

PGRI PUBLIC GAMING INTERNATIONAL

September/October 2018

- Is **Sports Betting** a “Lottery”?
- Turning the **Lottery Draw** into a High-Impact Marketing Event
- **Agile Marketing**: delivering better campaigns quicker

PGRI Lottery Industry Hall of Fame Award: 2018 Inductees



Luis Gama
Uruguay



Chuck Kline
Scientific Games Corporation



Dato' Lawrence Lim Swee Lin
Magnum Group, Malaysia



J. Bret Toyne
Multi-State Lottery Association (MUSL)



Matthew Whalen
IGT

PGRI Channels the Vision of Industry Leaders



May Scheve Reardon
Missouri Lottery



Becky Schroeder
Idaho Lottery



Charles McIntyre
New Hampshire Lottery



Dennis Berg
Ohio Lottery



Charles Cohen
IGT PlayDigital



Chad Kornett
Gaming Laboratories International (GLI)



Andy Kaoh
Pro-Lite



Nikos Nikolakopoulos
INTRALOT



Mark Hichar
Greenberg Traurig Law Firm



Walt Eisele
Scientific Games Corporation



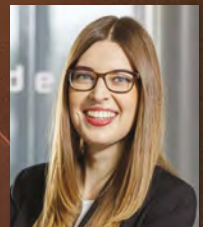
Enrico Drago
IGT PlayDigital



Mark Smith
Linq3



Max Meltzer
Chief Commercial Officer, Kambi



Lidia Dutkiewicz
Pharumlegal



Philippe Vlaemminck
Pharumlegal



Michelle Cohen
Ifrah Law



Simon Jaworski
Leger



Justine Van den Bon
Pharumlegal



Ben Johnson
Tabcorp



Ryan Mindell
Texas Lottery Commission



Jessica Feil
Ifrah Law



Darrell Smith
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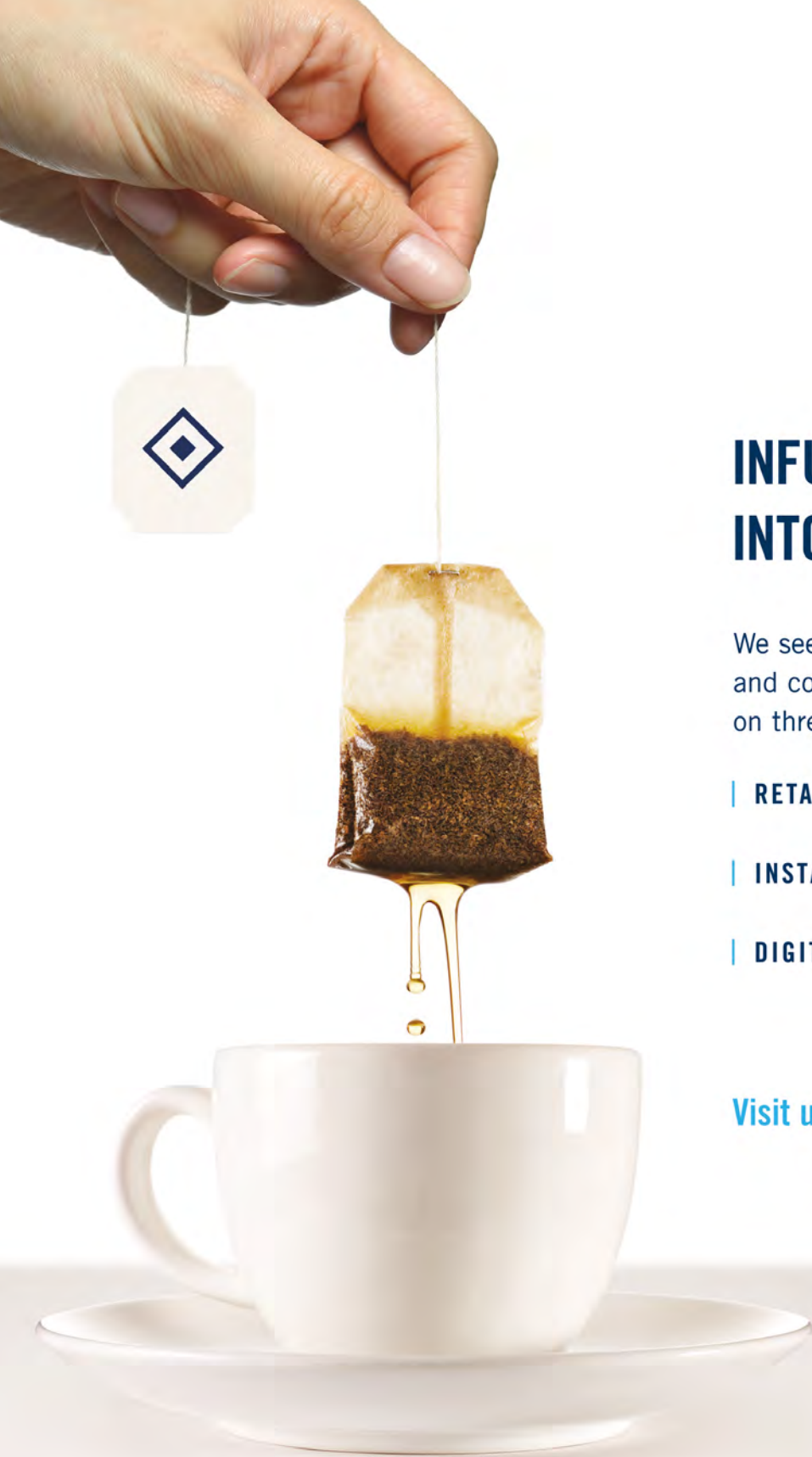
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From the Publisher

This is a special time of year for everyone in our industry. We are all trying hard to ‘put our best foot forward’ during the next two months of conferences and presentations. And we try to make sure this magazine, our flagship issue of the year, captures the spirit of the industry and makes the best impression on our audience.

Sports betting in the U.S. is the hot topic of the day and we are trying to cover all aspects of what is happening right now on a day-to-day basis - who is partnering with who, who is winning which contracts, what is the progress of enabling legislation, what are unresolved legal and regulatory issues, etc. A story angle that I ask the experts to talk about is how sports betting will affect the broader games-of-chance industry, and how it might affect the traditional lottery market-place in particular. What should the U.S. lottery director be thinking about, or concerned about? Are there things that we can do as an industry to advocate for state lotteries to be authorized to implement sports betting?

The direct financial impact in terms of profit to the operators is one thing (the amount wagered is high but margins are low). But how will the enthusiasm for sports betting influence the next generation of gamers? What can Lottery do to defend its position in the market-place? How might Lottery anticipate change and leverage it to advantage - Are there new games and play-styles that could be introduced by traditional lottery operators that will appeal to the twenty-something sport betting consumer when she moves into the lottery sweet-spot of thirty-something? Nobody has a crystal ball and even the experts are just in the early stages of sorting these issues out. But Enrico Drago and Charles Cohen, Nikos Nikolakopoulos, Chad Kornett, Max Meltzer, Mark Hichar, Simon Jaworski, Michelle Chen and Jessica Feil – our industry leaders and PGRI editorial contributors address these questions in ways that give us a solid foundation for thinking intelligently about the issues and strategically

guiding our businesses in these times of change and opportunity.

My comments (in blog of Sept 10) on the Nike choice of Colin Kaepernick to be its brand ambassador elicited some wonderful feedback. Likewise, my slightly contrarian comments on Responsible Gaming a few weeks ago. We try, in this magazine, at our conferences, and with everything we do, to go at the perplexing issues in as honest and straightforward way as possible. While we certainly don’t want to offend, we do want to challenge ourselves to take a stand and defend the principles that we believe in. I knew I could count on May Scheve Reardon to talk with me about the spotlight being shone on the need to create a gender-neutral, female-friendly work environment. And not just condemning the bad behavior of misogynist men and otherwise affirming what everyone already agrees with and is satisfied with the conviction that we are not part of the problem. It requires more thoughtfulness to probe the underlying causes that call-out all of us to be held accountable for driving change and progress. Like so many current events and issues, this is also a work-in-progress that continues to pose as many questions as answers.

The interviews and editorials in this issue represent some of the most forward-thinking ideas in our industry. Agile Processing and Process Integrity are topics torn right from the current issues of Harvard Business Review. Technologists are now writing for people like me to understand, focusing less on the technology and more on the outcomes it produces, explaining in plain language how technology is adding concrete value to our products and business operations, driving change in the market-place, delivering a better player experience - and how this all adds up to increased sales and profits.

The story of how the team at New Hampshire Lottery turned lemons into lemonade by bringing them all into personal contact with community leaders all around their state is most inspirational. Becky Schroeder gives us a peak behind

the curtain of what it’s like to be COO, and also an insight into what it means to be irrepressibly optimistic. Not everyone is expanding their portfolio of products, services, and methods of operation and distribution as quickly as Dennis Berg and the Ohio Lottery. But diversifying the offer and increasing consumer options is an important part of everyone’s success strategy.

NASPL Cleveland, G2E Las Vegas, PGRI Lottery Expo NYC, and the World Lottery Summit Buenos Aires are the big industry events that are all just around the corner and we hope to see you all there. Congratulations to the 2018 Lottery Industry Hall of Fame Inductees. Join us for the award ceremonies at NASPL Cleveland and the World Lottery Summit in Buenos Aires. See page 12 for their bio’s and the exact time and place of the ceremonies.

- Luis Gama**, Republic of Uruguay
- Chuck Kline**, Scientific Games Corporation
- Dato’ Lawrence Lim Swee Lin**, Magnum Group, Malaysia
- J. Bret Toyne**, Multi-State Lottery Association (MUSL)
- Matthew Whalen**, IGT



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Paul Jason, Publisher
Public Gaming International Magazine



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Congratulations to the newest members of the Lottery Industry Hall of Fame

The 78 members of the PGRI Lottery Industry Hall of Fame have voted for and elected five industry leaders to be inducted into the Lottery Industry Hall of Fame for 2018.

The Lottery Industry Hall of Fame was founded in 2005 as a means of honoring those who have done the most to promote excellence and integrity in our industry and make the world lottery industry the great success. The recipients of this award are all a credit to that ideal and are joining a select and distinguished group of world lottery industry professionals. You can read more about the Lottery Industry Hall of Fame and the members at www.LotteryIndustryHallofFame.com.

Induction Ceremonies

The five Hall of Fame inductees will be honored at the two biggest industry conference/trade shows. **Chuck Kline, Bret Toyne, and Matt Whalen** will be honored at the **NASPL Conference in Cleveland, OH at 5:45 pm on Weds September 26. Luis Gama and Dato' Lawrence Lim Swee Lin** will be honored at the **World Lottery Summit in Buenos Aires at 4:30 pm on Tuesday, November 20.**

Visit LotteryIndustryHallofFame.com for info about the Hall of Fame and its members

PGRI LOTTERY INDUSTRY HALL OF FAME



Luis Alberto Gama Hernández

National Director, Lotteries and Pools of the Eastern Republic of Uruguay President, CIBELAE and

Member of the World Lottery Association Executive Committee

Luis Gama began his career in gaming and lottery in October of 2008 when he was appointed advisor to the general director of State Casinos under the aegis of the Ministry of Economy and Finance. Luis has been working in public service since April 1979.

In 2007 and 2008 he worked as Advisor to the Administration of the Sanitary Works of the State (O.S.E.), being a member of several Work Committees and named Project Director in the Financial Area Accountant. He participated in the courses "Ethical Leadership for a New Public Management" (2007) and "Project Management" (2008).

In October 2008, he was summoned to perform functions within the Ministry of

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Dato' Lawrence Lim Swee Lin

Chief Executive Officer, Magnum Group, Malaysia Chair, Asia-Pacific Lottery Association (APLA)

Lawrence joined the Magnum Group of Companies since 2000 and became the Chief Executive Officer in 2008.

Lawrence was appointed the Asia Pacific Lottery Association ("APLA") Vice Chairman from 2012 to 2014 and subsequently became the APLA Chairman from 16 October 2014 till to the present. As the Chairman of APLA, Lawrence has been the regional representative on the World Lottery Association Executive Committee since 2014.

Magnum Corporation Sdn Bhd ("Magnum") is the pioneer and market leader in the 4 Digit number games in Malaysia. Magnum is the first private Organization to be awarded the license by the Malaysian Government to operate the 4 Digits game in 1969. Under Lawrence's leadership, Magnum successfully

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Chuck Kline

Senior Vice President, Licensing, Scientific Games Corporation

Chuck's ground-breaking innovation, unique and

significant contributions to the industry, and a consistent spirit of positive service exemplify the criteria for the Hall of Fame.

Chuck's 26 years of service to our industry began as Executive Director of the Pennsylvania Lottery where he led an aggressive campaign to increase lottery sales. Under his tenure in this role, the Lottery reversed a three-year slide in sales with five consecutive years of sales growth.

