators. That means the provincial gaming corporation, Ontario Lottery and Gaming (OLG), now legally competes head-to-head with a wide variety of online providers – and I say legally because OLG has always competed with grey market gaming operators. We have witnessed first-hand that OLG has always held itself to an accelerated schedule of technology improvements and player enhancements that deliver the optimal player experience. One of the things they are doing to differentiate themselves is to ensure their portfolio of game categories is available to its players across multiple delivery channels to enable opportunities for the players to migrate seamlessly based on their preferences. This requires digital integration across multiple systems.

Bede is pleased to be one of OLG’s technology partners in their journey to be the players’ destination of choice for all games-of-chance. It is not a project with a beginning and an end. It is a continuous journey to walk with the customer, to change as their expectations change, and to embrace the opportunity to make obsolete the things that may have worked well in times past but are no longer the pull they once were and to be constantly building for the future.

OLG’s vision has inspired us to reimagine how the digital platform can transform the player experience for the next generation of consumers.

How is the role of retail evolving?

A. Boston-Smith: Retail continues to be the face of Lottery to the customer, and Lottery’s massive and proprietary network of retailers is a distinct and powerful competitive advantage. Retailers expect to be a full partner in the fully integrated digital platform. The symbiotic relationship between Lottery and Retailer won’t

only continue, it will be stronger than ever, with both sides benefitting more than ever. Retailers are like a ubiquitous billboard for Lottery, POS displays and signage and clerks who serve Lottery players. Retailers know they need Lottery to drive store traffic and collaborate with them on ways to modernize their relationship for the benefit of Lottery, Retailer, and Consumer alike. Lottery’s digital platform can even help retailers in their efforts to modernize and build out the new sets of KPIs being applied to measure and understand consumer shopping behaviour.

We are all in this together, stretching to continually improve our products and services, and the retail shopping experience to exceed consumer expectations.

Steve Jobs famously said that the consumer does not know what they want till we show it to them. How do we reconcile that with the notion of “customer-driven innovation”?

A. Boston-Smith: There’s something to what Steve Jobs says. I think he is being a little disingenuous, though, in neglecting to explain how we are supposed to know what to show them.

Traditionally, Lottery has thought of itself as being somewhat unique – competing in the “broader entertainment industry” but not necessarily competing with others in the games-of-chance industry, like casinos. In this case, until and unless they are shown something better, lottery players will likely be satisfied with a slow and steady rate of evolution. They may be hoping we show them some exciting new game concepts and new ways of accessing the games. But until we show it to them, lottery players could be expected to continue to buy what we give them, to play the games that we offer them in the stores where they are offered. But how about when the players become more and

more distracted with new and different gaming options, like sports betting, casinos, and online iGaming? These other games-of-chance operators are working hard to show them something better, to compete head-to-head with Lottery.

We need to continue to compete in the broader recreational entertainment industry and with other impulse-purchase items in the convenience store. But perhaps unlike a few years ago, I think we all realize that we are now also competing with other games-of-chance options. Competing with products that are in your own specific category changes the whole complexion of how we think about the mission to engage the consumer and retain player-ship. The challenge of getting attention and retaining interest and relevance becomes much more exacting when the consumer has more and more gaming options.

Well, to your original point: How are we supposed to know what to do, what to show the customer, if we don't ask them?

A. Boston-Smith: We recognize that player registration is the window to the changing tastes and preferences of the players. That is how we capture the data that tells us everything we need to know. You refer to Steve Jobs' lack of confidence in the ability of focus groups to provide useful insight into consumer tastes and preferences. He also said he could have asked a thousand people and nobody would have told him they wanted a graphical user interface. In our industry, players have a surprising lack of insight into what motivates their play. Almost everyone, for instance, says they prefer the giant prize pool to be divided up to produce a large number of millionaires instead of a small number of centi-millionaires. But we know they play for the opportunity to win the giant jackpot.

Capturing the record of all the real-world actions of the consumer is the most reliable way to understand how the player actually behaves. It's not just asking what games they prefer or even what they like about a game. With the registered player, you are analyzing dwell-time, tracking their journey across channels, and capturing countless data-points that will inform you about what the player actually wants based on their real-life behaviour. Going forward, the importance of knowing the customer, understanding their tastes and preferences, and updating the products and delivery systems on an accelerated

time-line will become mission-critical.

The competition in the games-of-chance sector has been honing these data-mining competencies for many years and they now have their sights set on the lottery player. Following two years of disruption, during which Lottery has performed quite well, the games-of-chance sector is now in a state of flux. Easy access to a much wider diversity of gaming options has smoothed a path for consumers to engage with a wider variety of game categories. One result of more products, more consumer choice, and broader distribution is that the market will likely expand. Even so, there will clearly be losers as well as winners in the competition for playership.

The good news is that the resilience of the lottery players' loyalty is off-the-charts. It is, so to speak, our game to lose. Lottery has the customers, Lottery has the distribution network, Lottery has the games that people love to play. And Lottery knows better than anyone how to operate within an increasingly rigorous regulatory environment. It's just a new era wherein lotteries everywhere, including North America, are adapting to a whole new competitive landscape, in which consumers migrate across multiple categories of gaming. Our competitors are capturing the data that is guiding their efforts to produce games that are more relevant and engaging, and an overall user experience that is customized to align with everyone's personal communications and lifestyle. It is important to know whether the player prefers texts, emails, something else, or none of the above. Do they play only at retail, only online, only on their Mobile, only on self-serve, or some combination? Do they play across a variety of game categories and are responsive to bonusing promotions, or stick with Lottery and are more focused on loyalty points and benefits?

It seems like the consumer is more willing now to share information about themselves for the benefit of building mutually beneficial relationships with companies that they want to do business with?

A. Boston-Smith: They do need to perceive material benefits to sharing information and taking the time to pay attention to players clubs and loyalty programs. But we do see the whole process migrating from a focus on short-term sign-up benefits and incentives to a more organic or holistic process of develop-

ing a mutually rewarding relationship.

Each generation of consumer is more sophisticated than the last. So, while security and other concerns of older consumers will always be of paramount importance, the next generation of consumers is more confident in the ability of technology and process engineering to function the way they are intended and protect their data. And they see the benefits of being more open to an interactive relationship, to sharing information and enabling brands to customize the user experience, deliver the products and services that are most relevant and avoid those that aren't. Consumers are smart enough to recognize the benefits to a more open, transparent, and collaborative journey through life.

So player registration is not just about online play?

A. Boston-Smith: No, not at all. Finland has over 50% registered players and something like 90% play across multiple channels, including retail. The more interesting phenomenon is that a high percentage of registered players play only at retail. They registered for the benefits they receive as a registered player even though they don't even play online.

Norway and Sweden require players to register, so 100% of their players are registered. I am not advocating for a mandate like Sweden and Norway, but would just point out that player-ship is as high in those countries as it is in most others. Ray Bates moderated a panel discussion for the EL/WLA Marketing Seminar (a virtual conference Feb. 2-4) in which the panel discussed the trend towards player registration.

Of course, our competitors in the casino sector have been highly focused on players and loyalty clubs for many years. Likewise, sports betting operators are pushing hard with aggressive sign-up bonusing to motivate players to register. These other sectors are steeped in the business of building the highly interactive relationship that is so key to effective player retention.

With the largest customer base that stretches across the widest range of demographic profiles, and a uniquely massive retail network, Team Lottery is positioned to apply digital technology to build the sustainable relationships that will support ongoing growth and ever-increasing competitive advantage. ■



Lottery of the Future

GUIDING THE SUCCESS OF OUR INDUSTRY

Over IGT's three-plus decades in the lottery business, the industry has seen many transformations as the company has evolved with market dynamics, consumer behavior, retail trends, and operational efficiencies.

Internet retailing became popular almost two decades ago, followed rapidly by Web 2.0, social media, and then portable devices, smart phones, and mobile apps.

The Digital Age is ever-transformative, dramatically changing social structures, eliminating boundaries, and ushering in an expectation of immediacy and convenience.

Today, organizations in all sectors need to radically revolutionize themselves every few years to stay relevant in a business landscape that has changed forever. How can the lottery industry cope with these unstoppable waves of digital transformation?

To help lotteries build a successful future, IGT offers an objective and impartial evaluation of trends, strategies, technological solutions, and procurement options through a series of articles and white papers.

In one recent evaluation of trends, IGT worked with trendspotting partner Foresight Factory to bring robust technology and consumer-trend forecasts to the lottery industry through a **2022 Trend Report, available at [IGT.com/lotteryblog](https://www.igt.com/lotteryblog)**. "We will continue to equip our customers and the industry with the regular analysis and information needed to understand which among the potentially overwhelming myriad of trends will be the future drivers of the lottery business, and help our customers shape their digital lottery strategy," said **Srini Nedunuri, IGT Vice President, Global iLottery**.



Srini

Nedunuri

IGT Vice President,
Global iLottery

SHAPING DIGITAL LOTTERY STRATEGY & POLICY

A successful digital lottery strategy also requires a deep understanding of market drivers and player needs within the local regulatory environment.

