

Unleashing Your True iLottery Potential

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At the PGRI Lottery Expo held in Nashville in September, NeoGames' Rob Wesley, VP North American Customer Development and Chris Shaban, EVP Global Business & Customer Development, delivered an important message on the fundamental elements needed to ensure a comprehensive iLottery solution. They also shared their key insights on what makes an iLottery program successful.

The growth of iLottery is moving rapidly, with big expansion taking place across the U.S. To give just one example of this, within three years of launching a full iLottery offering, Virginia is now seeing more than half of topline sales and more than 25% of net gaming revenue (NGR) coming from iLottery.

In addition to Virginia, there are numerous success stories across North America. As a result, many states are considering how best to embrace iLottery, capitalizing on the proven increased engagement both in retail and online, and recognizing the positive impact to their communities. Given that the mission is to raise money for good causes, lotteries are realizing that iLottery is becoming a key to achieving that.

The iLottery program in Michigan for example, has been particularly successful, with more than \$1 billion given back to the State Education Fund since it was launched nine years ago.

It goes without saying that each state is different. There are differences in regulatory frameworks and often large differences in internal structures and culture. Couple those considerations with many other nuances, and there is not one set solution for every single lottery.

It also comes as no surprise that establishing and operating a digital lottery offering greatly differs from its retail counterpart. The technology is different, the skillsets and expertise needed are different, the mindset is different. Despite these stark differences, both channels share the same



goal - to support lotteries in their efforts to maximize returns to good causes.

Getting the fundamentals right

An iLottery solution relies on many core elements. One of the most important aspects is a high-performing technology suite, which covers the overall system to ensure the operations run smoothly. The iLottery solutions also require integrated marketing technology that includes a single-player view database and a CRM system that provides real-time, automated capabilities to maximize player acquisition and retention.

Having the right technology is imperative, but just as important is employing digitally-minded people committed to ensuring the technology performs to the highest of standards.

These individuals should have the skillset to understand the nuances of an online platform but also how these differ from a retail lottery offering. Online brings speed, agility, and the need for instantaneous decision making. Therefore, it's critical for the culture of the organization to embrace how fast-paced an iLottery operation needs

to be to maximize results.

There are unquestionably many considerations before launching an iLottery wagering solution, but ultimately placing the player at the heart of every decision is a must. As we have seen from the dozen states that now accept online lottery wagers, it takes a lot of time, money, and effort to acquire a player, and it only takes one bad experience to lose them.

We have learned that every touch point for the player must create a positive experience. This includes registration, "know your customer" (KYC) checks, banking, claiming prizes, and making withdrawals. Each of these interactions needs to be as frictionless as possible.

Real-time marketing

Leveraging technology and real-time capabilities are a must when it comes to player marketing. Sophisticated systems allow us to fully maximize automated segmentation and customer journeys, as well as provide relevant and personalized messaging based on where that player is in their journey.

For lotteries that do not have an iLottery platform, conducting periodic segmentation research is the typical process in defining player groups with a goal of

creating more targeted and effective marketing and advertising activities.

In contrast, with an effective iLottery and CRM solution, this activity can be done in real-time. The use of real-time data is imperative to creating a more personalized experience for players, by seamlessly segmenting players and then leveraging those insights to suggest the right content and promotions to those segments. Performing this with speed and accuracy enhances the approach of lotteries and provides them with a breadth of data and technology to meet modern customer expectations.

Meeting customer expectations also includes comprehensive omnichannel capabilities, allowing the customer to choose when and how they want to engage with the lottery. From a lottery perspective, it also allows for continued engagement from retail to online and back.

In short, the use of an advanced CRM solution allows for timely and tailored messaging depending on where they are in their journey.

These experiences are now an expectation from consumers. Seamless player journeys ultimately translate to maximized revenues. You have your players' trust, and they know you can meet their expectations; meaning they will engage with your platform and the content within it.

Accelerating growth with innovative products

As iLottery continues to grow, the need to leverage technology and innovate is key in product development and portfolio management. In addition to providing another way to purchase the same games sold at retail, technology also enables the development of new and distinct alternatives in both games and experiences.

The number of payment methods have grown significantly in popularity in recent years, and brands need to be able to accommodate player preferences. Additionally, other innovative solutions include the ability to seamlessly cash retail tickets into an online wallet, withdraw online wins at retail, and purchase online wallet credit at retail.

The development of loyalty programs is a great way of rewarding and retaining your most engaged customers and is something the biggest consumer-facing brands in

the world have integrated across their brick and mortar and online businesses. These programs have many benefits, from creating a positive customer experience to encouraging referrals, and the added benefit is the wealth of data lotteries gain.

Digital and retail working together

There are several lotteries that have established a comprehensive digital offering, and it is important to take those learnings and adapt. This industry is great for sharing information, so we all need to continue to lean into this knowledge as much as we can. No lottery is the same, and small tweaks can be made to the products and services of others to ensure it meets the criteria of your player base.

Retailers have been somewhat reluctant to support iLottery. The belief is that the foot traffic into their stores that is driven by the traditional lottery player will be negatively impacted. However, there is clearly data that the relationship between online and land-based platforms can be successful, and this is demonstrated with a strong rise in retail sales in states that have launched iLottery.

Improved content aggregation and technology delivery

Offering fresh content integrations is key and NeoGames is in a unique position to offer this easily with Pariplay, one of NeoGames' subsidiary brands. Pariplay's leading content aggregation solution provides a wide variety of content options and engagement features. Exciting, distinct content is a growing expectation of players, thus requiring you to establish a foundation to fulfill those expectations.

NeoGames customers also receive monthly platform releases that can be shared across lottery customers. Unlike most retail lottery solutions, software does not need to be developed for each lottery customer. NeoGames' single codebase allows for shared features and functions to be implemented across lottery customers while allowing for the customization needed to address the specific jurisdictional needs.

In addition to providing a comprehensive, integrated, and flexible gaming system,

lotteries must equally ensure that comprehensive responsible gaming technology solutions and strategies are in place. Lotteries should set the expectation that their technology partner be poised to collaborate on the design and implementation of industry-established responsible gaming best practices. This requires a dual focus of both meeting or exceeding responsible gaming certification standards while also keeping players safe in a secure environment.

It is imperative that a digital solution recognizes the signs of problem gambling in the early stages. NeoGames has gone to great lengths to ensure that responsible gaming is at the forefront of its offering, whether through products and services, or through the commitment of its employees. In 2023, NeoGames was awarded a responsible gaming certification from the World Lottery Association, meaning that our digital lottery operations have been assessed by an independent auditor and were found to align with an array of WLA standards.

A recipe to thrive

Lotteries have a mission to generate revenue for good causes and are expected to grow that revenue year after year. iLottery has proven to be an incremental contributor for those lotteries who are able to sell online, dispelling retailer concerns over negatively impacting foot traffic and sales in their stores.

Maximizing iLottery results starts with learning from others in the industry. Utilizing these learnings will help future jurisdictions experience stronger launches of their product, resulting in continued growth. That growth should be built on a foundation of a modern, integrated technology solution - one that provides real-time, personalized, and omnichannel capabilities, which ultimately will lead to strong acquisition and retention results. It is imperative to define the right structure, mindset, and culture that recognizes the speed of the business, aligns people resources with the proper skillset and mindset, all while keeping a focus on growing the business in a responsible way. There isn't any one factor that leads to iLottery success, rather it's a collection of many "ingredients" mixed together to create just the right outcome. NeoGames is here to help your lottery take the next step into the future and unleash your true potential. ■