Since Chuck joined Scientific Games/MDI in 1998, he has played a key role in making MDI the lottery industry's leading supplier of licensed games and innovative lottery promotions. Combining deep game design with lottery economics and practical execution to create trusted industry changing programs, many say that Chuck changed the trajectory of our industry. For instance, his ingenuity fueled the first lottery loyalty

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J. Bret Toyne

Executive Director, Multi-State Lottery Association (MUSL)

As the second employee hired at the Multi-State Lottery Association,

Bret has been instrumental in the evolution of MUSL and its flagship game Powerball®. The MUSL Board of Directors hired Bret as the Finance Manager of the newly-established organization in January 1988. His background at the Iowa State Auditor's Office gave him a unique understanding of governmental accounting and sensitivities, which has served the organization well. Serving in the roles of CFO, Deputy Executive Director, and Executive Director, Bret has been actively involved in all diverse phases of MUSL's operation. Bret also leads MUSL's efforts on statistical analysis, game modeling, and sales projections assisting member lotteries as they introduce new products and enhancements.

During his 30 years with the Association, Bret has witnessed MUSL grow from the original six member lotteries to the current thirty-six member lotteries and eleven

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Matthew Whalen

Senior Vice President & Chief Technology Officer Lottery, IGT

Nearly a quarter century ago, as a young software

engineer, Matt put down his roots with GTECH. From this humble beginning, Matt has become the technologist of choice for lottery customers around the globe for the company now known as IGT. "Matt's commitment is to deliver to the highest standards of integrity and to minimize business disruption to our global customer base, each and every day," said Don Sweitzer, Chairman, IGT.

With more than 1,400 technologists reporting to him from six different continents, supporting more than 100 lotteries, Matt manages a portfolio of worldwide systems integration projects and leads a team of multi-discipline engineers, project managers, business analysts, and financial professionals to manage lottery research and development initiatives, the delivery of customer solutions from pre-sales support to solution design, costing, RFP response,

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Luis Alberto Gama Hernández continued

Economy and Finance and appointed as Advisor to the General Directorate of State Casinos. He temporarily held the position of Director in the absence of the Director and in April 2010 was appointed Commercial Manager. In February 2012, Luis was appointed by the President of the Republic to the position of National Director of Lotteries and Pools.

He is a member of the Board of Directors of the Ibero-american Corporation of Lotteries and State Gambling (CIBELAE) where he has presided since October 2013. He strengthened the regional leadership by being re-elected for the third consecutive term to preside over the most important Iberoamerican Game and Entertainment Corporation (CIBELAE). Serving in this capacity also makes Luis one of thirteen members of the Executive Committee of the World Lottery Association (WLA).

Luis participates as an exhibitor in different events, standing out mainly in the Iberoamerican Games Summits held in Spain, Mexico and Colombia, in the Forum on regulation and international best practices in G2E, Las Vegas, United States of America, in ICE Totally Gaming London and in the World Lottery Summit 2014 Conventions in the Panel "Lotteries 2020 ... for a clearer vision of the future" developed in Rome and in the Pep-Talk Session, held in Singapore in 2016.

Within the framework of "Juegos Miami", he provides a session on Forecasting the Future - the current state of the gaming industry in Latin America and the Caribbean: "Opportunities and Priorities for the Future".

In this event he participates in the Round Table where the issue of how the industry can work together to take advantage of the innovation and modernization of the lottery system in Latin America and the Caribbean, exchanging knowledge with leading professionals of the Sector.

Dato' Lawrence Lim Swee Lin

launched its second game after 40 years and this game is now the most popular Jackpot game of any type in Malaysia. From a start that included only one game, Magnum today has in its portfolio a total of 4 different game types targeting various customer segments and offering choices to those with different odds/payout appetites.

Lawrence is a keen proponent for the Organization to attain the WLA's Responsible Gaming certification and also the WLA Security Control Standards certification. Magnum is the first Lottery organization in Asia to achieve the WLA SCS certification.

Lawrence also spearheaded a transformation change in the Organization and launched it during Magnum's 50th year Anniversary celebrations in 2018. This programme reaffirms Magnum's commitment to the various stakeholders with a pledge to continue to inspire hope to all involved.

Lawrence was conferred the honorific title of "Dato" by the Sultan of The State of Pahang Darul Makmur, Malaysia. Dato' Lawrence Lim Swee Lin is one of the office bearers in the Executive Committee for the Malaysian South-South Association which is a non-profit Business Association with the main purpose to promote trade and investment with developing South-South countries.

Dato' Lawrence Lim Swee Lin started his career with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitization and project financing. He was appointed to the Board of publicly listed MWE Holdings Berhad on 1 August 1989 as Executive Director and was involved in the management and operation of MWE Holdings Berhad Group of Companies until August 2002.

Lawrence Lim Swee Lin holds a Bachelor of Arts Degree in Economics (Honours) from the University of Sheffield, United Kingdom and a Master Degree in Business Administration from the Victoria University of Manchester, United Kingdom.

Chuck Kline

program, and paved the way for today's mainstream lottery interactive programs; and Chuck designed and patented the industry's first extended play Monopoly Game. Chuck was appointed to his current position of Senior Vice President, Licensing in 2013. He is always on the cutting edge of digital lottery, having created many second chance lottery promotions including the first interactive games to award prizes and the first interactive games to feature a rolling jackpot. Chuck pioneered interactive lottery technology by combining traditional instant and draw with modern technology on desktops, tablets and mobile phones.

Through the years, Chuck has always focused on the player experience and adding entertainment to lottery products. For example, he created the first Major

League Baseball promotion and featured Red Sox season tickets for life. Later he created Willy Wonka Billion Dollar Challenge to offer a prize commensurate with record breaking jackpots.

Chuck has worked very closely with virtually every lottery in North America. His knowledge and experience in the areas of lottery sales, industry trends and market analysis relating to game recommendations; product management; customer service and account management are invaluable. His creative work has generated billions and billions of incremental benefit to good causes. Chuck has been the driving creative force behind many of our industry's most successful initiatives, and his contributions will make a positive impact on lotteries' sales growth for years to come.

J. Bret Toyne

licensee lotteries. Along the way, MUSL has grown its portfolio from one game and one weekly drawing to numerous multi-jurisdictional lottery products and drawings performed every day of the year. Annualized multi-jurisdictional sales for products facilitated by MUSL have increased from approximately \$80 million in MUSL's first year to nearly \$7 billion in the most recent fiscal year.

In July 1990, the MUSL Board of Directors promoted Bret to Chief Financial Officer, and ten years later, promoted him to Deputy Executive Director. Many of the financial systems that allow for the efficient processing of prize funding were designed and implemented during Bret's tenure as CFO. His financial acumen has also provided the MUSL Board significant statistical analysis and modeling during the many changes to MUSL products.

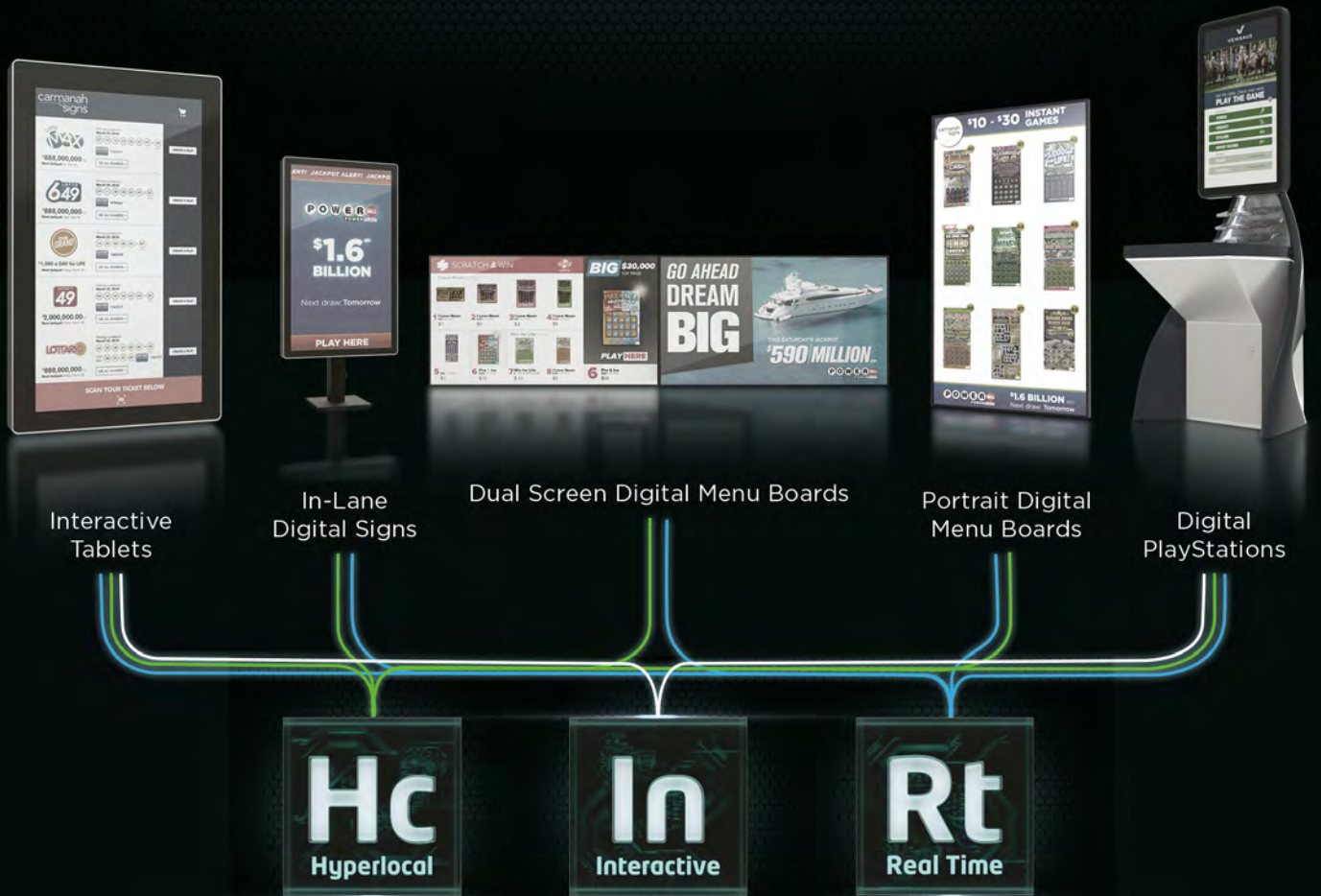
In October 2015, the MUSL Board of Directors named Bret as the Interim Executive Director. Three months later, the Powerball game set a world record jackpot of \$1.56 billion in January 2016. This massive global event, overseen by Bret and the MUSL staff, provided maximum benefit to lotteries and their beneficiaries.

The Board of Directors officially appointed Bret Toyne as the Executive Director effective July 1, 2016. As executive director, Bret manages the daily operations of MUSL, with primary responsibility for implementing the decisions of the MUSL Board of Directors. Under his leadership,

Continued on page 75

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May Scheve Reardon

Executive Director, Missouri Lottery
President of MUSL (Multi-State Lottery Association)
Ambassador for Women's Initiative in Lottery Leadership (WILL)

Reshaping Corporate Culture: Creating a gender-neutral, female-friendly work environment

PGRI Introduction:

With 64 participants, the mentorship program sponsored by Women in Lottery Leadership (WILL) has gotten off to a great start. Another pillar of WILL is to promote the cultural change that is so necessary to its mission of smoothing a path for women to succeed and assume leadership positions. As one of the leaders of WILL, May Scheve Reardon is spearheading efforts to expand awareness and drive action and change in our industry.

The resignation of Indra Nooyi from the CEO post at PepsiCo after a successful 12-year run has spurred a lot of discussion about a surprising and disturbing trend. After decades of agonizingly slow progress toward increasing the percentage of women who are CEOs of major companies, the last two years have witnessed decline in that percentage. And we are talking about a decline in numbers that were already discouragingly low. The departure of Nooyi drops the number of women CEOs in the S&P 500 to 23. That is less than 5 percent. Just as there has been little growth in female representation in the corner office, there has also been little progress on pay inequity. According to the

Institute for Women's Policy and Research, the wage gap for women in the U.S. has even increased in some years despite awareness campaigns and high-profile efforts from some companies to review and eliminate pay gaps. This all gives rise to the following questions: Why has the number of women in the CEO position declined over the past years? Is there something wrong in corporate culture that can and should be changed to make it more receptive to women?

Further to this discussion, the #MeToo movement is revealing a corporate culture that is too often systemically hostile to women. Of course, most companies and corporate cultures are not as dysfunctional as Miramax and CBS. But are we all where we need to be when it comes to establishing a gender-neutral business culture? What can be done to purge behaviors or underlying cultural patterns that perhaps inadvertently undermine a truly gender-neutral workplace? It's not just about fairness to women, though that is certainly an important objective. It's about maximizing productivity by unlocking the incredible resource that is the talent and energy of women for the benefit of the enterprise and its stakeholders.