Like fingerprints, no two lotteries or state governments are the same, but player expectations are uniformly clear. Players are looking to brands and lotteries alike to create seamless experiences whereby online and real-world channels complement one another, rather than compete.

For lotteries, the path to digital can and should begin right away, by taking steps that will enhance the player experience and integrate physical and digital channels in

readiness for a full iLottery program. These are steps that can be implemented prior to iLottery jurisdictional approval, enabling lotteries to create player familiarity with mobile app features, such as digital playslips and eWallets, in readiness for the final step of offering wagers online.

For lotteries seeking to add the iLottery digital channel, it is critical to directly engage in the policy discussion with policymakers, educate them on how successful iLottery programs operate, and communicate the benefits it will bring to players and good causes.

"Lotteries need to ensure policymakers have a clear understanding of the rules and regulations for online play," said **Scott Gunn, Senior Vice President, Corporate Public Affairs**. "In the process, they can demonstrate that an effective state iLottery program maintains the highest standards of responsible gaming, security and integrity, leveraging the proven and



Scott

Gunn

IGT Senior Vice President,
Corporate Public Affairs

globally accepted best practices being used by lotteries that offer products over the internet.”

In tandem, lotteries can prepare for digital wagering by putting in place the digital building blocks that pave the way toward its introduction. A strategy that increasingly introduces thoughtful digital features designed to complement and enhance the retail-player experience will establish new player behaviors and gradually shift the playing experience from the physical to the digital. In the process, it can meet the demands of ever-more digitally savvy players while proving the value of the digital shift in terms of player uptake and revenue contribution to good causes.

Then, when regulation allows, this technological progression makes selling tickets over the internet a relatively small step, as players have already become accustomed to connecting with lottery play digitally and are enjoying the greater convenience of the digitally enhanced retail-lottery journey.

CHOOSING AMONG OPTIONS

Let’s examine the options for lotteries embarking on the path to digital. Many of these features have universal appeal, but gathering local player insights will be invaluable to understand players’ preferences and inform the appropriate approach. While each of these digital components has singular benefit, implementing them as an integrated digital journey creates a robust, omnichannel experience.

A digital strategy is a sound foundation for a lottery’s future success, but to make it a reality many complex decisions are required.

Watch for the next article in this series, which will examine the products and technology available for lotteries to procure when embarking upon the digital journey. ■



DIGITAL BUILDING BLOCKS



Convenience App

- Check winning numbers
- Find a closest retailer
- Preview draw and instant ticket information
- Receive jackpot information alerts
- Push marketing notifications
- Save playslips to Favorites



Second Chance

- Draw and instant ticket Second Chance promotions
- Chance to win via ticket or points-based drawings
- Bonus options like multipliers



Loyalty

- Earn points for online and retail wagers
- Spend points for entry into Second Chance drawings



eWallet

- eWallet allows for funding and payment at retail
- Auto-pay prizes back to eWallet



Subscriptions

- Continuous or configurable subscriptions for all draw games
- Ability to edit subscriptions
- Payments upfront or on a weekly basis
- Player win alerts



Personalized Player Offers

- Offers based on previous transactions
- Offers based on similar player transactions



Responsible Gaming Tools

- Promote protective tools for informed play

Ukraine has enough experienced pilots and Air Defense specialists. What we are short of is weapons, aircraft and such.

Priority #2 is fuel. Russians hit with their modern medium range missiles all oil refineries and many gas storages in the territory of Ukraine. So we badly need petroleum and diesel fuel.

But as well when the economy is in this state of war, food and other goods necessary to stay alive are needed too. Ukraine is a breadbasket of Europe. But Russians have done everything possible to prevent sowing season this year.

Many cities are in ruins so we will need construction materials and financing. But this is later, when our victory is achieved. I believe that after the war Ukraine will be a very attractive country for foreign investments.

What can you tell us about the uncertain future? What will become of life for the people in Ukraine and MSL Lottery in the years to come?

E. Vlasenko: In 1791 Poland adopted its Constitution, second in the world after the USA. Three years later, Russia invaded Poland and abolished the Polish constitution. Paul, do you see historic parallels? Today, Poland is an independent, modern and developed EU member. Russia is a warhead with a wild population.

After the war Ukraine will stay independent, democratic, and European. Life will be very difficult – we have no illusions about that. But it will be a happy life because our children will not die under Russian bombs and missiles any more. The Ukrainian army will remain one of the strongest in the world and I hope that we will manage to build a Great China wall along the Russian border. Because I personally do not believe that Russia will ever change. We need to stay away from and guard against them to be secure and be protected in the future.

About MSL. We have a 50-year history and experience. We will stay strong and try to build successful lotteries for the benefit of our people and our economy.

I have a dream. This dream is to launch

an international lottery in support of Ukrainian reconstruction after the war. And MSL will invite all our numerous friends, operators of the state lotteries, to become founders of this New Game for Ukraine.

When Saddam Hussein invaded Kuwait, the U.S. and allies pushed Iraqi forces all the way back to the Baghdad city limits. Is there any hope for mounting a counter-attack and pushing Russia back to the city limits of Moscow?

E. Vlasenko: I remember 1990 Kuwait war pretty well. The situation in Ukraine is different. Different ambitions of the invaders: Hussein had regional economic and anti-US ambitions. Putin has global and anti-Ukrainian and anti-NATO ambitions.

Second. At that time, NATO was not afraid of Iraq and USSR that was backing Iraq because the USSR was in a state of decay. And Iraq did not have nuclear weapons. Today the enemy is much stronger. Nevertheless, Russians will be thrown out of Ukraine in “the direction of their military ship”. To which limits? We will see, Russia is big.

Is there anything else you might like to say or share with your friends from everywhere else in the world?

E. Vlasenko: I want to thank our colleagues from many countries from all around the world that support Ukraine officially and privately. Everybody is doing what they can and we appreciate the ongoing support. You can find a lot of examples of solidarity with Ukraine at EL web site.

I want to thank global lottery community for taking a decisive position to discontinue Russian and Belorussian members in WLA and EL.

In Ukraine we communicate about all those facts at our web site and in social media. MSL employees and our players know about the contributions from the international lottery community for the defense of Ukraine. And we are grateful for this.

As the war continues, we should fight

Russian fascism everywhere where we can. The military strength of the aggressor depends on its economy. Its economy depends on taxes they collect. Taxes decrease when international business leaves Russia. That is why Russia should be isolated. Therefore, together with our world lottery community partners, we have a plan to build an anti-Russian gaming coalition.

Many leading world companies in the sports betting industry have already joined the protest to support Ukraine, including William Hill and Bet 365 which have left the Russian market. Furthermore, LeoVegas, Statscore, DraftKings, Fan Duel, OPAP, Coolbet, Pari Match and many others withdrew betting offers on Russian sports events. PokerStars has also ceased operation in Russia.

But at the same time, Russian business tries to hide, mask, or change their names and use other tools to protect its positions, and even penetrate into new businesses and new geographies. These businesses will sponsor Putin's regime.

I completely agree with President Biden and Senator Lindsay Graham who called Russia a terrorist country and Putin a war criminal. And from my perspective, those who do business with them, pay their taxes, or give them jobs are advocates of the war crimes.

During this time when our businesses are destroyed and our people have to leave their homes, there should be no comfort for any Russian businesses in the world lottery community. The ultimate victory is composed of small elements.

Ukraine will be restored after the war. We will restore our business after the war. We believe that our partners from WLA and EL will help us to launch a modern after-the-war lottery as the governments are ready to support after-the-war reconstruction of Ukraine.

Slava Ukraini! (Glory to Ukraine!) ■

Focused

On You.

From best in class entertainment options to trailblazing retail and digital solutions, we care about the details that deliver revenues to the good causes and beneficiaries of our lottery partners.



Celebrating a Five-Year PARTNERSHIP

Behind the Scenes of an Instant Game Program That's Making a Difference for Education in North Carolina

When leaders at the North Carolina Education Lottery made the decision to move to a full instant game category management program, it more than paid off. Five years later, NCEL is the No. 6 performing lottery in the U.S. for instant game per capita sales and has achieved 10.2% CAGR over the past four years.

In 2021, the program has surpassed all sales projections. Instant game sales have doubled, with the category representing 70% of annual retail sales. The achievements were the result of new efforts by the NCEL to create the right partnership with the right strategies that would move instant sales from a plateau to the next level.

That partnership began in 2017 with the NCEL and Scientific Games. The Lottery set an aggressive goal for instant game retail sales by 2026. A year later, Executive Director Mark Michalko arrived on the scene, bringing 20 years of gaming industry experience to the Lottery.



Mark Michalko, NCEL



Michalko wanted product solutions. He was interested in maximizing the use of data-driven analytics and research to responsibly grow sales and deliver entertaining experiences to North Carolina players.

“We knew we needed to renew our focus on the products and leverage data to drive strategic business decisions,” says Michalko. “Our partnership with Scientific Games has proven that data has the power to deliver tangible results that grow sales and profits.”



