

The Science Inside *the Success*



130
lottery customers in
50 COUNTRIES

5
INSTANT GAME
production facilities on
4 CONTINENTS

3,000+
employees

40+
locations
worldwide

With 70% of global instant scratch game retail sales, 30+ iLottery customers, 40+ systems customers, and partner to the largest government sports betting program in the world, Scientific Games brings 50 years of innovation and experience to responsibly drive lottery performance.



THE SCIENCE

Inside

WHAT'S IN A NAME?

In the case of Scientific Games, a lot.

For almost 50 years, Scientific Games has literally lived up to its iconic name.



Since its founding in 1973, the company has generated millions of games all backed by science. From cutting edge technical platforms to a deep understanding of consumer behavior, science – real, data-backed science – is at the core of everything the company creates. With its recent return to being a 100% lottery-focused company, that commitment to bringing science-based solutions to the industry is stronger than ever.

The years spent as an integrated gaming company expanded Scientific Games' knowledge base, allowing for a better understanding of the lottery industry's place in the broader gaming and entertainment markets. The company is now charging ahead, focusing its efforts exclusively and entirely on helping its lottery partners achieve their objectives, delivering even greater revenues to the good causes they support.

A Scientific Heritage

So why should a lottery care about the name of one of its partners? Because the company's name embodies its operating philosophy. Its science-based foundation has resulted in a lot of first-to-market innovations that are now lottery industry staples: the first secure instant game (1974), the first touchscreen self-service terminal (1985), the first internet lottery game (2004), and the first credit/debit card solution integrated with a lottery system (2016) just to name a few. One especially important innovation – because it allowed for so many other innovations to follow – was the printing of a unique bar code on every ticket (1988). Embedding data on a ticket via a barcode truly transformed the industry and opened the doors to a number of other important innovations that altered the course of lottery history.

time-played limits, helpline messaging, and more. When partnered with Optimove's responsible gaming predictive algorithm, Scientific Games is able to empower their lottery partners to expand their responsible gaming practices to CRM and identify players that may become at risk in the future.

Putting Data to Work

Scientific Games understands there is a difference between having lots of data and using that data effectively. The company attributes much of its success to its mantra of putting data in motion rather than leaving it at rest. And one of the many ways Scientific Games puts data in motion is by deriving insights that inform product design and development.

The company's history of building products and solutions backed by science can be seen across every aspect of its business, from the coatings on instant scratch tickets to the advanced systems and hardware that enable the secure ordering, delivery, and sale of those tickets. *OrderCast ML*, the company's instant scratch game predictive order platform and a key component of *Scientific Games Enhanced Partnership (SGEP)* program, is a great example of science-driven product design. *OrderCast ML* uses machine learning to predict the ideal product mix and inventory levels, ensuring that the right games are delivered to the right place at the right time in the right quantities, all but eliminating costly over-stock or out-of-stock situations.

GameChoice is another example of a Scientific Games product rooted in science. The recommendation engine delivers specific product suggestions during a player's buying journey on self-service terminals to encourage the trial of other lottery products. The recommendations are driven by a logical analysis of player basket data generated by Infuse, which perfectly illustrates how the company's various platforms all work together to achieve results.

The Science Inside SG Products

Below are just a few examples of Scientific Games products that rely heavily on the embedded science inside to drive intelligent business decisions:

SCI TRAK
ULTRA

Powered by *OrderCast ML*, enables sales reps to customize orders based on individual retailer preferences

ORDERCAST
ML

Optimized game orders using machine learning

gem INTELLIGENCE

Arming sales forces with granular retail data to guide action

iNFUSE

Automated, enterprise business intelligence providing end-users with data-driven insights

MAP

Scientific Games' original business intelligence tool for game and portfolio analyses

SCI IQ

Intelligent game distribution with market basket level data enabling bespoke analyses

GameChoice

Smart recommendation engine providing players a modern lottery game buying experience

DIGITAL MARKETING
in partnership with
optimove

Data-driven consumer engagement utilizing multi-variant testing, micro-segmentation, predictive analytics, and AI optimizations

Qualitative Science

Not all of the science inside the company's innovations are driven by hard, quantitative data. Scientific Games' Consumer Insights Team has a long history of collecting meaningful qualitative information on players. That information is equally rich in its ability to provide insights that can be used to create products and services that enable lotteries to realize their vision and achieve their objectives.

At the foundation of Scientific Games' player research is its *ONE Segmentation*. *ONE* looks beyond the who and the what of player behavior to get to the why – the motivations behind the behavior. Knowing that a certain consumer type buys a certain product (the who and the what) is helpful, but knowing why they purchase that product can be transformative in how a lottery designs and builds future products.

Originally launched in 2014, the company recently completed the next generation of its *ONE*

Segmentation. Tim Menzia, Scientific Games' Director of Consumer Insights: "Consumer motivations remain fairly stable over time, but there are countless other factors like technical advancements, changes in

government policy, and, most recently COVID, that can significantly affect consumer behavior. So it's important that we look at our *ONE Segmentation* periodically to ensure that it reflects what is actually happening in the marketplace."

An excellent example of how Scientific Games applies both behavioral and motivational player insights to its product design process is the company's *SCiQ* retail ecosystem. Both *SCiQ Vista* and *SCiQ SlimLine* clearly display the number of the next ticket in the instant scratch game pack so that players can easily see what ticket number they are buying. Jeff Martineck, Scientific Games SVP of Product Innovation: "Years of consumer research and retailer interviews made it clear that

knowing the ticket number was a buying strategy for core players, but a pain point for retailers. Once we understood that, we were sure to 'bake' that learning into our design of *SCiQ*. By clearly displaying the number of the next ticket, *SCiQ* enables players to get the information they want without being a burden to the retailer. It's a win-win. But we had to understand that nuance to make it happen."

The Science is Here to Stay

Scientific Games has been integrating science into everything it does for almost five decades – it is a part of their DNA. The company was built and named on the premise that science should be at the core of every product it delivers – every ticket, every game, every terminal, every digital solution, every back office system. There is an inherent integrity in designing and building products based on science, an integrity that Scientific Games' lottery partners have come to expect. Creating innovative new products that players want is only a part of the equation. It is also vital that those products be delivered, purchased, and played safely and securely.

And that balance – creating safe and secure products that players want to play – requires real, data-based science.

There is no doubt that Scientific Games' heritage of creating solutions grounded in science has delivered results. The company's lottery partners are some of the highest-performing lotteries in the world and continue, year after year, to deliver increased revenues to the good causes they support.

As Scientific Games enters its 50th year in 2023, lotteries will hear more about why those five decades of the science inside its products and services strikes the right balance between the wisdom of the past and the innovation of the future. ■



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