Paul Jason: Let's just start with that disturbing fact that the percentage of female CEO's has never exceeded 6%. And in spite of that low base-line, the percentage has actually declined over the last two years to be less than 5%. Why do you think that is?

May Scheve Reardon: I suspect a lot has to do with existing systemic cultural obstacles.

Most people have heard of, and many people have read, the influential book by Sheryl Sandberg, COO of Facebook on this topic. *Lean In* identifies the behaviors that contribute to success, clarifies how leaders



are self-aware and deliberately apply those behaviors that lead to success, and how that basic truism applies to women as well as men. Being assertive, "leaning in," is one of many behaviors. Taking responsibility for one's success is another. It has been widely praised for its insights and has been influential for the women-in-leadership movement. When the book was published back in 2013, there was some controversy over the notion that it is women who need to change by adopting the leadership behaviors that have by and large been defined by men,

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and that it gave too little regard to the systemic cultural obstacles that impede women's progress. More recently, an article in the July 2018 issue of Harvard Business Review asks: "In a world in which men dominate leadership roles, should we focus on changing the systems and structures that favor men at women's expense? Or should we emphasize the tactics individual women can use to get ahead?"

Clearly the answer is yes to both. Of course women should take responsibility for forging their own success path. And Sandberg's book is a most excellent source of insights to guide us in our journey. But just as clear is the fact that the system continues to be rife with obstacles that interfere with the opportunity for women to succeed and that needs to change.

What kinds of obstacles?

May Scheve Reardon: There is a basic chicken-and-egg problem. When everyone at the table is a man, when everyone meeting for drinks after work is a man, when extracurricular activities are selected by men, you end up with a culture that favors men. We need more women at the top to change that underlying cultural dynamic. But how will that happen if the culture is not welcoming to women?

We witnessed extreme examples of this at Miramax and CBS and Wynn Resorts. Let's quickly acknowledge that those are extreme examples and not the rule. But let's also point out that the #Metoo and #Timesup movements are not just about Harvey Weinstein, Les Moonves and Steve Wynn. They are about the countless people who aid and abet the behavior that becomes the enterprise-wide culture.

I do not believe that anything remotely like this level of dysfunction exists in the organizations that I know and do business with. But I also do not know of many women who have not had to deal with offensive behavior. And now we realize perhaps more than before that the behavior of the one person, who we assume was acting alone in a way that was not typical of the organization, was in fact not acting alone, and the behavior stems from the culture in which that person operates. The offensive behavior is known by colleagues, allowed to exist and perpetuate, and therefore owned by the leadership of the organization.

The good news is that this is a problem that can be fixed. Once leaders make their intention to eradicate sexual harassment clear, unambiguous, urgent, that's when

everyone will get the message. Abuse lives in the shadows of complicity, misuse of power, and fear of repercussions for reporting such behavior. All employees should embrace "if you know it, you own it." The culture needs to be one in which everyone takes responsibility and reports bad behavior as though it implicates them in the same bad behavior. Because it does. Not only should offenders be held accountable, but those who failed to report them should also be held accountable for their complicity.

What would you say to the leader who says "Phew. Well I feel good now because I can guarantee that nothing like that has ever happened here and would not happen here."

May Scheve Reardon: I would ask the leader to share his or her organization's secrets to success. Then I would ask him how many women are on its Board of Directors.

I would hope and expect the extreme offenses that have come to light over the past couple years have already become the exception. I would think the shareholders, boards of directors, and management would have revisited and, when necessary, recalibrated their tolerance for that type of misbehavior as a result of all the shockingly bad behavior and resulting negative publicity. But this does not even come close to addressing the real problems which continue to be systemic. The boardrooms and CEO suites continue to be dominated by men including in our own industry. The culture that ensues from that will be one that favors men and so this inequity will persist until things change.

I'll give you an example. There is a lottery company I have asked many times over the past years why they don't have a woman on their board of directors. Do you know what their answer is and continues to be? "We can't find one." You can't find a woman to serve on your board? Well of course you can't. The talented women may not play golf, or maybe they don't go out for drinks after work, or maybe they don't watch football and so don't talk about it with you on Monday morning. Maybe they don't fit into the male-dominated culture. But if you opened your eyes, you would find them working hard, applying talent and intelligence, positively impacting your business, and delivering value to your shareholders.

You might say, "Gee, I like to play golf, go out for drinks after work, and talk with

colleagues on Monday about the weekend games. I didn't know those were such bad things to do." Of course they aren't bad things to do! The problem is that they marginalize the "other" which in this case are females who do not necessarily engage in all the same behaviors as some of their male colleagues. The culture is shaped by and for the men at the top. Playing golf or having drinks after work is certainly not to be equated with sexual abuse. They are not "bad" behaviors. But there is a problem here which cries out for a solution. And men, and women alike need to be the source and drivers of the solution. Men need to be the ones to reshape the culture to be more inclusive of those who do not necessarily like the same things they like.

Try to imagine what it was like fifty years ago, the "boys will be boys" era of "Mad Men." Men would tell off-color jokes and did not think of it as wrong or bad or in need of change. Times have changed and so now most men respect work place boundaries and would not tell off-color jokes in the company of women. But it took deliberate conscious effort for men to decide to be aware of behavior that, while it is not "bad" or wrong in itself, creates friction and divides us in ways that impede the progress of women. It is up to men to think about how to ensure that cultural obstacles are removed to enable women to assimilate into the culture, interacting with and being a part of the team in a healthy social and cultural context. It is up to men to reshape the culture and assimilate women so that all the social interaction is as organic and natural for women as it is for men. Men are already acting upon this realization, albeit slowly.

Recruiting more women to be on Boards of Directors would seem an important and very do-able mission.

May Scheve Reardon: Well yes it is, achievable and vital too. That would make a profound difference to the efforts to reshape business culture, to be more effective at identifying and nurturing talented women who are qualified for the CEO and top officer positions.

There is another part of the example of the lottery company I know who says they can't find a talented woman to be on their BoD. All the leadership are men and there is a very talented woman on the team who I know well. I finally had to advise her that she should find a different company that

Continued on page 24



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Becky Schroeder

Chief Operating Officer, Idaho Lottery

Why COO is the best job in the Lottery Industry

PGRI Introduction:

Cutting-edge innovation has been at the heart of Becky Schroeder's Idaho Lottery career since becoming Information Technology Director in 1992 - back when lotteries still functioned with green screens, command lines and green bar printers. Ms. Schroeder was promoted to Deputy Director of Administration and Chief Deputy in 2007 and graduated from the nationally accredited Certified Public Manager Program the same year. In 2010 she was promoted to Chief Operating Officer of the Idaho Lottery. Ms. Schroeder is also the 2018 recipient of the Major Peter J O'Connell Lottery Industry Lifetime Achievement Award.

I have always been amazed at the breadth of knowledge that is brought to bear in the job of COO, and intrigued about the skill-sets required and the career path that leads to this position. A discussion with Becky Schroeder answers those questions and a few others as well.

Paul Jason: How did you get promoted to the position of COO?

Becky Schroeder: Back in 2005, I was involved in a Certified Public Manager program. It's a national, two-and-a-half-year program sponsored by the State

of Idaho to train for leadership, critical thinking, and general management. At the conclusion of the program, there is a requirement was to create and implement a significant project. One portion of the project I proposed was to create a consumer engagement digital strategy, along with the blueprint to launch it. The other part of my project was to define the job responsibilities of a chief deputy – and then ultimately the chief operating officer. I took it a step



further and explained why the Lottery should hire me for the job. The job did not exist at the time, so I created it and convinced them to let me do the job. You might say this was my “Lean-In” moment.

So that's what's meant by creating one's own opportunity.

B. Schroeder: I'm convinced that being COO is the best job in the industry. I have responsibility, authority, and a broad range of activities to monitor and execute. It's exciting, sometimes stressful, but never more than I can handle, and even better, because I know that Idaho Lottery

Director, Jeff Anderson, is there, ready to guide or decide, when I need him. I love that every day is different than the day before. Different problems to solve, fresh opportunities to explore, new games to develop and bodies of knowledge to master, conflicts to resolve, staff to counsel, vendor and retailer issues to work on ... the fun never slows or ends!

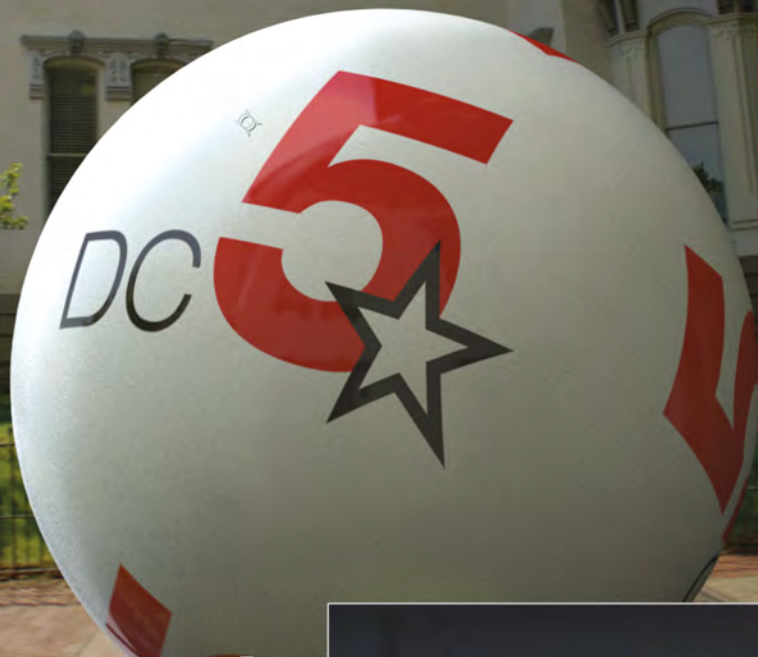
How do you know whether to loop the Director in on a decision prior or just update him afterwards?

B. Schroeder: I think that is an understanding that needs to be established right at the beginning. Jeff and I have had quite a few years to sort these issues out. He trusts me to make decisions about when he needs to be looped in prior, when he wants me to just handle it and update him after-the-fact, or in some cases when a decision is not in my purview but solely in his. That means a judgement call for me and he expects me to exercise correct judgment. He does not want or need to be involved in every issue. There are things he just wants me to handle, and I appreciate his confidence in my ability to do that. Of course, it is crucial that I recognize when something needs to be passed on to Jeff. And, there are also times when I want Jeff to be the responsible party, so I bring him in whether he wants to be or not!

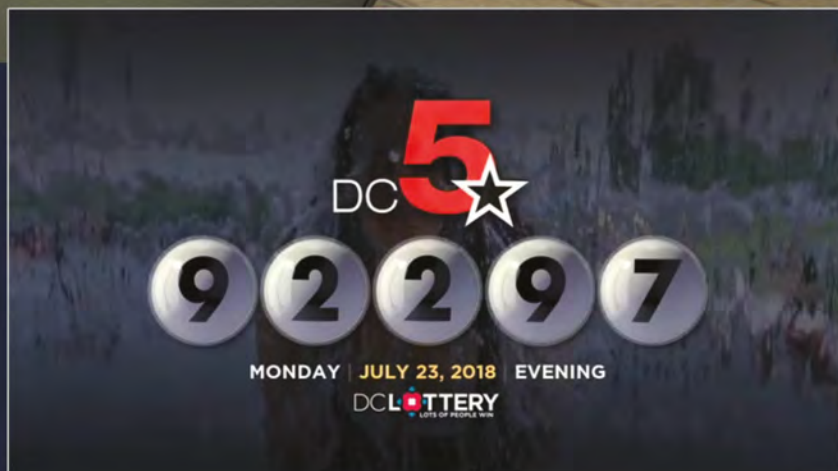
It seems like everything that doesn't fall within someone's job description, it probably ends up on your desk.

B. Schroeder: It's a challenge to describe what my job entails because that is a large part of it right there. Every day there are issues which do not fit neatly into any other

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category, and they become my responsibility. Fortunately, I actually enjoy doing many of the things that others don't always like to do, so it all works out!

Is there a career path that leads to COO? It sounds like it was all on-the-job-training.

B. Schroeder: My background and first jobs were in the information technology side of the business. The focus is on process engineering, architecture of information and work flows, sources and uses of data and resources, which I think was a good basic training for the job of COO. I did not understand at the time how the IT skills-sets would end up being applied in my current job. Frankly, I have always focused on my current job and never obsessed much about how the long-term career path might unfold. And now, being involved in just about every aspect of the business, it's exactly what I love to do.

I think the most important thing is to be curious about all aspects of business, and constantly stretch to learn and expand your understanding about those areas that are not your natural area of expertise.

You understand the big-picture mission and objectives, but is the COO job to focus on details of implementation where the rubber hits the road?

B. Schroeder: My job keeps me working at the bits and bytes level. It's all about execution, and so I am immersed in day-to-day issues and removing the obstacles that interfere with peak performance and flawless execution. Coming from IT, I needed to acquire people management and leadership skills because that is really the core competency required of this job. Process engineering and managing work-flows are also crucial, but getting it right on the people side of the business is key to everything.