★ Partnering for Results

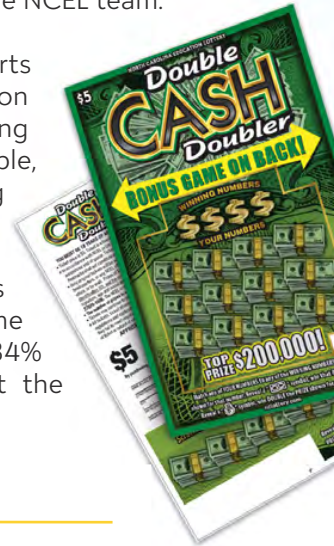
“The *Scientific Games Enhanced Partnership* with NCEL is a true partnership in every sense,” explains John Gorman, Scientific Games Director of Marketing in North Carolina, whose experience in finance and analytics prepared him well for an 18-year career in the lottery industry. “*SGEP* is based on four pillars: product solutions, advanced logistics, retail optimization and digital engagement. But it’s also about people and trusted relationships.”



The company’s 40,000-square-foot *SGEP* facility is located just outside of Raleigh, North Carolina and 15 minutes from NCEL headquarters. More than 30 Scientific Games employees are responsible for accurately filling seven million packs of NCEL Scratch-Off games – 370 million individual tickets – per year. On the product solutions front, the team uniquely includes a dedicated product manager, consumer insights specialist and data scientist. Game designers and more analytics and insights resources are in metro Atlanta, just one state away at Scientific Games global headquarters.

“Our team works in lock step with NCEL’s team so that we are aligned on everything from product development to sales, brand management and even auditing,” explains Gorman. “We know North Carolina players, so we don’t recommend anything that isn’t a fit, or if we can’t provide data to demonstrate the potential incremental revenue to Mark and the NCEL team.”

Scientific Games supports every recommendation to NCEL with a strong ROI analysis. As an example, *Double Cash Doubler* featuring *Scratch My Back* with play on both sides of the game was proposed for the Lottery’s portfolio based on its potential to deliver profits. This game indexed at 175 and generated a 434% ROI vs. a typical \$5 game without the *Scratch My Back* feature.



★ Portfolio Optimization

Michalko’s focus on growth centers on product development and marketing. He streamlined the game development process, moving to 12-month plus plans for game launches. Next, he supported NCEL Deputy Director of Product Development Randy Spielman in the development of a portfolio optimization model that fully utilizes *SGEP* analytics and market research.



Randy Spielman, NCEL

“In simple terms, the right games on sale at the right time for the right consumers is key to our growth,” says Spielman.

One of the most important elements in planning NCEL’s portfolio is the approach to spotlight higher price point game launches. Scientific Games developed forecasting models to assist the Lottery in visualizing the launch cadence of these games five years into the future, which has proven valuable for developing production runs.

The goal? Build a Scratch-Off portfolio with a wide selection of games that appeal to as many current and potential players as possible. One of the largest states in the U.S., North Carolina has a population of 10.5 million and is culturally diverse in every region, from the coast to cities and mountain communities.

NCEL launches 51 games per year, about four per month. All launches are on the first Tuesday of the month – with the popular “Mr. First Tuesday” character promoting new games to players. Each game launch has a specific strategy applied to price point, theme, prize structure, play style, color, and merchandising.

The Lottery offers \$1, \$2, \$3, \$5, \$10, \$20, \$25 and \$30 price points. NCEL’s \$20+ games currently make up 47% of retail sales (vs 34% in 2017), with Scientific Games’ analytics indicating there is even more room to grow higher price point games.



★ What Players Love

The annual *Multiplier X* family of games continues to be a player favorite. NCEL supports this family of games with a TV ad campaign and a second chance contest each year.

Right now, the Lottery's hottest Scratch-Off is its latest \$30 game, *200X The Cash*, which launched the first week of March – the last member of its 2022 *Multiplier X* family of games. The game is NCEL's sixth \$30 product since the price point was introduced in 2015.

NCEL has also experienced a great deal of success with a recent series of \$500 prize-loaded games at the \$5 price point.

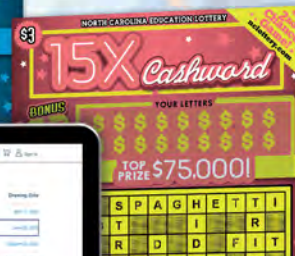
"When we changed the prize structure from a \$5 game with a six-figure top prize that was heavy on \$500 prizes, to a game with exclusively \$500 top prizes, sales surged," says Spielman. "This approach is now a core part of our portfolio optimization model."

NCEL's first \$25 game, *Extreme Cash*, launched in March of 2020 was a success. It was also its first no break-even game, a new feature in prize structures. The game featured a minimum \$40 prize and a top prize of \$1 million.

"We wanted a strong, spotlight game but didn't want to launch a third \$30 product. *Extreme Cash* and its unique value proposition filled that need and it was a huge hit with our players," explains Spielman. "We're so pleased with the results, that we are considering extending this value proposition to other price points in the portfolio."

When it comes to licensed brands, NCEL relies heavily on market research, including focus groups and its online player panel, to strategically incorporate favorites into its portfolio. Recent selections include *LOTERIA*, *THE PRICE IS RIGHT* and *MAGIC 8 BALL*.

NCEL is also interested in reaching new players through social media. The Lottery participated in *7-11-21 LIVE!* which featured a Scratch-Off game sold at retail, and a Facebook Live social media event. The digital event reached 26,000 players, achieved 48,000 engagements, and attracted 4,800 viewers – the most viewers of any *LIVE!* event to date.





★ Out of the Ordinary

NCEL and Scientific Games teams continually drive improvement, using the predictive ordering component of *SciTrak Ultra* technology to efficiently manage inventory levels and reduce out-of-stocks.

The Lottery's Scratch-Off sales skyrocketed during COVID with two consecutive years of double-digit growth. When other forms of gaming in North Carolina closed, long stretches of 35-40% Scratch-Off growth put pressure on retail inventory levels.

Throughout the pandemic, NCEL benefitted from continuous warehouse operations and inventory levels in the field were maintained through its *SGEP* program despite global supply chain and workforce challenges.

"We had no shortage of inventory and kept the pipeline to retail dispensers flowing despite supply chain pressures, even at the most critical points during the pandemic. Our teams delivered a 99.98% order accuracy," shares Gorman. "This was possible because we followed a stringent employee safety protocol and our all-hands-on-deck approach on both sides of the partnership definitely proved its worth. We stayed in constant contact and navigated through the turbulence together."

The Lottery performed so well, that in 2020 it advanced to one of the prestigious Top 10 performing instant game lotteries worldwide for the first time.

★ Teamwork Makes the Portfolio Work

When it comes down to it, the mutual goal of everyone behind NCEL's *SGEP* program is to generate more funding for education in the state. In FY21, the Lottery raised the most money ever for education programs in the state, \$936 million.

"The NCEL and Scientific Games teams both live and work in North Carolina, so it's not only a partnership but a shared goal," says Gorman. "There's no better sense of accomplishment than coming to work every day and knowing what you do improves the lives of millions of students in communities around our state."

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ADD-ON ATTRACTIONS

Ideas to Engage Draw-Game Players & Retailers

Draw game add-ons like “Double Play” and “Plus” let players enjoy more of the games they love. What strategies can help boost player awareness and retailer support?

A program to promote a similar second chance add-on in Italy helped to increase play by 23% in the first month, providing some interesting ideas that other jurisdictions may adapt to their own communication plans.

In the United States, the game “Extra” is predominantly known as an instant-win add-on to terminal games. But in Italy, the all-caps **EXTRA** add-on is more akin to **Double Play**, the second chance game most recently introduced onto Powerball® by 13 U.S. states last August along with the launch of the third weekly draw.

Also known by names such as “Plus” and “Revancha,” this type of mechanic has been adopted in many parts of the world.

Just as the \$1 Double Play add-on game enters the

player’s same Powerball numbers into a secondary drawing for the chance to win additional prizes based on a brand new prize structure, the €1 EXTRA add-on game in Italy gives players’ numbers a second chance to win.

EXTRA has proved to be a hit with Italian players, now running on two of operator IGT Italy’s draw games: the daily game, MillionDAY, and the 5-minute monitor game 10eLotto.

Several of the B2C and B2B communication ideas in Italy to promote this second-chance game may provide potential models for adoption by other jurisdictions:

AWARENESS CHALLENGES

When the EXTRA add-on game launched on MillionDAY in March 2022, one of the key issues for the marketing team was **how to make players** aware that they could now enjoy a new second-chance option on the daily draw.

It is a challenge that operators commonly face. Because draw games and add-ons reside in the terminal and are not as visible at point-of-sale as scratch games, promoting them requires unique strategies.

The team in Italy had the additional challenge of a national advertising ban on games of chance, which went into effect during the year after the MillionDAY base game launched.