Some people might think of the COO job as being tasked with doing all the work but not getting the glory of being the CEO.

B. Schroeder: I think of it as the opposite. I get to do all the fun stuff and my CEO has to be the one who makes really tough decisions, bears ultimate responsibility, and is the one to liaise with our political constituents which is not my favorite part of the job. I contribute to the high-level strategic planning, but I thrive more on the day-to-day execution, putting out fires and just rolling my sleeves up and working with the amazing team here at the Idaho Lottery. I adore this job. I can't say enough about how fun it is.

Have you ever wanted to be a director?

B. Schroeder: I like what I do and have not necessarily aspired to be a director. The institutional knowledge and skill-sets acquired over many years of being in this position give me the confidence to do the job and do it well and that provides immense job satisfaction. I also like knowing that insofar as I do an excellent job, I will likely continue to do it. I feel confident that my work is valuable. I prefer the longevity of a job like mine as opposed to that of a director, as well. I can't say I would never consider it, but I'm pretty happy where I am.

Who sets the long-term vision and strategy?

B. Schroeder: That's what makes the Jeff and Becky team pretty successful. I love the details and I totally respect his vision. I appreciate the guidance that Jeff's strategic vision provides to me, but also the latitude that he gives me to accomplish his vision.

We both want to be as forward-thinking and cutting-edge as possible. But we are also very pragmatic and have no desire to be bleeding-edge trailblazers. So Jeff will often have ideas that my first impulse is to think "wait, we tried that 24 years ago and it didn't work out so well." Of course, when you revisit ideas with a truly open mind, and get others involved who maybe weren't here 24 years ago and so bring a more optimistic attitude, you end up with fresh perspectives and new story-angles that, given a chance, end up being great ideas. It can be embarrassing. After all, we spend all day every day working on this business and Jeff comes in with insights that cause us to think "why didn't I think of that?" He's a great leader and never fails to get us all to thinking about things in new and different ways.

The one thing we don't allow is negativity towards unorthodox ideas. Even if something didn't work out in times past, we want all the team-members to feel encouraged to think creatively without being told why something won't work, or old war stories about why it didn't work before. I feel the best part of this work is that Jeff and I are typically in sync when it comes to fostering an environment that supports innovation and that only happens when everyone is encouraged to think and speak out freely and confidently. We want everyone to Lean-In!

What are some of the most important take-aways from Sheryl Sandberg's book Lean-in?

B. Schroeder: One of the things that she addresses is the need to be confident and just jump in and do it. There is no alternative to doing that as COO. There is no time to second-guess yourself. You just have to do it. Whatever you thought you didn't know, or didn't understand as well as you'd like – after a while you realize that nobody else understands it either so it's up to you to make it happen! We're all in the same boat of just doing our best to figure things out as we move along.

It was also encouraging to read about the importance for women in positions of influence to exercise that influence to change the culture and business practices in positive ways. It is gratifying to know that I could make a difference, to help the process of enforcing a more consistent pay scale such that everyone is paid fairly. The Sandberg book shines a bright light on these issues and provides guidance and encouragement for us to act boldly and make a difference. And when each of us takes responsibility to do everything we can as individuals, the collective impact will start to be felt.

Was there a point at which a light bulb went on in your mind and you realized that you may not know what you're doing, but nobody else does, either.

B. Schroeder: You realize that if you're feeling a certain way about things, others probably are as well. Everybody is just doing their best to figure it out, make decisions, and do the right thing. I think it's ridiculously important to have faith in yourself and forge ahead. Decisions are always made with incomplete information and we need to be fearless and confident that our best will be more than good enough. It'll be great. And if it's not, we'll fix it and move on! There's simply no time for analysis paralysis.

For instance, the Idaho Lottery can't sell lottery products online. We felt pressure to make up for that, and other things that limit what we can and can't do, so we're required to stretch to do even better with the tools we do have. We ended up producing a double-digit increase of sales in FY18. And we just completed a large-scale conversion to all new equipment, terminals, new servers and gaming system. We also recently completed a giant remodel of our office building, renegotiating our lease for reduced rate and a significant tenant



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SUNDAY SEPTEMBER 9, 2018		PRO FOOTBALL	
10:00A	704 Bears	-1.10	48.00
10:00A	784 Colts		
10:00A	550 Falcons	-3.50	54
10:00A	184 Cowboys		
10:00A	440 Eagles	-2	45.00
10:00A	430 Hawks		
10:00A	450 Patriots	-3.50	54
10:00A	425 Panthers		
10:00A	100 Cardinals	-2.50	49.00
10:00A	222 Bucs		
10:30A	290 Lions	-1.50	48
10:30A	784 Broncos		
10:30A	440 Jaguars	-2	45.00
10:30A	450 Dolphins		
12:00P	450 Vikings	-3.50	54
12:00P	420 Rams		
12:00P	100 Jets	-2.50	49.00
12:00P	222 Titans		

SUNDAY SEPTEMBER 9, 2018		PRO BASEBALL	
2:00P	300 Sox	-2.50	5.00
2:00P	750 Rays	-1.50	8
2:00P	355 Orioles		
2:00P	355 Jays		
5:30P	140 Cubs	-1	2.00
5:30P	430 Pirates		
6:00P	250 Giants	-1	2
6:00P	320 Angels		
6:00P	410 Cardinals	-1	1.00
7:00P	430 Tigers		
7:00P	450 Marlins	-3.50	1
7:00P	425 Indians		

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improvement from our building owner. It's been a crazy but fun year - doing everything all at the same time.

A COO manages all business functions. How is it possible to acquire competencies in all areas of business?

B. Schroeder: You identify your weaknesses and make sure you have a strong person to perform in those areas. My background is IT so I manage IT myself. My background is not in Finance, so I have a wonderful CFO who I depend on. Honestly, though, a COO has to embrace life-long learning because you need to be knowledgeable about all areas of business. As much as I value our CFO, I have also made it my business to learn finance because everything is inter-related. Every business decision requires the application of a financial calculus, and the COO must understand the language of finance to work productively with the CFO.

I encourage our team to make it their business to understand the other disciplines, to learn about the work your colleagues are doing. For one thing, it's fun to be curious and expand your knowledge. For another, the ability to interact intelligently with everyone including those who work in other areas of the business makes you more effective at your own job and enhances your qualifications to assume more responsibilities.

I want everyone to be cross-trained to be able to jump into new jobs when there are unexpected personnel changes or people go on vacation and a crisis erupts or whatever. One of the most gratifying things to me is to be able to be away from the office and not worry about a thing. I don't worry because I know the skill-sets of the entire team are diversified and overlapping so they are ready for anything.

We work very hard to empower everyone who works here. We invite the input of everyone, including or perhaps even especially those who are not on the management team. We nurture a culture of fluid, dynamic, open communications throughout the organization. But we also have formal sessions in which we ask - What can we do differently, How can we improve? Jeff has helped us to really raise our game in the strategic planning department.

If you were able to counsel yourself of twenty five years ago, what would you say?

B. Schroeder: Like a lot of people, I think I would say to not take yourself so seriously. Nobody knows the course their life will take so don't worry so much about it. Learn as much as you can along the way, take an interest in things outside of your area of specialization, and don't be afraid to leave your comfort zone to try

something new. Just do the best you can do and have faith that everything will all work out for the best. It is fine and important to have long-term goals but make sure you be the best at whatever it is that you're doing right now.

I think about the first job I accepted when I moved to Boise over 30 years ago. My prior job at a large, regional medical center had included work as a trainer. When applying at a rehabilitation hospital in Boise, I expected to be given a job commensurate with my experience and skills. Instead, I was hired as a "Floater" to fill in at whatever job was vacant because someone called in sick. I first felt that this job was decidedly beneath me. But it turned out to be the best job experience I could have had. Day to day I worked in IT and just as I was starting to get into a task I would be called out to be somewhere else. Crazy at first, but I learned to love it. And when I think about it now, it occurs to me that is what I am still doing - I'm a professional floater! It was the best thing for me and it taught me to be flexible and to multitask and feel good about being constantly interrupted and redirecting my focus to whatever the highest priority is. I think the job that I felt overqualified for turned out to be the best training ever for my lifelong job as a professional floater. ■

Reshaping Corporate Culture continued from page 18

is more female-friendly. If she leaves this company, that will be their loss, not hers, and they know it.

For our part is addressing the lack of females in leadership positions and inspiring workplace culture, the support for Women's Initiative in Lottery Leadership has been fabulous. Our industry leaders are embracing the mission, supporting the efforts to enable women to achieve their full potential and for organizations to enjoy the benefits of their talent, ability and ambitions. Thank you to our enlightened visionaries who are leading the charge! ■

<https://hbr.org/2018/07/lean-in-messages-and-the-illusion-of-control>

<https://www.newyorker.com/magazine/2018/08/06/les-moonves-and-cbs-face-allegations-of-sexual-misconduct>

Additional Reading: All these links are more easily accessed by going to Public-Gaming.com and clicking on tab at top "Women in Lottery Leadership".

California bill mandates women in boardrooms: <http://video.foxnews.com/v/5828736325001/?#sp=show-clips>
<https://mail.google.com/mail/u/0/#inbox/Whct-KJTrdTwqCcwNbpXzJNVpfXLkgBtfZvDmgbn-JQRhZSBMtrbtgnkSmhvMxwQWQNVsGnrl>

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<https://hbr.org/2017/11/we-interviewed-57-female-ceos-to-find-out-how-more-women-can-get-to-the-top>

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<https://www.fastcompany.com/90206067/what-is-the-glass-cliff-and-why-do-so-many-female-ceos-fall-off-it>

<https://www.cnn.com/2018/01/18/how-business-leaders-can-stand-in-support-of-the-metoo-movement.html>

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<https://www.forbes.com/sites/daviatemin/2018/01/17/a-15-point-plan-for-boards-and-ceos-to-eradicate-sexual-harassment-in-their-organizations/#299dd9512928>

<https://www.nytimes.com/2016/11/11/world/europe/women-world-leaders-clinton-trump.html>



The Lottery Center shown with the Ticket Menu Board Unit and the Hardware Unit.

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Charles McIntyre

Executive Director, New Hampshire Lottery
President of the North American Association of
State and Provincial Lotteries (NASPL)

Building Brand Lottery, One Community at a Time

PGRI Introduction:

It took six tries over the course of ten years, but the New Hampshire Sweepstakes bill was signed into law on April 30, 1963, creating the first modern lottery in the United States. Modeled after the long-running Irish Sweepstakes, the first ticket was \$3 and was tied to horse racing results. That was the only game until the introduction of a 50-cent passive game in 1971. Now, almost a half a century later, the New Hampshire Lottery operates ___ games.

It took a lot of tenacity and perseverance to secure legislative support for launching the Lottery back in 1963. Some things never change, as the current leadership of the NH Lottery took their story to 220 communities throughout the state to secure local support for its new KENO game. The story is inspiring for several reasons that reveal fresh opportunities not just for launching a new game, but for turning a burdensome challenge into a marketing event that increased brand awareness and sales of the entire portfolio of products.

Paul Jason: The state said you could sell Keno, but you had to secure the authorization to do that at the local community level of government. What did that entail?

C. McIntyre: In the beginning, the undertaking seemed quite ominous. How in the world were we going to take this story to 220 different communities throughout the state? It was a laborious process but we all ended up feeling really great about the entire experience. I didn't visit all of them, but I visited a lot of them and in some cases returned multiple times.

a key state politically for presidential candidates.) So, visiting and getting to know the people in towns all around the state was a personally very rewarding experience.

I think all of us in the Lottery took a lot away from this project. I also think it will inform the way we think about the business and the way we reach out to our audience of lottery players and stakeholders.

The project of bringing our story of the new Keno game brought us into contact with so many people that the New Hampshire Lottery brand enjoyed a significant residual impact.



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We think of New Hampshire as a special state for the strength of its local community. It is a culture that values the social fabric of a close-knit local community. These are towns that are governed by frequent town meetings where a large portion of the residents come together to actively discuss the issues, vote on how to allocate the budget, and work to make their town be a wonderful place to live and work and go to school and hopefully play the lottery.

New Hampshire is a very civic-minded and politically active culture. For instance, everyone up here expects to meet every presidential candidate at least once. (NH is

That increased brand awareness drives sales. I think we can attribute our record sales year at least partly to that grassroots campaign to get out the vote to approve Keno.

So you made a lot of friends in the communities.

C. McIntyre: Even the time we spent waiting like everyone else in city hall chambers became public relations events. Telling jokes, making it fun, spreading good cheer and representing the state lottery. Nothing politically weighty about our mission - no health and welfare and police issues - we were just there to introduce a new lottery game. We got great publicity just by showing up, telling our story, having a good time, and hopefully helping others have a good time.

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Powerful Results.

What percentage of the population of New Hampshire can now play Keno?