Necessity spurred creativity: The IGT Italy team drew on its operator knowledge and extensive B2C marketing experience to create an informative program aimed at fueling engagement and responsible

growth, in full compliance with Italy’s law and regulations on advertising and promotion. The program was also shaped by specific player research they conducted prior to launching the add-on, to inform their launch approach.

INNOVATIVE PLAYER COMMUNICATIONS

The player communications plan included both **physical touchpoints** (playslip and point-of-purchase materials) and **digital touchpoints**, including IGT Italy’s “My Lotteries” mobile app, the Lotto Italia website, and monitors running the 10eLotto fast-play game.

- **Playslip** IGT Italy **redesigned the main playslip** to highlight the new availability of the EXTRA add-on game and clearly convey the rules and cost (see figure). The playslip also called players’ attention to a new, later daily draw time to accommodate player routines, which was launched along with

the add-on. A separate “multi-bets” playslip, which allows players to bet more than one combination, conveys the information in a similar fashion, along with the option to add EXTRA for each chance played.

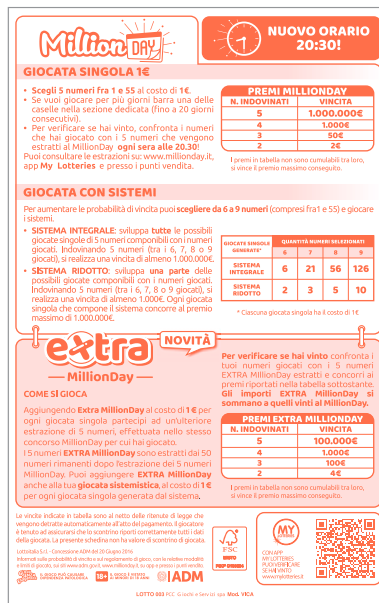
- **Tear-Off Quick Picks** The IGT Italy marketing team designed and tested **special interactive posters** for distribution to 4,000 retail locations. The posters feature a series of Quick Pick playslips for the game, which are perforated, allowing players to conveniently remove one from the poster. A **QR code** is included for the retailer to scan when a player presents the ticket for purchase.
- **Motion Graphics** The team also designed an informational **motion-graphic leaflet** as well as **teaser shows** for the point-of-purchase monitors, 10eLotto monitors, the My Lotteries mobile app, and the Lotto Italia website.



SELLING PROPOSITION:
“A second chance for your numbers”

CHECK BOXES highlight the rules and the cost
“5 further numbers drawn from 50 remaining”

NEW DRAW TIME
every day at 8:30 p.m.



NEW DRAW TIME:
every day at 8:30 p.m.

RULES for MillionDAY EXTRA



1. Motion-Graphic Leaflet



2. 10e Lotto Monitor



3. Player POS Display



4. My Lotteries App and Lotto-Italia.it website

Digital Touchpoints

- **Banners** Included in the teaser campaign was a **countdown banner** designed for the mobile app (see figure), which highlighted the number of days remaining until the launch of the EXTRA add-on and reminded players that it was coming. The day of launch featured additional banners on the mobile app and the Lotto Italia website with a **dedicated landing page**.
- A digital campaign to engage retailers in training courses, highlighting the new aspects of MillionDAY and EXTRA
- Video training on the EXTRA option
- A special preview and reminder communication on the day before launch
- Launch-day communications
- Dedicated web pages with related news, FAQs, and a guide for sellers
- Shipment of more than 38,000 point-of-sale kits in waves to retailers across the sales network, with suggestions on how to display the materials. Top sellers received a special new playslip display, and all retailers received promotional posters, stickers, and newly redesigned playslips
- An online request form to receive an additional kit with the new point-of-sales materials dedicated to EXTRA MillionDAY

A SEPARATE PLAN TO ENGAGE RETAILERS

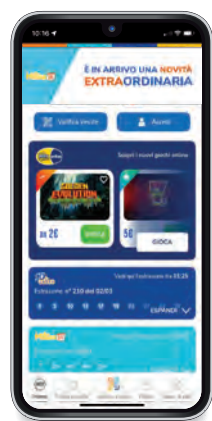
IGT Italy Store Improvement and Communications oversaw the retailer communications plan and notes that the team followed a **carefully paced schedule of B2B outreach**.

As with the player communications, the materials aimed at retailers clearly articulated the benefits of the new add-on game and conveyed the key changes multiple times to support awareness and understanding.

The retailer communications plan included:

- Focused emails and digital messages sent through the gaming terminals

BANNER: Countdown of the days left to launch



9th – 10th March

Countdown from 11th to 15th of March



Mobile App – Teasing EXTRA

In the first month, the EXTRA add-on game was played at **97% of the retail locations**, and thanks to the postponement of the draw time, the total number of daily wagers placed after 7.00 p.m. was **three times higher** than in the week before launch.

The various communications earned a high open rate of 83%, five points above the average. Prior to the roll-out, the team also teased the launch of EXTRA with **a video celebrating the base game's 200 previous top-prize wins**, urging retailers to “stay tuned for something new.”

Complementing and reinforcing all the other communications were two full-page print **advertisements created for a retailer trade magazine**. One focused on the novelty of the EXTRA add-on with the message – “There’s always a second chance for your clients” – further encouraging retailers to let players know about the new EXTRA option and an “EXTRAordinary” new experience.



Poster

Playslip Display and Window Sticker

Stickers

EXTRA MillionDAY – Point-of-Sale Kit

EXTRAORDINARY RESULTS

It was a challenging time to launch the EXTRA add-on game in Italy – not only with an advertising ban but also pandemic-related restrictions that prevented people from lingering as they otherwise might at the point of sale.

Yet the thorough, double-barreled communications plan for EXTRA demonstrates the possibilities for success. The first month in which the EXTRA add-on game was available saw a **23% increase in sales** over the pre-launch, and thanks to the postponement of the draw time, the total number of daily wagers placed after

7.00 p.m. was three times higher than in the week before launch.

Even add-ons that have already launched successfully may have further room to grow. IGT offers strategies to help generate player interest and retailer awareness, such as IGT’s Double Play “Launch Box” – including retailer communications and training, newsletters, and other materials to promote this second-chance add-on game. ■



HOW IT WORKS

MillionDAY + New “EXTRA” Add-On

IGT Italy launched the hit draw game MillionDAY in February 2018 to fill a gap in the Italian draw-game portfolio between lottery games with weekly draws and faster-play games with multiple draws per day.

For a modest ticket price of €1, players of the MillionDAY base game choose five numbers out of 55 for a chance to win cash prizes – including the top prize of €1 million – in a five-number daily draw that was originally held at 7 p.m. The game can be purchased in both the retail and digital channels, on IGT Italy’s “My Lotteries” app, and on digital retailer sites.

Over the next two years, the operator introduced new ways to play the base game (i.e., multi-bets, system-bets) before successfully launching the second-chance add-on game called “EXTRA” in March 2022 and moving the daily draw time to 8:30 p.m., to provide more time to place bets.

Players can now purchase the EXTRA option for €1 over the base cost of €1 per bet, using the same five numbers played in MillionDAY. After the five numbers are drawn for MillionDAY, players participate in a second draw of a further five numbers from the remaining set of 50, providing them with an EXTRA chance to win.

Players who match at least two numbers or more in the EXTRA draw win dedicated prizes, with a prize structure independent from the base game.

assessment policy is implemented.

It has been held, both by the EFTA Court and the European Court, that a monopoly system sometimes serves the purpose of fighting addiction related to gambling more effectively than would be the case with a system authorising the business of operators that would be permitted to carry on their business in the context of a free and open competition market within a non-exclusive legislative framework.

When seeking an even higher level of protection, a State is entitled to take the view that it is only by granting exclusive rights – which is subject to strict control by the public authorities – that it can tackle the risks connected with the gambling sector, thereby pursuing the objective of preventing incitement to over-spend on gambling and combating addiction to gambling with sufficient effectiveness. The Court specifically recognised the legality of a monopolistic gambling model also with regards to online gambling, something which is basically in line with its rulings that online gambling is only another form of distribution of games and not an independent business model or new category of games.

Recently, in *Fluctus and Fluentum*, the Court took a more holistic view. The Court found that a system of organising market in games-of-chance in Austria in which the advertising practices of the holder of the monopoly on lotteries and casinos are intended to encourage active participation in the games by conferring on it a positive image by virtue of the use of the proceeds for activities in the public interest, or by increasing its attractiveness by means of attention-getting advertisements which hold out the promise of large prizes, can be compatible with EU law and the theory of controlled expansion as already ratified by the Court.

Indeed, such an increase could just as well be the result of a channelling of illegal activities into the controlled gaming networks. The ruling thus allows for a more flexible case-by-case application of advertising and commercial policy by exclusive right holders at the national level.

So today it is clear that applying the monopoly model for lotteries and attracting people to play lottery games for the benefit of society is finally considered to be an appropriate way to address illegal activities on a market. The starting point of the good causes funding allocation needs to be found in the cases recognizing the prohibition or limitation of private profit.

The prohibition or limitation of profit has been part of the way in which lotteries can be operated in the Member States of the European Union since the first relevant judgment on games-of-chance of the Court. This was further explicitly confirmed by the Court of Justice in the judgments in the Finnish *Läärä* case and later also in the Swedish *Sjöberg and Gerdin* cases. In these last cases the Court clarified that limiting private profit and limiting lotteries to (in)direct contributions to charities is an acceptable principle from the Swedish Gaming Policy because, just like with the *Schindler* judgment, it fell within the scope of consumer protection and the protection of public order.

The Court further states that the basic premise of free competition does not apply in full in the games of chance market. Competition should normally lead to better products/services and lower prices for the benefit of consumers. But “better” gambling products or services and lower prices, which generally make these products/services more attractive, are not always necessarily better for consumers.

In other words, it can be beneficial for consumer protection and the protection of public order to limit the number of (lottery) providers in a market. There are several ways to limit the number of providers including, but not limited to, choosing a model in which the pursuit of private profit is prohibited or limited. The prohibition or limitation of profit reduces the incentive for companies to participate in this market. It is worthwhile for fewer companies to make investments (or incur debts) if these cannot later be translated into large profits for the company and its shareholders. A prohibition/limitation of profit therefore can serve both consumer protection and public order. This is also the opinion of the European Court’s Advocate General in the recent *Admiral* case, but still to be confirmed by the Court.

The Court already confirmed in 1999 in a Finnish case that a monopoly regime under direct State control may be more effective in managing the risks associated with the gaming sector and in achieving the legitimate objective of preventing incitement to excessive gambling expenditure and combating addiction to gambling, than under a non-exclusive legislative framework. Moreover, the Court even considers a model of allocating the proceeds of the state lottery to charitable purposes more favourable than a licensing model with the taxation of profits:

“Although the sums thus received by the State for public benefit purposes could also be obtained by other means, for example through taxation of the various entrepreneurs who would be allowed to carry out the activities in question under a non-exclusive system, the obligation imposed on the licensed body to transfer the proceeds of its business is certainly a more effective means of setting strict limits on the profits resulting from those activities, in view of the risks of fraud and other criminal acts.”

So within a context of controlling gambling in a responsible way and protecting society against crime and illegal gambling, States are permitted to grant the exclusive right holders of Lotteries or other games-of-chance more extensive powers to maximise the return to society. The uncertainty around this issue has been affecting Lotteries in Europe for decades. It is now time to consolidate these fundamental principles in the EU context.

The current discussion on the Future of the EU is providing us an interesting forum to put the role of Lotteries in Europe on the table. Innovation, social justice, access to education, a healthy lifestyle including sport, social rights & employment, protection of cultural heritage, access to broad cultural events, empowerment of diversification, attention to disabled, a greener world and a future-oriented economy based upon the principle of good governance are all themes that require attention in this context and are all within the DNA of the Lotteries.

We can easily provide numerous examples in many states. But let us give just one example each in relation to two European countries, Belgium and France. The French newspaper *Le Figaro* reported in its weekend edition (14/15 May 2022) that the Belgian National Lottery is supporting the festivities in Liège of the famous Belgian/French composer César Franck (born in Liège in 1822). The City of Paris, where he lived most of his life, has also actively contributed to the recognition of the composer of offering a monumental sculpture by a French artist to the city of Liège. This example, and there are many others, brings alive how Lotteries contribute to a common cultural heritage.

Equally important as promoting the values that Lotteries pursue, we need in the near future to consolidate the fundamental principles which Lotteries are based upon.

It starts with subsidiarity and re-emphasizing that within the context of the EU and its attribution of competen-

cies, the States need to remain the ultimate decision makers on the lottery and gambling policy they pursue.

Strengthening the authority of member states to grant exclusive rights to operate Lotteries and other forms of gambling are fundamental and require a strong focus on market developments to avoid disruption as already caused in many states by the independent development of online gambling.

Of course, states, together with the operators, need to do so in a responsible manner and strongly rely upon the precautionary principle, a pillar always

to be respected when developing a proper gambling policy.

And the list continues!

Implementing rules as foreseen by the Macolin convention of manipulation of sport events and protecting the integrity of sport and betting is crucial as well. The signature and ratification of the Macolin convention should therefore be a priority on every state's agenda.

Re-iterating the 2010 Declaration for the current discussions at the European level: the contributions from lotteries play a vitally important role for our societies, and this specific role of

Lotto Hessen Welcomes EL Membership to Wiesbaden for Industry Days continued from page 12

it is to have a well-interlocked multi-channel strategy. The terrestrial offer must be flanked by a contemporary, digitally mature offer via the website and the app. Only those who offer the customer a wide range of access-points can deliver the convenience and the individual preference that the customers have come to expect from all merchants. That is vital not just in extraordinary times like the last two years, but necessary to be successful in the long term. Limiting the customer to two "either-or" options has not acceptable for a long time. Other industries with longer experience are certainly further ahead than we are in this respect, but we are all working constantly to catch up and are now increasingly addressing issues such as personalization and customization of our offering for the individual tastes and preferences of our customers in the digital space.

We were fortunate that the contract to update our central software was signed just prior to the beginning of the Corona crisis, positioning us now with the next generation of technology.

What do you think the most significant long-term change in consumer or shopping behaviour might be?

Dr. Sundermann: On the one hand, the convenience factor will continue to gain in importance which means we need to serve our customers at the spot and in the manner they want. As mentioned above, the dovetailing of sales channels plays a very important role in making our products and services as flexibly accessible as possible to every customer. After all, maximum convenience and flexibility are almost taken for granted today. In addition, a balanced range of products and services will become increasingly important in the future in

order to serve our customers according to their respective preferences within the framework of a responsible gaming offering – regardless of whether they are looking for a the high jackpot, quick luck with a scratch card, or entertainment with a broad variety of online games. Our customers expect an attractive, individualized offer that they can use flexibly across the whole range of channels. Evolving the technologies, the user-interface, and our approach to customer service will also continue to gain in importance.

How about retail: What do you think the most significant long-term change in land-based retailing might be?

Dr. Sundermann: Of course, the retail sector has to deal with a rapidly growing online market. However, we also see opportunities in this, because we believe that people will continue to want personal encounters when shopping in the future. It will be important that the in-person customer interaction not only impresses with a good product and good service, but also takes place in an environment that makes the purchase a positive experience that, in the best case scenario, will be remembered fondly.

And work-style: Will workers return to 5 days a week in the office or more likely a hybrid of 2 or 3 days in office and more work being done remotely? Do you feel that productivity is lost for not being together in an office for 45 hours a week?

Dr. Sundermann: In fact, our flexible home office arrangement will also expire at the end of May. We will then offer a model that allows flexible working one day a week, or two days if necessary. I think the past few years have shown how well remote working

“solidarity” should be factored into our rule-making structure as being just as important as the economic freedoms.

We have come a long way since the start of the debate in 1992. Lotteries have strengthened their market approach and the quality of their governance. The various associations contributed greatly to these developments, as did some individual Lotteries as well. Let's now work to consolidate our “acquis” – consolidate all that has been agreed upon so everyone can move forward, decisively and for the benefit of society and the good causes supported by Lottery. ■

works and that the individual satisfaction of employees with such a solution certainly does not negatively affect their productivity either. Nevertheless, social cohesion and bonding is lost a little when we do not see each other in person, and perhaps people work more individually and more for themselves – a completely normal side effect. In this respect, I'm looking forward to seeing a full house again starting in June during the last four weeks of my time at LOTTO Hessen.

Congratulations for your retirement!

Is there a player trend towards dividing play over multiple game categories? Or do you see lottery players as continuing to stay loyal to lottery like they always did before the advent of sports-betting and online casino gaming and such?

Dr. Sundermann: We can definitely see that a broader range of different game categories is being positively received by players. A bet on a high jackpot once or twice a week is gladly supplemented by participation in other games that offer a different kind of entertainment or other exciting game mechanics. We also see it as our duty as a state-owned gaming provider to offer our customers an attractive and diversified range of games. After all, this is the only way we can fulfill our channeling mandate.

Lastly, I recall your preference for stairs over elevators. Were you anxious to return to the office so you could get back to your stair-climbing exercise?

Dr. Sundermann: Apart from vacation days or during the last weeks when I unfortunately caught the corona illness, I was always in the office. So I am in stair-climbing exercise and can only recommend this likewise to each coworker! ■



PULSE of the Industry

These news stories comprise a very small fraction of the gaming and lottery news stories posted every day to PublicGaming.com. Too, these stories are the highly edited short versions. You can visit our news website PublicGaming.com and access all of its departments for free, including search to read the full version of the articles. Sign up for our free e-newsletter by sending your e-mail address to sjason@publicgaming.com.

NORTH AMERICAN NEWS

Harold Mays Confirmed as the Director of the Illinois Department of the Lottery

Mays, who served as the Acting Director of the Illinois Lottery beginning in Fiscal Year 2019, says he is honored. "I am truly honored to be given the opportunity to serve as the Director of the Illinois Department of the Lottery," said Mays. "I look forward to continuing the Department's efforts to deliver on its mission to raise money for education, capital projects and special causes in an ethical and socially responsible way."