C. McIntyre: Keno is now on sale in about 63 of the communities out of 220 in New Hampshire. Since there are two cities that comprise about 20% of the population of the state, Keno is readily available to about half the population base of the state. Still, we want it to be readily accessible to all New Hampshire residents. Going forward, more communities will approve it because it is good for the entire business community. Communities that voted against Keno are revisiting their decision because stores in communities that do not have Keno notice that their customers drive to the next town to do business because that's where they can play Keno.

It seems like yet another collateral benefit of pitching Keno at the community level is that you got your channel partners all talking about lottery.

C. McIntyre: It's true. It's been a lot of work but there are a lot of benefits to having everyone talk about why they need to approve Keno and just talking about lottery so much. The University of New Hampshire is working with us to launch a research study this fall that will try to measure the impact that keno has had on the economies of the communities where it is played. We believe the study will show that the profit the bar, tavern, or retail venue makes from keno is a fraction of the positive economic impact that the business enjoyed as a result of adding Keno to its product mix. The lottery player is a valuable retail customer not just for the commission on the lottery tickets they buy, but for the residual purchases made when they go into the store to buy lottery tickets.

How important is it for channel partners to see concrete studies that measure the residual impacts of lottery?

C. McIntyre: It's crucial. Retailers need to see the data. We all know that lottery drives retail foot traffic and we know that foot traffic contributes to the sale of high margin items like food items. Retailers even know it. But without the data to substantiate that claim, retailers won't assign a value to it, and they won't give us credit for it. We simply must put a time and dollar value to the incremental lift that Keno and other lottery products produce for the entertainment venue or retail store. That is what will motivate retailers to help us promote lottery even more which will increase lottery sales and overall store sales. It results in a positive feedback cycle that drives success for both Lottery and Retailer.

I think of New Hampshire as a place where people are resourceful and independent and respect hard work more than anything.

C. McIntyre: It's true. People would drive hours to visit with us because they knew we drove hours to visit them. They respect and appreciate the dedication to getting a job done and the effort to come and see them personally. The people of New Hampshire are very civic-minded. They don't abide cynicism. They hold our state government in high esteem and feel connected with the government that is by the people and for the people. They expect the people in government to do a good job, and they also trust that they will. It is a healthy and productive political culture.

You will be implementing iLottery in a few weeks. How has it gone with respect to enlisting the cooperation of your retailers?

C. McIntyre: Retailers were understandably concerned about how iLottery will impact them. We helped them form a committee to facilitate communication with us and ensure that our initiatives benefit our retailers as well as the players and the Lottery. Retailers get a commission for iLottery sales so they participate directly and share in the profits. Too, our digital presence already commands huge awareness and consumer engagement. We leverage that consumer connection to drive store traffic for retailers. Additional online offers, bonuses, discounts, free ticket coupons and such incent the consumer to visit the retailer, play lottery at retail, and engage with lottery through multiple channels. We are confident that the end result will be win-win-win for the consumer, the retailer, and the Lottery.

Fiscal 2018 was a record year for the New Hampshire Lottery and its retailers and we are determined to make sure FY 2019 exceeds all past performances.

Lottery has never appealed to the twenty-somethings. But we have always been able to count on the migration of a segment of consumers over to Lottery in their thirties. Is it really so different now? Can't we expect that the twenty-somethings will come around to Lottery in their thirties?

C. McIntyre: I think it would be a big mistake to assume that. The mobile-gaming generation who are in their twenties now are not going to completely change their play-styles as they grow older and move into

Lottery's main core player demographic. I believe Lotteries which are not making the games available on the internet within the next ten years will lose an entire generation of players. This generation and the next couple generations to come are all about mobile gaming, mobile everything really.

And we also need to evolve our whole play-style. Games that require the player to wait for the draw or the outcome to see if they are winners will hold little appeal for a generation that is used to getting everything they want right away. Anyone who has children or young adults has first-hand evidence of this fact! They don't even shop for groceries anymore since Amazon delivers in hours.

Consider Loot Box games and the way mobile-gaming is increasingly like money-games, real gambling. Combining the entertainment value of mobile games with the thrill of wagering will produce a player experience that will be very enticing. That is what our competition will be in the years to come. We at least have to be where the players are in order to compete. And they are online, on their mobile.

What was most interesting or challenging about moving from your position as Assistant Executive Director and General Legal Counsel at Massachusetts Lottery to Executive Director of the New Hampshire Lottery?

C. McIntyre: As chief lawyer at Mass Lottery, where I served for seven years, my concern was making sure we did not put the Lottery brand or reputation at risk or do anything that creates legal liability for the Lottery. I worked hard to earn my moniker of Dr. No, Head of the Sales Prevention Team! I was not wrong in my conviction that keeping Lottery out of legal jeopardy is mission-critical. But as Director of the New Hampshire Lottery, I have a keener appreciation for the multiple objectives that are also mission-critical. The Lottery exists to protect the consumer, to channel recreational gaming into the safe and secure outlet that is Lottery, and generate funds to support Good Causes, which in our jurisdiction is Public Education.

We are all highly invested in our own disciples, our own areas of expertise. That is where we each decided to spend our own time and energy, so it is only natural that we think it is important. For me, that was

Continued on page 40

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Dennis Berg

Director, Ohio Lottery



Integrating new game categories with the portfolio of traditional lottery games

PGRI Introduction:

PGRI Introduction: Having started with the Ohio Lottery in 1991, Dennis served as Deputy Director of Finance before being named Director of the Ohio Lottery on February 10, 2012 now making him the longest tenured Director in the Ohio Lottery's 44 year history. Under his leadership, the agency is also responsible for the licensing and monitoring of over 11,000 video lottery terminals at Ohio's seven racetracks, as well as selling the traditional products through 10,000+ retailers. The Ohio Lottery has sales of over \$4 billion and net transfers to public education of over \$1.1 billion.

Dennis also serves as First Vice President of the North American Association of State and Provincial Lotteries (NASPL). We are excited to come to the Buckeye state where Dennis and Team Ohio Lottery and NASPL are hosting NASPL's annual conference trade show September 24 to 26 in Cleveland Ohio.

Paul Jason: Thank you for hosting the annual NASPL conference/trade show. The theme is "GPS for Success". Fitting that we come to Ohio since your lottery has undergone some major changes over the last five years. In addition to the

traditional lotto and Instants, the Ohio Lottery has TVM's and VLT's, right? Are there important or surprising trend-lines, particular games or distribution channels that are increasing faster than others?

Dennis Berg: In a ten year period from 2008 to 2018 lottery profits have soared from \$672 million to nearly \$1.1 billion, thanks the several initiatives undertaken over the last decade, one including the wide distribution of vending devices. Ohio is one of the leading states in the U.S Lottery industry with roughly 7,200 vending units deployed throughout the state.

The Ohio Lottery has four categories of vending devices. The first category is the traditional vending units typically seen in the grocery store environment that dispenses instant tickets along with online games such as Pick 3 and Pick 4. Vending units are deployed in veteran and fraternal halls allowing patrons to play interactive fun touch screen games exclusive to that trade channel. Roughly 2,300 vending devices are deployed primarily in the bar and tavern trade channel to facilitate the purchase of Keno along with other online games such as Mega Million, Poweball and faster instant play games called EZPlay. The final category of vending is also primarily deployed in the bar and tavern trade channel called Touch and Win machines. These devices allow player to play games in an interactive touch screen format providing instant win experiences.

The most successful aspects of vending come from two main product lines. The instant ticket dispensing machines are extremely popular and are the bread and

butter to facilitating increased sales in the supermarket / grocery store environment. Keno sales are highly driven by the convenience in vending available in the bar and tavern trade channel. We added further enhancements to the equipment allowing for customers to cash winning tickets and to defer winnings onto a cash voucher for future play or cash redemption.

Vending allows for the added convenience to the player and helps free up retailer clerk time spend on lottery.

Do you feel that there is much cross-over between game categories: Do casino players buy lottery tickets, and do lottery players go to casinos? Are state lottery operators likely to lose customers to casinos and sports-betting?

D. Berg: When the Ohio voters approved four land based-full scaled casinos and the Ohio Lottery further licensed seven racinos with VLTs starting in 2012, we feared that traditional lottery sales would suffer. We looked at some of the past studies and concluded that we could expect perhaps a 5% decrease in sales, at least on a temporary basis. To our surprise traditional lottery sales remained strong and continued to grow. I think one takeaway is that one cannot conclude that cannibalization of gaming dollars from a new gaming offering will directly affect other pre-existing gaming opportunities. New dollars going to a new casino may impact other discretionary spending opportunities such as the movies, dining, and other forms of general spending. But the introduction of new gaming options does not appear to have an adverse effect on the demand for traditional lottery games.

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We do not have a good measure on the likelihood of a casino player to buy lottery products and vice-versa. We know there is some cross-over. We just don't know how much that is, or whether the flow of discretionary spend favors one side or the other. Suffice to say that it clearly represents both a challenge to defend traditional lottery from attrition, and an opportunity for traditional lottery to acquire new playership from other game categories like casinos.

are not surmountable but something you need to stay on top of in the beginning stages of the program.

I think it is too early to determine if cashless sales simply cannibalized cash sales or if marginal increases are occurring. Nevertheless, I do think we are well aware that fewer people carry cash on hand, especially among the younger demographic. For that reason, providing a cashless purchasing opportunity is required to be successful going forward.

What is the most important initiative or goal for the Ohio Lottery for the next 18 months?

D. Berg: The most important goal is to maximize profits for the education fund in Ohio through the sale of lottery games. Our state's biennium budget cycle starts up again in the spring of 2019 and certainly the lottery is always asked to exceed the previous year's profit transfers which is always a challenge. We are now at the level of expected profits of over \$1.0 billion each year.

The Ohio Lottery has undertaken many initiatives over the past years and many of these newer product offerings such as Keno and VLTs are in the growth stage. We expect steady growth from these products in the years to come to help support education.

I think we always need to be innovative and look at ways to make the player experience enjoyable, entertaining and convenient. On the back end of the transaction we must ensure our players have fast and easy access to their prize winnings which is a critical part of the player experience. We are looking at several new methods of paying prize awards in a consumer-friendly manner.

We also shouldn't forget that the core of the lottery is our retailer base and we need to make their jobs as easy as possible when interacting with the lottery. We need to stay on the cutting edge of any technology that can accomplish that objective. For example, to keep the gaming system communications network more reliable, we have rolled out dual backup communications to high volume retailers. We are constantly evaluating additional retailers for participation in the program while considering the ROI. In addition, in late 2018 we are upgrading all retail point of sale terminals with the Intralot Photon terminal. This new terminal will allow for cashless purchase transactions across our entire retail network.

Lastly, there certainly is a lot of buzz among the industry and policy makers across the country regarding sports betting. In Ohio the policy makers will be responsible for shaping the framework for sports betting, whether it be outright banning or embracing sports betting in some fashion. There is currently a placeholder bill suggesting the intent to allow sports betting in Ohio. However, details are yet to be seen but if the lottery is asked to regulate and offer sports betting, we stand ready to do so. So more to see on that topic in the upcoming months. ■



You implemented cashless payment options a few months ago. Is there anything you found surprising? Any unanticipated results or obstacles or issues, that you may want to warn your colleagues to watch out for?

D. Berg: We started rolling out cashless swipe devices on our 7,200 vending units over 40 weeks ago. I'd say that player migration / acceptance is a slow and steady course. Even after the first year passes, I believe a longer term will be required to reap the full benefits of providing cashless purchasing opportunities. We are seeing a slow but steady increase in cashless sales and the percentage of cashless vs cash transactions. We are now realizing roughly \$1.0 million per week in cashless vending sales with the bulk of those sales used to purchase instant tickets via a debit card in lieu of a credit card.

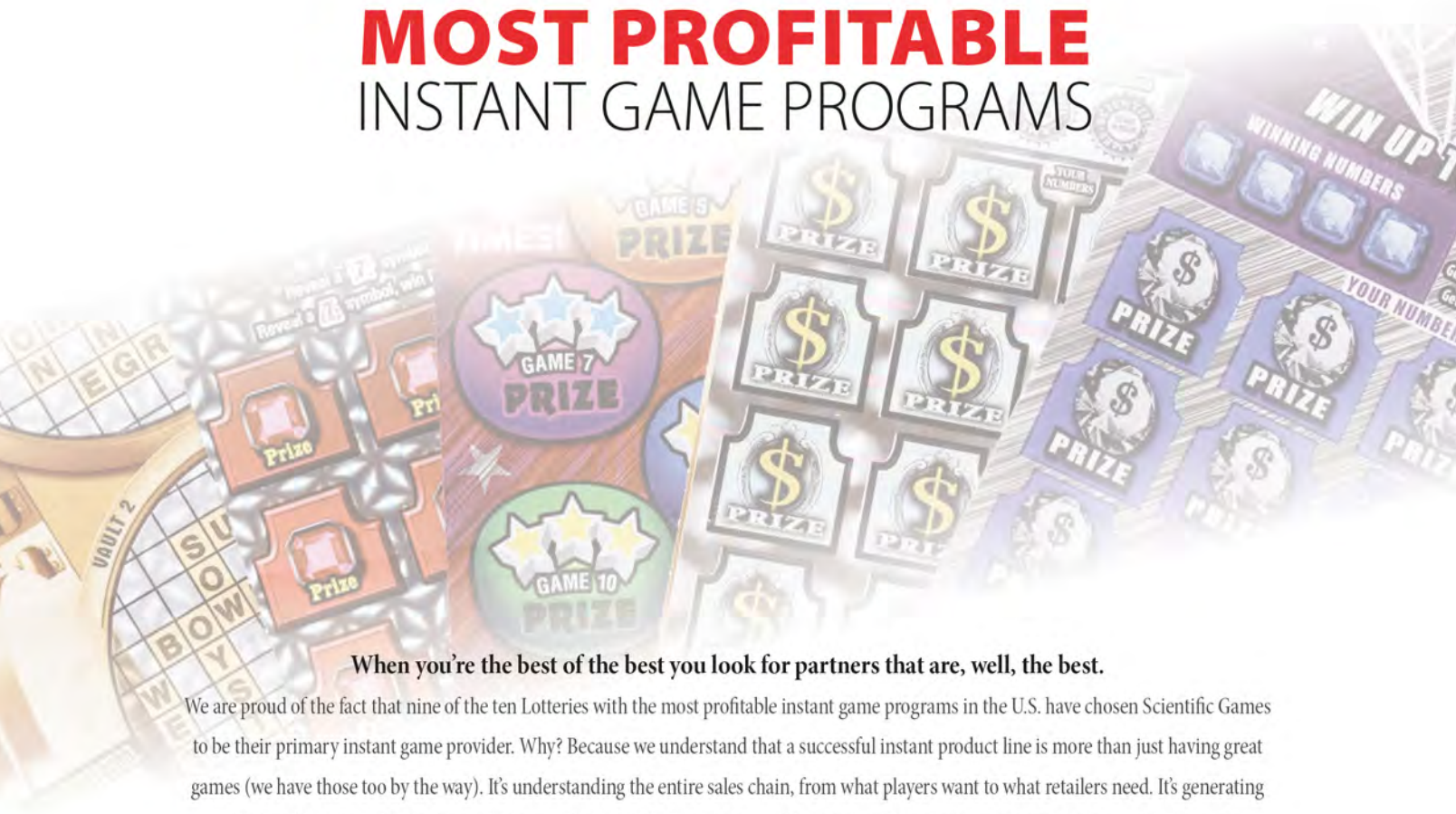
In the early stages of rolling out cashless you may expect to tweak your accounting and reconciliation processes. These obstacles

Any comment on the results of implementing cashless: any measure of the impact on total sales and net? Who pays the merchant fee - the lottery or the retailer or some combination of sharing the cost?

D. Berg: The Ohio Lottery determined its best course of action to get retailer buy-in was to embrace the program by paying for the merchant fees. We estimated that the average ticket purchase will be over \$25.00 which in effect brings down the cashless fees as a percentage to sales down substantially. Early projections indicated that the long-term increase in player convenience will result in sales increases that will more than offset the merchant fees. If you don't believe that is the case, then I wouldn't recommend going cashless for your lottery. I recommend that you give the program at least one year before making any hard conclusions on the program pros and cons and before making major tweaks to the distribution of cost model.

9 OUT OF 10

MOST PROFITABLE INSTANT GAME PROGRAMS



When you're the best of the best you look for partners that are, well, the best.

We are proud of the fact that nine of the ten Lotteries with the most profitable instant game programs in the U.S. have chosen Scientific Games to be their primary instant game provider. Why? Because we understand that a successful instant product line is more than just having great games (we have those too by the way). It's understanding the entire sales chain, from what players want to what retailers need. It's generating meaningful insights that drive strategic growth. Scientific Games brings this and more to the table every day and the results are real.



Because Real Counts



WAVES of Success

Seven Straight Years of Record-breaking Sales for the Florida Lottery

The Florida Lottery, which is ranked No. 4 in the world for instant game total sales (*La Fleur's Almanac*) shattered their last year's sales record with more than \$6.7 billion (USD) in total sales. But the real celebration is for the state's Educational Enhancement Trust Fund, which received more than \$1.75 billion in estimated contributions from the Florida Lottery.

Building upon years of instant game innovation, strategic portfolio management and advanced predictive ordering technologies, the Florida Lottery and Scientific Games are riding the crest of success in a seventh straight year of record-breaking sales for fiscal year 2018.



Jim Poppell
Florida Lottery

"These remarkable milestones for the Florida Lottery have been achieved through careful planning and an innovative instant game marketing strategy," said Florida Lottery Secretary Jim Poppell. "Earlier this year we broke the U.S. record for weekly instant game sales, and we hope the record-breaking continues as it helps fund education in Florida, our number one priority. We are committed to making a difference in the lives of Florida's students and their families."

With total instant game sales up 9.6 percent from the previous fiscal year, \$4.65 billion or 69.4 percent of the Lottery's total fiscal year 2018 sales were driven by instant games, led by the popular *100X the Cash* game and the *Week for Life* family of games.

These top-sellers in the Sunshine State did not disappoint.

With a total of \$352.3 million in sales, *100X the Cash* – the Florida Lottery's first \$30 game in 10 years – averaged more than \$20 million in sales per week during the 17 weeks it was on sale in fiscal year 2018. *The Week for Life* family of games (\$1-\$2-\$5-\$10-\$20), which were in the market most of fiscal year 2018, topped \$660 million in sales.



Performing well beyond the U.S. lottery industry in fiscal year 2018, the Florida Lottery experienced a 9.8 percent increase in sales of \$2 instant games, a 19.5 percent increase in sales of \$5 instant games, and a 25.5 percent increase in sales of \$10 instant games.

Scientific Games provides 95 percent of the Florida Lottery's instant games, and the Lottery participates in *Scientific Games' Enhanced Partnership (SGEP)*. *SGEP* is a full-category management program covering every aspect of the instant game life cycle starting with insights and including instant product development and management, advanced logistics, retail optimization and interactive integration. The company serves more than 13,000 Florida Lottery retailers from its instant game facility in Orlando.

The high-tech operation launched in 1997. And the partnership has driven success.

Scientific Games' *SciTrak™* supply chain solution was deployed at the Orlando facility. The system securely manages instant game inventory with more accuracy and efficiency than other supply chain solutions, and it allows the Lottery to be highly responsive to retail sales volume and player demand. Automated sorting technology was added in 2009 with *OrderSorter™*, and predictive ordering technology was added with *OrderCast™* in 2011.

"Our next generation system, *SciTrak Ultra™*, has made incredible advancements with predictive ordering," says Sam Wakasugi, Vice President, Strategic Business Management at Scientific Games. "In just the last seven years (2011-2018), instant game sales in Florida have grown 109 percent. The *OrderCast* technology has played an important role in instant game growth here."



Sam Wakasugi
Scientific Games

In 2013, Scientific Games worked with the Lottery to create a six-week game introduction cycle that would offer players bigger games and better prize structures. Today, the Lottery introduces approximately 36 new games each year and up to 70 games in market at any given time – 58 percent of instant sales are at the \$10 price point and above.

In the land of perennial sunshine, the Florida Lottery is perennially one of the highest performing instant game lotteries in the world.

"Scientific Games is honored to celebrate another record-breaking year with the Florida Lottery. We could not be prouder of the accomplishments our teams have achieved together," said John Schulz, Senior Vice President, Instant Products for Scientific Games. "We will continue our collaboration with the Lottery to bring entertaining instant games to Floridians, along with our technology and services that help generate more contributions to help fund education in the state."

The Technologies Behind Scientific Games' Enhanced Partnership

Scientific Games' Enhanced Partnership (SGEP) is a full-category management program for the instant game life cycle including

- Instant product development and management
- Advanced logistics
- Retail optimization
- Interactive integration

Based on the key principles developed through the company's Cooperative Services Program from the 1980s forward, *SGEP* incorporates state-of-the-art technologies, dynamic data resources and innovative practices to create a significantly improved approach to serving lotteries and their players.

SGEP is currently in play with 20+ lotteries globally. In 2018, the company and its *SGEP* partners in the U.S. – about 25 percent of domestic lotteries (excluding Puerto Rico) – together generated \$17.8 billion dollars in instant product retail sales.



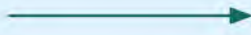
"When we partner closely with our customers to provide consumer insights, game design and manufacturing in addition to product distribution, it is a proven formula for success that we call full category management," explains Wakasugi. "We've worked very hard with our lottery partners and retailers to advance the technologies behind *SGEP* and we are driving growth like no other program in the industry."

With instant game per capita sales for all U.S. lotteries using *SGEP* services outpacing the industry by 40 percent, the program's operating scale accounts for approximately one-third of total U.S. retail sales. Based on real results achieved for customers, it is currently the most successful and effective category management program in the industry.
















In total, with *SGEP* and instant game customers combined, Scientific Games produces nearly 75 percent of instant game retail sales in the U.S.

15 Determinants of Demand

At the very foundation of *SGEP* are the 15 *Determinants of Demand*[™]. After decades of research on instant games in jurisdictions around the globe, Scientific Games developed its 15 *Determinants of Demand* for instant products – all grounded in the basic principles of consumer marketing:



15 Determinants of Demand

1.  **Payout**
2.  **Prize structure**
(including the top or jackpot prize)
3.  **Number of games in the market**
4.  **Size of games**
5.  **Introduction Cycles**
6.  **Product ingredients**
7.  **High-impact product positioning**
8.  **Prize point planning**
9.  **Retailer density**
10.  **Retailer mix**
11.  **Payment terms and conditions**
12.  **Quality of systems**
13.  **Retailer incentives**
14.  **Advertising and promotions**
(point-of-sale)
15.  **Sales force**

MAP

Another crucial component of *SGEP* is the *MAP*[™] gaming management platform. *MAP* stands for *Marketing Analysis Planning*, and the proprietary platform tracks *how and why* an instant game performs. It's a secure, interactive data system developed by Scientific Games to help make the best planning and marketing decisions possible for a lottery's instant game portfolio.

Populated with data for more than 50,000 instant games, 39,000 ticket images and 2.5 million data points for weekly sales, *MAP* is much more than sales data. Attributes such as game theme, play style, features, payout and even color are captured for every game and this information is used in conjunction with sales performance data to design games with features that appeal most to a specific lottery's player base. With the click of a mouse, Scientific Games data analysts can quickly and easily determine from *MAP* how an instant game (or type of game) has performed based on performance data collected over time in multiple jurisdictions.

SciTrak Ultra

SGEP is powered by *SciTrak Ultra*[™] technology, a supply chain solution for instant game management grounded on the *SciTrak* system developed by Scientific Games and continuously improved over two decades to its current form. The system enables the company to securely manage instant game inventory, with more accuracy and efficiency than other supply chain



solutions. Most importantly, it allows lotteries to be much more responsive to retail sales volume and player demand.

SciTrak Ultra includes a powerful predictive ordering system, *OrderCast™*, and an automated sorting system, *OrderSorter™*. All of these technologies integrate with retail sales functionality, called Tel-Sell or inside sales, to help the lottery manage instant products.

OrderCast

To help lotteries optimize the product mix and inventory levels at retail, Scientific Games developed *OrderCast*, a predictive ordering system informed by the company's *MAP* analytics. It combines traditional inventory estimation methods with economic and mathematical prediction models. *OrderCast* actually "learns" over time, getting smarter and smarter with every set of data collected. The system continually adjusts recommendations based on the data it receives, and then communicates revised recommendations to the lotteries inside sales team.

The bottom line benefits of efficient ordering is there is no guesswork involved in this very important aspect of managing instant products. Now using nearly 100 variables, *OrderCast* tailors data-driven adaptable orders. The system predicts the ideal product mix and inventory levels required for a specified sales period for each individual retailer in the lottery's network to help ensure optimal sales at each location. The sales then integrate with operational considerations, such as pack sizes, order cycles and "safety stock" to generate a final recommended order for each game. The internal sales team can review the order and customize further based on their communication with the retailer before the order is finalized and shipped.

OrderSorter

The other key component of *SciTrak Ultra* is *OrderSorter*, a technology originally developed in 2007 to take the instant game packing and distribution process to the next level. The highly automated technology is similar to technology used in major global consumer packaging operations. With scanners that read ticket pack barcodes, it adds another level of security and increases the accuracy in packing orders. Data transfers between *SciTrak Ultra* and the lottery's system for shipment auditing and approval. An order can be tracked at any point in the packaging process, and the lottery is therefore much less reliant on human interaction or

error in their instant game distribution operations.

OrderSorter significantly impacts delivery speed, efficiency and effectiveness: allocations are packed faster, higher volumes of orders are sent to retailers faster, and games can be launched in market faster and more efficiently than ever before.

"The time required to pick and pack orders is greatly reduced with *OrderSorter*, it is currently the most efficient and accurate instant ticket processing system in the industry," says Wakasugi.

Retail Integration

The biggest benefits of *SGEP* are the efficiencies created, which allow the lottery to be much more responsive to retailer needs and player demand – and in turn, these efficiencies drive more profit for the lottery and its good causes.