During Mays' tenure as Acting Director, the Illinois Lottery generated over \$11.5 billion in sales which resulted in over \$2.8 billion in proceeds to help support K-12 education, capital projects, and specialty causes across the State of Illinois. Prior to his role as Acting Director, Mays served as the Chief of Operations and Technology for the Department of the Lottery for five years. Before that, he was a program management office executive for the Illinois Department of Central Management Services.

South Dakota Lottery sales still rising, powered by new terminals

"theLotter" Minnesota website offers players in Minnesota the chance to play top Minnesota Lottery draw games online

Compared to lottery, sports betting in Arizona doesn't generate a lot of revenue After nearly a year of legalized sports betting in the state, there's a big disparity in the amount of money waged versus the tax revenue gained. In the last quarter of 2021, Arizona only

brought in about \$5 million of total revenue despite having almost \$1.5 billion of bets being made. A person who bets \$10 on the lottery each week nets Arizona about \$3 in tax revenue. The same \$10 in sports betting raises about 10 cents.

Full-scale casinos are on their way to New York City and the greater metro area. New York legislature appears willing to roll the dice on new casinos. Lobbyists Push for Manhattan Gambling Site.

New rules in West Virginia relax advertising restrictions for Limited Video Lottery locations and also smooth a path for iLottery

UK Jockey Club Again Chooses Inspired to Produce Virtual Grand National Races For the sixth consecutive year, Inspired Entertainment, Inc. will produce the Virtual Grand National (VGN) race and Virtual Grand National Race of Champions, kicking off the excitement of the 2022 Grand National Festival.

INTRALOT, Inc. signs 5-year extension with the Wyoming Lottery

to provide its lottery operating system and services for the operation of the Wyoming Lottery through August of 2029.

Diamond Game – A Pollard Banknote Company – Receives License To Launch Electronic Instant Bingo Product In Ohio The license allows the company to provide charitable

electronic instant bingo machines—also known as E-bingo or electronic pull tabs—to veteran and fraternal organizations throughout the state.

State of Michigan joins Multi-State Internet Gaming Association

The Multi-State Internet Gaming Agreement was entered into by the States of Nevada and Delaware in 2014, in order to share liquidity among patrons participating in legal forms of online gaming within the geographic boundaries of the two jurisdictions. In 2017, New Jersey became party to the Agreement, expanding the Association's shared liquidity to full online casino gaming.

Nevada casinos are roaring back. 44% YoY increase in month of February

INTRALOT announces Full Year 2021 Financial Results: +24.4% Revenue Growth and +82.5% EBITDA increase



Scientific Games Celebrates Sale to Brookfield

Global Company Enters Next Era with Scientific Games Name and 100% Focus on Lottery. Brookfield Business Partners L.P. has completed the acquisition of Scientific Games' global lottery services business. The transaction allows Scientific Games to focus its attention on providing games, services and technology to the global lottery and lottery-administered sports betting markets. The company will continue to operate under the Scientific Games name, which was established in 1973. Metro Atlanta will continue to serve as the company's global headquarters, and the entire executive leadership team will remain in place.

"This marks an exciting new chapter for

Scientific Games, and positions the company to build on the record growth we achieved in 2021 across all parts of our lottery business," said Pat McHugh, a 25-year lottery industry veteran who will continue as CEO for Scientific Games after serving as Lottery Group Chief Executive under the previous company structure. "Taking a long-term view of the business, Brookfield is committed to providing Scientific Games with the flexibility and agility necessary to expand our deep product portfolio to expand our deep product portfolio to meet the evolving needs of our customers and their beneficiaries."

Brookfield Business Partners is a global business services and industrials company focused on owning and operating high-quality businesses that provide essential products and services to both the public and private sectors. Established in 1899, Brookfield is one of the world's most successful investment companies with more than \$690 billion in assets under management.

The sale of Scientific Games Corporation's lottery business was announced in October 2021, and on March 1, 2022 its Gaming and iGaming business rebranded as Light & Wonder.

Light & Wonder's name change is legally official

The slot machine manufacturer's shares now trade under the ticker "LNW" on the Nasdaq. Light & Wonder employees at the Las Vegas headquarters. The Light & Wonder name and branding reflects the Company's strategic vision to become the leading cross-platform global game company focused on creating and launching great games fully cross-platform, leveraging our leading platforms and solutions to enable a seamless player experience," according to a statement issued by the company.



IGT Strengthens Video Lottery Terminal Leadership in Atlantic Canada via Massive Hardware and Content Deal

Company signs contract with Atlantic Lottery Corporation to deploy nearly 1,400 CrystalDual® 27 video lottery terminals (VLTs) with popular The Price is Right content.



IWG Delivers First-Of-Kind Monthly Jackpot Game

Instant Win Gaming (IWG) launched a first-of-its-kind jackpot game, titled Monthly Jackpot, for the Michigan Lottery. The new game is powered by InstantReplay, IWG's second chance feature-set, and InstantPulse, the Company's auto-updating graphics and visuals.

Smash and Grab Theft Hits Lottery:

Police arrest 2 for stealing thousands of dollars worth of California lottery tickets in what is becoming a more common occurrence throughout the country.

Inspired Entertainment to provide 700 Video Lottery Terminals (VLTs) for Western Canada Lottery Corporation (WCLC)



American Gaming Association Urges Department of Justice to Crack Down on Illegal Gambling

States fighting back against illegal betting machines One hundred gambling devices, 62 gift cards of varying denominations, and more than \$29,000 in suspected gambling profits have been seized from two alleged Michigan storefront casinos.

The Challenge of Maintaining Lottery Player-ship as players return to casinos

The Unstoppable Future of Esports Betting

Scientific Game bringing classic Mattel brands to more lottery games

Sightline Payments announced today that Play+, is partnering with JPMorgan.



The metaverse will change gambling from highly transactional and solitary to more entertainment-based and social

With few laws and no governing body, gambling in Alabama is spreading like wildfire. Even if most people don't realize it.

Virginia Lottery unveils new state-of-the-art gaming app

SPORTS BETTING AND CASINO GAMBLING

Sports Betting Data Giants Sportradar, Genius Sports, IMG Arena and Stats Perform Still Serving Russian sports books despite pleas to boycott Russia

Sports betting legislation serving private commercial interests at the expense of citizens and good causes

U.S. Sports Betting Revenue Hit Record-Setting \$4.3B in 2021 (a 180% increase over 2020) New Jersey led the way with \$816 million in revenue. Pennsylvania, Illinois, and Nevada followed, with the top four states accounting for around half the country's sports betting revenue. Overall gaming revenue, which includes casino and iGaming proceeds, hit a record \$52 billion – up 21.5% from the previous high in 2019.

Georgia Ends Session Without Legalizing Sports Betting

Mojo co-founders Marc Lore and Alex Rodriguez backed sports betting app that lets you bet on athletes like stocks Mojo, a sports betting app that's currently in beta and plans to launch in the fall of 2022, will allow users to bet on professional athletes like they would a stock. The founders say the app will be available in states where sports betting is legal. Initially users will be able to put money down on NFL players, but the group has ambitions to expand to other sports. Mojo, which is headquartered in New York, recently raised \$75 million in Series A funding from Thrive Capital and Tiger Global. Mojo co-founders Marc Lore and Alex Rodriguez also joined in the round. I got on a call with Mojo co-founder and CEO Vinit Bharara about this interesting—and potentially lucrative—slice of the growing market for betting on sports.

Hooters Restaurants has reached an alliance with the sports betting company Draft Kings U.S. popular sports bar chain Hooters is seeking to become sports betting destination, partners with major sportsbooks. U.S. popular sports bar chain Hooters is seeking to become a destination for sports betting as a new guest draw. The franchise is looking to leverage its status as a popular choice for watching sporting events to expand its presence within the burgeoning gambling space.

Ontario Sports Betting: Will new online bookies kill casinos? Commercial sports-books can now apply for license to compete with the government-owned Ontario Lottery and Gaming Corporation (OLG) for betting action in a market of nearly 15 million people. It's a first in Canada that's surely being watched by other provinces and territories eager to wrestle millions of dollars in bets away from the black-market operators that dominate the industry.

Ontario's online gambling market is expected to generate \$989 million in gross revenue in its first year, hitting \$1.86 billion by 2026, according to research firm Vixio GamblingCompliance. Anticipation for Monday's launch has drawn interest from some of the biggest names in the global gambling industry, and spurred companies like Australia's PointsBet (PBH.AX) and FanDuel, owned by Ireland-based Flutter Entertainment (FLTR.L), to open offices in Toronto led by local corporate talent.

According to iGaming Ontario's (iGO) website on Monday, 13 operators are registered with the Alcohol and Gaming Commission of Ontario and executed an operating agreement with iGO. At least 30 have applied for their iGaming registration. FanDuel, PointsBet, theScore, and Coolbet were among the brands that took to Twitter early Monday to announce their official launch in the province.