But there are player benefits as well, players benefit by having a variety of the best-selling games available to them due to the analytics of the powerful *OrderCast* predictive ordering technology. Games match the playing preferences and key attributes of consumers in that particular retailer.

Whether it's creating waves in the headlines for the Florida Lottery's record sales – or the record sales years for the Pennsylvania Lottery, Tennessee Education Lottery and the Oklahoma Lottery – *SGEP* is making a splash with a new name, and a whole new era of instant games powered by advanced technologies.

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Why Skill-Based Gaming Represents an Opportunity for Traditional Lottery



Ryan Mindell
Director of Lottery Operations,
Texas Lottery Commission

This article was written in Ryan Mindell's personal capacity. The views expressed are solely his own and are not presented as or necessarily representative of the views of the Texas Lottery Commission. His e-mail address is ryanmindell@gmail.com.

From a legal and regulatory point of view, every game is defined as one of luck, one of skill, or some combination of both. Lottery and slots are games of luck - the outcome being 100% random with the player having zero influence on that outcome. Poker, sports betting, and daily fantasy sports are games that involve combinations of varying degrees of skill and luck. However, I am not sure if any game is 100% skill. Chess is the classic example where the outcome is predominantly determined by the level of skill of the players.

The Paradox of Skill-Based Games

Any game with aspects of skill will suffer from what some call the "paradox of skill." This paradox is demonstrated clearly with two examples. If two chess-players are **exactly** equally skilled, the winner of their match must be determined by luck, like who went first or whether one player slept better the night before. On the other hand, a game of poker between Phil Hellmuth and an average lottery employee is hardly a game of chance. In other words, the closer the difference in skill, the more chance matters (and the greater the difference, the less chance matters).

The paradox becomes even more compelling when we see that even a small difference in skill yields a decisive advantage in

determining the outcome of the game. You will notice this effect in sports betting and poker as much as on the football field or golf course. The difference between world-class play and top amateur play may not be very great. But it is the difference between winning and losing. And when it comes to betting, that difference counts for a lot of money.

The natural impulse is to think that the power to influence the outcome of the game surely increases our chance of winning. How could it not? That's part of the paradox. **The ability to influence the outcome of the game dramatically reduces the chance to win for all but a very small percentage of players.** The reason is quite simple: the opportunity to influence the outcome of the game attracts a

professional class of players, or will necessarily create that professional class of players.

Witness the example of daily fantasy sports. The operators of these games, like FanDuel and DraftKings, want everyone to think of DFS as a game of skill. If so, the skill differences produce a gross imbalance in prize winnings. The New York attorney general found that 89% of players lost money playing on the daily fantasy website DraftKings. A McKinsey study showed that **a mere 1.3% of daily fantasy players were winning 91% of the all prize money. The other 98.7% of players were splitting the remaining 9% of winnings.** From a consumer protection viewpoint, regulators were concerned that daily fantasy was not a level playing field for the average recreational player. Of course, they are correct in that suspicion - but not because of illegality, cheating, manipulation or even anomaly. The reason over 90% of the players are at a distinct disadvantage, playing against odds that are much worse than those offered by random-based lottery games, is that they are playing against professionals. It is the element of skill that directly enables the disproportionate amount of winnings to flow to a tiny fraction of the players. Unless you are a professional daily fantasy player with immense computing power

Continued on page 43



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SHEM'S

the law. I found that we should also be self-aware of our natural impulse to think that what we do is most important, and adjust for that by recognizing the need for the perspectives, talent, and expertise of all team members to produce the best results. Serving as Director of the New Hampshire Lottery has certainly made me more aware of the need to foster an environment of mutual respect for a diversity of POVs. It is the collaboration of different mind-sets, skill-sets and different life-experiences that results in peak performance and outcomes.

As president of NASPL whose term expires in September, is there an initiative that you think is particularly important and warrants follow-up and further attention over the next two years?

C. McIntyre: Digitization is transforming every aspect of life, and so will have a profound impact on the gaming industry. The time-frames for how this transformation will unfold is much longer than two years, so we need a longer-term plan. Our business strategies, both long and short term, need to put digitization front and center, the cornerstone to everything we do. That is a tall order. We need to understand the broad implications of digitization. How will it permeate the everyday life-styles of consumers? How will it change retailing, and change commerce in general? How will those changes be integrated into the games-of-chance industry and Lottery in particular? And how can NASPL members work together to integrate digitization into our success strategies. We need to begin now to map out and clarify strategies to optimize our position within the digitized universe of games. NASPL could help its members with educational seminars and initiatives to coordinate multi-jurisdictional initiatives like the universal API (Application Programming Interface that enables easier integration of new technology and more standardized reporting for large multi-state retail enterprises).

It appears that adversaries of Lottery, like Sheldon Adelson's "Coalition to Stop Internet Gambling" and others who want to prevent Lottery from modernizing, are lobbying the U.S. Congress to effect federal legislation. Can NASPL be an agent for political and regulatory advocacy?

C. McIntyre: Many NASPL member states have laws that prohibit lobbying of any kind. NASPL certainly could not hire lobbyists, or act as agents for political

advocacy. State lotteries, and the association that represents those member lotteries, must be politically agnostic. Lotteries are tasked with serving the state objective of generating funds for Good Causes, protecting the player, and doing so with integrity and responsibility. Neither NASPL nor its members are tasked with shaping political or regulatory policy.

NASPL needs to be cautious about not crossing a line where it becomes political action. But where there is a common interest shared by all lotteries, are you or is NASPL able to help to inform legislators about it?

C. McIntyre: NASPL does have a Government Relations committee which I have chaired in the past and May Scheve Reardon chairs now. We have organized visits to ensure legislators at the nation's capital are informed of the issues. An example is our shared conviction that gaming and gambling should be regulated by the states, not by the federal government. A delegation of lottery directors did go to visit members of U.S. Congress to make sure that they had all the facts. But that was an issue that all states agree on, and our mission was strictly to inform, and not to advocate for a particular course of action.

I feel that Lottery's main adversary is simply a lack of factual information. It is our responsibility to ensure that our political constituents, the media, and all lottery stakeholders are in possession of the facts about what we do and how we do it. I just want people and interest groups to fully understand the facts and the truth, and to not manipulate the facts to serve their own financial self-interest. Once that is the case, and the person decides to not support Lottery, that is their right and I respect that. Lack of knowledge is our adversary and an informed public is our ally.

I would also comment that the issues our industry faces in the coming years will be constantly evolving and NASPL will want to evolve its strategies and its methods of service to its members as well. Fortunately, the leadership in the form of David Gale and his team, and in the form of lottery directors who represent NASPL member organizations, have the experience, the industry knowledge, and the stature to effect change with bold vision and decisive action.

Any comment on the controversy over theLotter.com model of buying tickets in U.S. retail stores and re-selling them online into other jurisdictions, sometimes without proper license to do so?

C. McIntyre: Well, it certainly speaks to the fact that nature abhors a vacuum. Where there is a demand that is not being met, someone will enter the market to fill that void. If there is an international demand for Powerball, that demand will be met one way or another.

Are U.S. lotteries positioned well to operate sports betting?

C. McIntyre: It is up to the individual states what they chose to do, how they choose to regulate sports betting. I would submit that U.S. lotteries are in an excellent position to operate sports betting. Lotteries are a technology-intensive business in which security and integrity are mission-critical. They are operated for the benefit of the state and Good Causes. Lotteries have more experience than anyone at managing a complex network of suppliers, technologies, and channel partner relationships. I think these facts position Lottery better than anyone for operating sports betting. I just hope the policy decisions about how to regulate sports betting is based on what is best for the people of the state and not on the lobbying of special interest groups.

Do New Hampshire legislators ask you for guidance or opinions on matters relating to the regulation of gambling?

C. McIntyre: I am asked to attend hearings and be prepared to answer questions. I wouldn't say they ask for guidance or opinions. They ask for facts and explanations about how the business works. They rely on me to relate fact-based information in an impartial manner, and not to sell them on why they should authorize the Lottery to operate sports betting, for instance. Elected officials and legislators are very smart folks who live in this state just as I do. We all want what is best for the people of New Hampshire. ■



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For the latest convention updates, please go to the official website at:
www.worldlotterysummit.org



Agile Marketing: Delivering better campaigns quicker



Ben Johnson
Head of Brand – Lotteries Tabcorp



Australia's Official Lotteries

Once solely used by software developers and technology teams, the Agile method of working is proving to be a revolutionary way of working for marketers looking to bring to life more effective, customer-centric campaigns.

Within Tabcorp's lotteries business, we first implemented Agile about two years ago after seeing how it helped our in-house technology team improve the quality and speed at which they delivered projects. Today, Agile forms the cornerstone of all of our marketing campaigns, ensuring our campaign activity is built with the customer

in mind, maximises market opportunities and best responds to market opportunities.

What is Agile?

In a snapshot, Agile follows the following four steps: Concept, Initiative, Deliver and Learn. Underpinning these steps are the four principles of Minimum Viable Product, Data-Driven Decisions, Customer Feedback and Continuous Improvement.

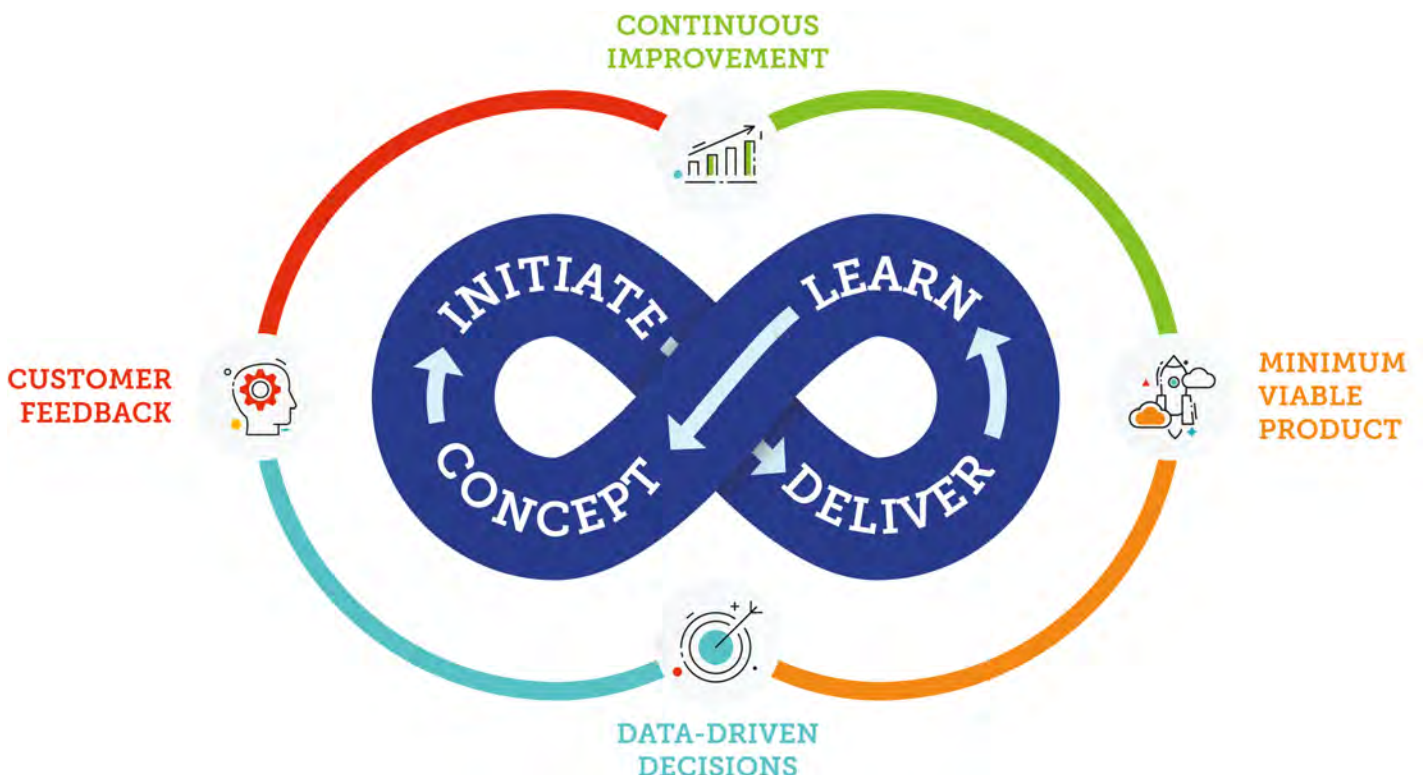
One thing to remember about Agile Marketing is that it's not a point you reach, rather a continual improvement process that is constantly evolving to meet our business' needs.

For those new to the world of Agile and its application to marketing, one of the best ways to understand the process is to reflect on the traditional way marketing campaigns were developed.

Back in the day, we'd construct lengthy, formal briefs that we would hand over to the creative agency. They would go away for a couple of weeks, before reporting back their response. When they presented their strategy and execution, everyone was expected to say "Oh! Wow!", but sometimes you'd actually be thinking "That's got nothing to do with the brief!". This process takes time and expense, yet may not deliver the ideal solution you're seeking.