Ontario Sports Betting: Esports on the Menu in Province's New iGaming Market Ontario is set to host one of the biggest esports events in the world this year just months after the province makes legal sports betting — esports included — far more accessible.

Esports Betting Officially Launches In NJ

Caesars CEO expects online sports betting to deliver profit by 2023 end as company scales back marketing spend

Expect Ohio Sports Betting To Be Fully Operational by Late Fall

Sports Betting bills stall in Kentucky and Kansas

West Virginia passes esports betting bill amendment to allow operators to accept wagers on esports events.

Voters to decide fate of legalized sports betting in California, the market's 'crown jewel' California is not

the final holdout among states deciding whether to legalize sports betting — but it is by far the largest, and a high-stakes battle to pass some form of legalized sports wagering is underway. The nation's most populous state has yet to legalize any form of sports betting, but that could change in November, when two initiatives — that could change — are poised to be on the ballot. With California's sports-enthusiastic population of 39 million trouncing that of the over 19 million in New York, legalizing online sports betting is expected to generate a taxable mother lode of riches. The online betting measure would earmark 85% of the online betting tax dollars for homelessness and mental health support, while 15% would go to tribes not participating in the marketplace.

Preliminary estimates are that \$500 million would be raised annually in California by applying the 10% tax on online sports betting, according to Nathan Click, a spokesman for Californians for Solutions to Homelessness and Mental Health Support, which supports the online betting measure.

The New York sports betting market has stayed bullish for the fourth straight month, hitting over \$1 billion in total handle in April

At only four months old, New York is the biggest sports betting market in the US and shows no signs of slowing down. As of the last reporting date for the week ending on April 24, New York's total handle had already hit \$1.295 billion with another six days left in the month. The prior weeks in April averaged around \$324 million each. In March, New York saw a total handle of \$1.64 billion, total revenue of \$114 million, and a tax contribution of \$58 million. As a comparison, the next largest sports betting market — New Jersey — saw a total handle in March of \$1.12 billion, which was an almost 14% increase from New Jersey's February numbers. New Jersey's revenue in March was \$66.4 million, significantly less than New York's, and its tax contribution was \$8.6 million.

Federal lawsuit challenges sports betting rule that gives exclusivity to Tribal interests

Match-fixing suspected in French Open qualifier

The whacky world of sports betting economics, politics, and regulatory policy-making. For example, DraftKings Q1 financial performance: Expenses of \$933 against Revenues of \$417 = \$463 Loss

Surrounded by states with legalized sports-betting, Massachusetts

resident are crossing state lines to play

Attorney General Maura Healey on Thursday voiced support for legalizing sports betting in Massachusetts

Measure to allow sports betting and casino gambling in Georgia advances

New York Mobile Sports Betting Nears \$4 Billion Wagered After Just 10 Weeks

Mobile sports betting expected to generate millions for Arkansas

Sponsors say Alabama lottery, gambling bills probably dead this session

WORLD NEWS

World Lottery Association: Taking stock of 2021 – from digitalization to responsible gaming As work continued within the confines of the global pandemic, 2021 saw an increase in WLA virtual events that attracted over 1,500 participants from around the world. Most of the webinars were organized in cooperation with five regional associations.



Making the most of the virtual format, the WLA successfully reached broader, more varied audiences with topics that continue to shape the global lotteries and sports betting communities. Industry leaders and experts shared insights into the latest retail and online marketing trends and technologies, such as artificial intelligence that can help vulnerable players, and delved into some of the key challenges faced when it comes to maintaining the transparency and integrity of legal betting operations.

The WLA would like to thank the African Association of Lotteries (ALA), the Asia Pacific Lottery Association (APLA), the European Lotteries (EL), the Iberoamerican Corporation of Lotteries and Bets of State (CIBELAE), and the North American Association of State and Provincial Lotteries (NASPL) for their coopera-

tion in making the webinars a great success and looks forward to continued efforts in 2022.

<https://www.world-lotteries.org/insights/news/association-news/taking-stock-of-2021-from-digitalization-to-responsible-gaming>

WLA guide helps lotteries ensure responsible marketing of sports betting products

The WLA is pleased to announce the publication of a guide on sports betting marketing, with a focus on the marketing communications of sports betting products. It offers guidance on how to market such products competitively, yet responsibly, in order to meet the competition from illegal betting operators head-on.

The 20-page guide was developed against this backdrop and is available now for downloading, in PDF format, from the Sports Betting Integrity section of the WLA website. world-lotteries.org

UK Gambling Reform Eyes More Restrictions, Sports Betting

The UK is closer to revealing its first major gambling overhaul in years. As the day approaches, the topic is receiving a lot of attention. But it isn't all good news.

Changes to gambling laws in the UK are on their way, but no one yet knows exactly what's in store. Everyone is waiting to see what an updated white paper provides, although most expect new – and possibly contentious – restrictions.

German State of Thuringia Issues Online Casino Monopoly to Finance Ministry

The German state of Thuringia has fulfilled its mission. It wanted to have a monopoly on its online casino operations, which is official as of last week.

After Germany revised its outdated gambling laws last year, there was a chance for federated states across the country to explore robust online gaming markets. In some states, though, leaders decided to head in the opposite direction.

Instead of opening up their iGaming activity to licensed operators, some monopolies are arriving in Germany.

Thuringia has opted for the state monopoly, which is also practiced in other federal states. It argues that this will allow it to implement the protection of minors and players as effectively as possible and to ward off manipulation risks.

However, the opposite may be true. Monopolies have no reason to innovate or offer additional competitive measures to users. As a result, more users turn to black-market options. Markets that incorporate licensed operations offer greater controls and improved oversight, since regulators can monitor the activity. This can't be done when consumers use offshore sites.

Australia: Tabcorp Lotteries Demerger Rolls On

Tabcorp's plan to break off its lottery and keno operations has

been approved by New South Wales' Supreme Court as well as its shareholders. The proposed demerger will see Tabcorp retain control of wagering, media and gaming services, while a new, Australian Stock Exchange-listed company – The Lottery Corporation – will be responsible for lotteries and keno.

Veikkaus' financial profit remained on previous year's level

The coronavirus epidemic and the Sustainability actions that Veikkaus took had a major impact on Veikkaus' business in 2021. Veikkaus' Gross Gaming revenue (EUR 1,100.1 million) decreased by 12.7% as compared to the year 2020. A drop in the retail Commissions, as well as more cost-effective operations, kept the financial profit for the period at the previous year's level, reaching EUR 680.0 million.

The total volume spent on Veikkaus games was ca. EUR 6.9 million in 2021.

The coronavirus epidemic hit the Gross Gaming revenue of the slot machines the most dramatically. It dropped by 52.2 percent from the previous year to EUR 143.0 million. The fall in the Gross Gaming revenue was also affected by the compulsory authentication and loss limits, which were introduced to Slots gambling in 2021.

The Gross Gaming revenue from Veikkaus' most popular games Lotto and Eurojackpot dropped from the previous year due to jackpot levels that were lower than those of 2020. Lotto's Gross Gaming revenue was EUR 162.7 million (-6.0%) and Eurojackpot's EUR 127.1 million (-7.2%).

Betting operations, in contrast, almost reached their pre-coronavirus level, as the provision of sports events recovered, going nearly back to normal. The Betting Games group attained a Gross Gaming revenue of EUR 149.0 million (+8.6%) in 2021. The toto games, part of the Betting Games groups, grew slightly from the previous year, reaching a turnover of EUR 62.6 million (+0.5%).

- One of the great milestones of the year was the opening of Finland's second casino, Casino Tampere at the Nokia Arena center in December. Both our Casinos, Casino Helsinki and Casino Tampere, are trailblazers in the European casino world when it comes to building a responsible gambling environment, Ms Sippel says.

Veikkaus' share of the total Finnish gambling market was ca. 74% (-5 percentage points) in 2021. Participation in online games provided by other gambling services than Veikkaus increased by 16% in the year under review.

The international business-to-business operations of Veikkaus' subsidiary Fennica Gaming Ltd have been launched. The company engages in the provision of game services and products to corporate

customers on international game development markets.

New Zealand Gambling Spend increases 17% YoY, with Slot Machines Leading the Way

As Lootbox Mechanics Become More Widespread, Where is the Line Between Online Gaming and iGaming?

There is already some research that is tackling this issue and reaching the conclusion that loot boxes are indeed akin to gambling on a psychological level.

IGT - International Game Technology PLC Announces Agreement to Acquire iSoftBet

a leading igaming content provider and third-party game aggregator. IGT PlayDigital content library will more than double to approximately 225 proprietary games

Rupert Murdoch's News Corp is joining a consortium that plans to launch an online sports betting brand in Australia

Brazil's Gambling Market Is Adding New Lottery, Sports Betting Options

Different aspects of Brazil's lottery market are going through a transformation. The most anticipated change is the introduction of a new lottery that includes a minimum prize of R\$10 million (US\$2 million).

La Française des Jeux (FDJ) sees "good start to the year" in Q1 with revenue up 14%, growth in all business lines

U.K. Regulator asks court to enforce Allwyn licence award of UK National Lottery License

Critics say Gambling Commission's move in legal row risks depriving good causes in UK of up to £800m

Camelot Disputes Award of UK National Lottery

Macau: New Gaming Bill removes lawyer-client confidentiality to uncover junket activities

I feel that digitally-mediated interaction does have its drawbacks. For instance, digital participants are typically less prepared to bring in their own view and to engage in creative problem-solving discussions. The more challenging or nuanced a topic is, the more in-depth-discussion it requires to get new, fresh, and innovative thinking and ideas ... the more we struggle with digital tools. The discussion of difficult issues becomes a matter of mutual trust, of motivation in that moment to become part of the solution instead of staying as a passive observer in a discussion. Being together for those kinds of meetings can make the difference between a non-productive discussion and moving forward with purpose, resolve, and an action-plan. Effective solutions and execution depend on the active involvement of the whole team, so we have and will continue to strengthen also our in-person formats, as circumstances allow.

At first, we thought that hybrid work-style formats might be a solution. But the more we tried, the more we were disappointed. Hybrid solutions, where some participants meet in person while others join in via video-conference-tools seem to result in lower in-person participation, and it is the in-person participants who end up producing the most relevant results.

As a result, we try to prepare a well-balanced mix of online and offline meetings and seminars. Digital offers serve an important purpose by enabling a larger number of participants to structure and prepare a theme or to communicate basic ideas and messages. That preparation helps everyone to be most productive for the on-site-meetings that follow. The platform for tackling problematic or difficult issues needs the trust, energy and feeling of inter-dependence that only comes with the physical presence of in-person meetings.

Vision for the future: How might the EL and its services be different going forward than it was two and a half years ago?

H. Höltkemeier: EL will be hybrid in some ways, meeting in different formats depending on the topic.

But now, after more than two years of disruption, I see another change that might affect us with at least the same power as

digitalization has so far. After a decade of fighting for the “best” regulation and avoiding negative impacts from European and national regulations, we now recognize more than ever the “power of market”. After many years of turbulence, regulatory frameworks are mostly fixed. Also, due to the successful work of EL and its members, the subsidiarity-principle is accepted by EU and high-courts. For example, the lottery-monopoly model is quite safe in most countries. Therefore, the fight is now moving from arguing about regulatory issues to competing in the markets. Depending on the power and effectiveness of agents of law-enforcement by the state, the new competition fights against the new rules required in its licenses, or tries to interpret those rules in ways not intended by the regulators, or tries to circumvent regulatory hurdles to qualify for a license by just buying licensed competitors. Beside their status as monopoly-operators which are fully supported by the government, Lotteries are becoming an interesting field of investment as some governments explore options to monetize assets like their state-owned lottery. I think we may see ongoing changes to owner-management structures in the lottery sector. Of course, that may in turn have significant residual impacts on our channel and technology partnerships and supplier relationships.

And last but not least, this will drive changes to the focus and services of EL.

There may be fewer discussions about legal and regulatory issues and instead a shift in focus over to competition law, to market-insights from the perspective of international investors, to understanding the strategies of unlicensed businesses and the impact of international operators on local markets. Time does not stand still. Like all customer-focused enterprises, EL is evolving its value-proposition to stay relevant for its members.

Last but not least, how might the war in Ukraine affect EL?

H. Höltkemeier: First of all, the Russian attack on Ukraine affected us from the very first moment. EL took a clear position and decided to revoke EL membership of Russian and Belarussian members. EL members coordinated furthermore to help the people in Ukraine in whatever ways we can going forward. In the process, we have learned that while there is a broad base of support also with lottery-money, this leaves less room for initiatives to support Ukraine as a state on the level of our association. EL-ExCom decided therefore to focus on our two Ukrainian members and to reach out directly to them. As far as we can foresee now, we will focus mainly on supporting their teams and on rebuilding their lottery business after the war which will hopefully end soon. That’s the most important thing – we hope that this war and the suffering in Ukraine will in fact end soon!



Metaverse, Crypto Currencies, and iGaming: A story of new business models, explosive growth, and fraud

What makes Crypto Casinos so Popular?

The cryptocurrency movement is apparent. As a result of this development, crypto gambling is now a reality. And, in some ways, it's understandable why crypto gaming will become popular. To think about it, when you bet with cryptocurrency, you receive various benefits that you wouldn't ordinarily get with standard fiat cash. Crypto gaming at Internet casinos is gradually becoming the new industry standard. New crypto casinos open up now and again, enabling customers to gamble using cryptocurrency and get free spins no deposit bonus.

Faster Transactions: Cryptocurrencies allow online casinos that offer crypto gaming to execute transactions more quickly. This is due to the rapidity with which Blockchain technology operates. Conventional fiat currencies take days, if not weeks, to conduct transactions, whether they are withdrawals or deposits.

Anonymity and Secureness: Another reason why many gamblers prefer to utilise a bitcoin casino is the ability to stay anonymous while playing their preferred casino games. Most Internet casinos have regulations to help them get to know their consumers. While crypto casinos continue to exist to some extent, your financial records will remain anonymous. So, if you don't want anybody knowing the origin of your deposit or tracking your financial record, bitcoin is the way to go. When you invest into a casino card from a crypto wallet, the only maintained record is the quantity of token you transferred and nothing more.

Less Stringent Constraints: This is the main challenge that many gamblers experience when visiting an online casino to have some fun and excitement. Some nations have regulations that limit the foreign financial activity of their residents. On the other hand, Crypto casinos allow players to wager from wherever in the globe. This is one of the main reasons why so many people join a crypto casino.

Unlike regular online casinos that employ fiat currencies, cryptocurrencies have fewer limitations. Because certain cryptocurrencies are decentralised, the state has little to no control over how they are utilised. This implies that even if your nation does not allow you to use one transaction option to gamble owing to legislation or another, you can always rely on accessing cryptocurrencies. ■

5 US States Issue Emergency Orders to Shut Down Metaverse Casino with Alleged Russian Ties

A multi-state cease-and-desist letter issued Wednesday calls the Flamingo Casino Club "simply a high-tech scam"

Regulators in five U.S. states (Alabama, New Jersey, Texas, Kentucky and Wisconsin) issued emergency orders on Wednesday requiring a metaverse casino with alleged Russian ties to immediately halt the sale of its non-fungible tokens (NFT), citing fraud, deceit and registration violations.

The Flamingo Casino Club began operating in Russia in March, regulators say, and has been soliciting investors through the sale of securitized NFTs. Regulators say the Flamingo Casino Club operators took steps to conceal its connection to Russia, "using a phony office address, providing a telephone number that is not in service, [and] concealing its actual physical location and hiding material about its principals."

The metaverse casinos reportedly act as real casinos except they operate in virtual worlds. Gamblers, acting through avatars, can enter the metaverse casinos and play poker and other games using cryptocurrencies. Purchasers of the Gambler NFTs profit from these operations. Not only do they become owners of the metaverse casinos, but they also purportedly share in half of the profits generated from the metaverse casinos—including profits from gambling and profits from the sale of digital assets representing drinks and cigarettes.

Potential investors were further enticed by what regulators say were fraudulent claims of association with the Flamingo Las Vegas Hotel and Casino, a legitimate casino, which regulators say has "no affiliation" or partnership with the Flamingo Casino Club. Flamingo Casino Club's operators told investors in April they were negotiating with rapper Snoop Dogg to purchase a plot of land in the Sandbox metaverse – but regulators say there is no evidence of this negotiation ever occurring. ■

Why US Regulators are issuing cease-and-desist orders against Crypto-Currencies

Earlier last month, state securities regulators in Alabama and Texas issued cease-and-desist orders against a Cyprus-based company that's been hawking non-fungible tokens (NFTs) for the purpose of operating crypto casinos in the metaverse. The enforcement actions are both the first of their kind and likely not the last.

Crypto-casinos operate in a particularly gray (market) area that's becoming a kind of "Whack-A-Mole" phenomenon. Still under construction in the metaverse, the Sand Vegas casino, according to its YouTube channel, will feature bright lights, slot machines, card games, drinks — basically all of the perks and amenities available in a real casino. Most online casinos still use US dollars to gamble. In jurisdictions where they operate legally, they're regulated.

Although some see the Sand Vegas scheme as an age-old scam, the case raises myriad other issues. What is money, really? As of now, for example, the US Securities and Exchange Commission (SEC) has yet to provide formal guidance on where and when NFTs would be considered securities. The IRS declared it "virtual currency" back in 2014, and still classifies it as "property," not currency. But then in 2020, a federal court ruled that, in the District of Columbia, Bitcoin qualifies as "money." The main reason crypto casinos aren't yet definitively legal or illegal hinges on the issues raised by cryptocurrency.

If cryptocurrency is legal and classified as "currency", then unregulated crypto casinos would clearly become illegal, as would any third-party company facilitating the transfer of currency on and off them. It's defined under the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). That's one law used to regulate online gambling. ■

Game On!

Life is always an adventure with these exciting new instant games that your players will love!

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