There was also the danger that key campaign elements and issues would be misconstrued or forgotten during the creative development process, particularly when agency account directors relayed the brief to their creative teams.

Through Agile, the "brief" is now developed collaboratively during a lean canvas session. This session becomes a dialogue between all of the campaign's key stakeholders – from our



external research, media buying and creative agencies, through to in-house marketing, social media, public relations, CRM and performance teams.

Once we are all in the one room, we work through the lean canvas session. There's a template for how that lean canvas session runs, but we pick and choose the elements that are most relevant for the campaign. That's one of the key advantages of Agile, it can evolve – it's not set in stone.

However, there are two parts of the lean canvas session that doesn't change: what existing learning are we building on and what is the customer value proposition?

By the end of the lean canvas session, we've touched on all the key elements we would have previously incorporated into a brief, but more importantly there have been opportunities for all stakeholders to clarify information, raise issues and gain consensus on vital campaign aspects, including the key problem the campaign needs to solve.

One of the biggest advantages of this approach is that everyone leaves this session with a clear understanding of all the tasks that need to be completed, who's doing what and by when.

From there, a series of follow-up sessions are held leading up to execution, allowing the campaign to be continually refined. Importantly, people are empowered to have greater ownership over the successful development of the campaign. And it is clear from the outset how the campaign will be measured and what success looks like.

There's also a range of collaboration tools we use to keep us on track. For example, we use Confluence – a central online place to create, organise and discuss projects. This means everything is open and transparent. Everyone can see the brief, the outcome and the post campaign analysis, and what's taken forward to the next campaign.

We are continually using Agile and recently found it particularly useful for one of our biggest campaigns of the past 12 months – the rebranding of our Powerball game. This rebranding aimed to better differentiate the games in our portfolio by positioning Powerball as Australia's most powerful jackpotting game. This was the biggest Powerball campaign we've ever undertaken in the game's 22-year history and we used Agile to complete it within six months and within budget. Most importantly, the rebranding has resonated with existing and new customers by challenging them to "Play by your own rules".

Why Agile is increasingly important

The world is changing faster than ever before and Agile allows us to plan for and respond to ever-evolving customer needs, markets and insights.

In the past we may have booked some television, radio and press advertisements. Now, with a plethora of paid, owned and earned channels, our customers have the opportunity to engage with us, sharing their thoughts and opinions. As a brand, it is vital for us to be part of this discussion and that requires our marketing campaigns to be quick and nimble.

Using our in-house and external resources, we are aiming to develop and implement marketing campaigns within hours and days, not weeks and months. This not only saves time and costs, but also ensures we can take advantage of immediate and emerging market opportunities. It also ensures we are continually learning from each campaign – its successes and its failures – to the betterment of our next campaign.

The benefits of Agile

Having now used Agile to implement dozens of campaigns, we've found this approach has been far more successful in generating fresh and creative thinking aligned to our specific campaign requirements.

We've even had our campaigns turn 180 degrees following a lean canvas session. Through these focussed conversations, we've realised we were looking at the wrong audience or trying to solve the wrong problem. Having these open and constructive discussions upfront means everyone jumps onto the same page quickly, saving time and money. In this way, the process is more organic – we don't always know what we're trying to solve, until we get all of our expertise together.

Using this way of working requires a workplace culture that is adaptable, practices active listening and encourages participation. All participants enter the session not knowing what the outcome will be, which is a big departure from the previous briefing process that essentially asked for a specific outcome. For Agile to work, there can be no preconceived or fixed notions, and all parties need to be open minded to ideas and learnings. In that way, you're drawing on the best ideas from everyone.

Moving forward, we are continuing to evolve how we use Agile, but we're certainly reaping the rewards of a way of working that embraces the concept that two (or more) heads are better than one. ■

Skill-Based Gaming continued from page 38

and sophisticated software programs that discern patterns that no recreational player could possibly see, you will not win money playing daily fantasy. Another example - the club pro at your local golf club may be the best golfer in the city. He may be better than all his friends and everyone you know. But he would have no chance against the professionals on the PGA tour. Likewise, unless a player is spending thousands of hours acquiring the skills to play against the very best players in the world, it is delusional for the recreational player to think she has a chance in **any game** in which skill influences the outcome.

How to Differentiate Lottery

What does this mean for pure games of chance? There is an opportunity to introduce more winning experiences for players, experiences that compare favorably over time to those in most skill-based games. Anything a lottery can do to maximize those experiences will help differentiate from sports betting and daily fantasy competitors. For instance, creating more mid-tier winners in scratch games is low-hanging fruit for many of the industry's prize structures. Players love to win. Lotteries need to make them feel like winners because those experiences will become harder and harder to realize in skill-based gaming.

Second, lotteries can work on play structures that create apparent skill for their players. Choice, even when present in luck-based games, creates a similar play experience to skill-based games. Players will be attracted to both the choice and the prize experience. No professional class of players can or will crowd out their fun.

Third, don't be afraid of cross-marketing and promotion. The new sports bettor may never have played the lottery. To this new player, the odds of winning a lottery game are much better than winning big in skill-based games. After a losing streak, he may be more willing to dabble in other gaming experiences, especially one that offers a better winning and play experience for the non-expert.

The relative success of daily fantasy and the speed at which sports betting is proliferating across the country could pose a challenge to traditional luck-based gaming. But understanding why players play those games, and why they will stop playing, will allow lotteries to take advantage of an ever-broadening player base. Taking advantage of this new environment is truly a skill-based opportunity. ■



Enrico Drago

Senior Vice President, IGT PlayDigital



Charles Cohen

Vice President, IGT PlayDigital Sports Betting

Helping Lotteries Transform Play with Digital and Sports Betting

PGRI Introduction:

Following is our discussion with Enrico Drago (Senior Vice President, IGT PlayDigital) and Charles Cohen (Vice President, IGT PlayDigital Sports Betting) about how consumer desires and expectations are set to fuel the expansion of digital lottery play in the U.S. and the potential for lotteries to grow with sports betting.

Paul Jason: IGT has a strong position in the global digital business, and the company already provides digital solutions to customers in North America. Why did you recently introduce IGT PlayDigital as a brand?

Enrico Drago: We are always looking to support our customers' growth. IGT PlayDigital is a new organization that aligns our teams to deliver digital solutions that will help customers optimize their business. It expresses IGT's proactive approach to supporting customers entering the digital arena or expanding their digital offerings – an aspect of the gaming industry that's exciting, challenging, and constantly evolving with the expectations of players.

When you look across the consumer landscape, digital has become integral to everyday life through expanded smart phone use and ecommerce. It's now a fundamental consumer expectation, and this naturally carries into gaming. In terms of lottery, you can see the trend in the inter-

national jurisdictions that have offered digital lottery for some time, where digital has increased as a percentage of total sales – today representing about 50% of lottery sales in Finland, for example, and close to 25% in the U.K. Now there's the potential in the U.S. for expanded sports betting, which relies on real-time data and lends itself to digital game play. Competition from other digital entertainment and gaming is also rising, and consumers want their entertainment to be effortless – if there are any hurdles, players can and will move on with a simple click. IGT PlayDigital focuses on both convenience and entertainment to create content, platforms, and support services to help our lottery partners achieve greater success.

Paul Jason: You're featuring PlayDigital at IGT's NASPL booth, "Transforming Play." Is IGT PlayDigital just for lotteries?

Enrico Drago: The IGT PlayDigital portfolio isn't limited to any one type of business. Customers want flexibility and adaptability as much as players do, and we provide the content, platforms, and a full range of managed services for lottery, gaming, and sports betting. Customers can adopt a complete turnkey solution or use pieces of it to suit their needs, and attendees at NASPL will be able to experience the platform firsthand. Of our 100+ worldwide customers, no two are the same. Some are running digital content, others are running



IGT's PlayLottery solution, some are running the complete PlayDigital connected experience – and every combination in between. We can work with each

partner to help evaluate their technology and their situation to design a solution that fits their needs.

Paul Jason: Lotteries already have a connection to a substantial consumer base, a network of land-based retailers, existing web traffic and brand awareness, and an unmatched reputation for integrity – all represent a significant competitive advantage over other games-of-chance operators. How can lotteries best use digital to capitalize on these advantages?

Enrico Drago: It's all about delivering what your players and markets want. Simple to say. Hard to do. Every customer and market is different, and there is no single, perfect solution. Lotteries know their players better than anyone, and the strong bond of trust they've built with players over time is an incredible commodity in capturing the opportunity to reach and expand. We support lotteries as they think through what will complement their offering and what their players will want. We create products like PlaySpot™, which builds on large lottery retailer bases to offer in-store mobile gaming where online gaming is not yet regulated and appeal to consumers already in the store, including attracting younger players. This is just one of the ways

“ Digitization is about making it easier and enhancing the experience for everyone within the ecosystem of lottery gaming. ”

– Enrico Drago

lotteries can look ahead to the next generation and use their understanding of players to implement solutions that are flexible enough to grow as new trends emerge.

Paul Jason: How is digitization helping to make the player journey easier and more convenient?

Enrico Drago: Digitization is about making it easier for everyone within the whole ecosystem of lottery gaming. We're focused on user-centric design that touches everyone who interacts with it, including not only players, but also retailers, game developers, the customer service and technical support staff – all of us who have a stake in the success of lottery. Look at what Apple does to be the most valuable company in the world. They make everything not only easy and convenient for the consumer, they make it easy and convenient for the app developers and the technology partners to deliver more value to the consumer. They make it easy for everyone to interact with the devices, for consumers to access the “Genius Bar” for customer service, and so on.

Applied to lottery, user-centered design ensures that everything that affects the player journey adds value and enhances the experience for everyone. The in-store consumer shopping experience continues to occupy center stage in the lottery players' journey. Everything IGT does, including and especially digitization, must enhance that in-store player experience. Digitization starts with the player's account, which travels with them wherever they play – capturing, organizing, and storing transactions and activity for future reference, as well as channeling messages, depositing funds, and interacting with lottery on different levels. Digitization makes everything much more convenient for the player, including shopping and buying lottery products at retail. It enables the player journey to be dynamic, beginning and ending wherever and whenever the player decides, with seamless migration among all devices, venues, and consumer touchpoints. That's the vision. And that is what IGT is positioned to deliver to its customers and to the consumer.

Paul Jason: What will you share with attendees at NASPL?

Enrico Drago: IGT PlayDigital has two areas of focus that visitors will want to see: PlaySpot, mentioned previously, which allows lotteries in any jurisdiction to offer the convenience of mobile play within a licensed retail location, including great new game content and business and player platforms. And, PlayShot™ our complete end-to-end sports betting solution that includes platform betting equipment options and managed service options. Both are complete turnkey solutions for lotteries looking to expand and offer digital games and betting to customers.

U.S. lotteries are naturally very focused on understanding the potential opportunity around sports betting, so PlayShot will be front and center. IGT has made significant investments to develop and tailor our enterprise-class sports betting solution for this market. And this market is different: the sports, the bet types, the where, the when and the how all needed to be addressed. To support customers in capturing the potential, we wanted to create not just a market-leading solution, but a market-defining one. Across IGT, we have applied more than two decades of experience developing sports betting platforms globally and hundreds of thousands of hours to create the solution that's now running in multiple U.S. jurisdictions. PlayShot includes everything that's needed to run an entire sports betting operation on behalf of or in support of a lottery and its employees, from the retail touchpoints that you would expect – self-service terminals, over-the-counter sales – to integration into the lottery distribution network, to working with partners as needed – for example, to provide risk management services.

Paul Jason: What is it about sports betting that has so galvanized the gaming industry in the U.S.? Is it something more than just another betting game?

C. Cohen: The interesting thing about sports betting is that the whole activity is driven by the sport rather than the betting. Betting is a way to make the activity of

watching a sport contest more exciting for the spectator. Of course, there are lots of different drivers, but simply enhancing the enjoyment of being a spectator is a key one. It's important for an operator to understand this, because then players' passion for sports becomes a pathway for building an interactive dialogue with them and continually enhancing their play experience.

Paul Jason: U.S. lotteries are exploring the possibilities for implementing sports betting. Where do they start?

C. Cohen: It's important to study how sports betting is operated not just by WLA operators, but by commercial operators as well, to learn about the business process, the technologies, the partners, and the supply chain. A good place to start is with your current technology and central system partners. Another resource is the lottery directors who already operate sports betting. IGT's international colleagues are happy to share learnings as well.

As in all gaming, gambling, and lottery, it's vital that we nurture alignment with political constituents and their public policy objectives. The strategic plan should include a focus on security, integrity, public relations, and the wide variety of considerations which may be ancillary to operating a sportsbook but which can be quite critical to the successful implementation of any initiative in the lottery industry. Sports betting will impact the entire games-of-chance marketplace in ways that will make this an exciting time for lottery operators. Lotteries are positioned well to take full advantage of the changes.

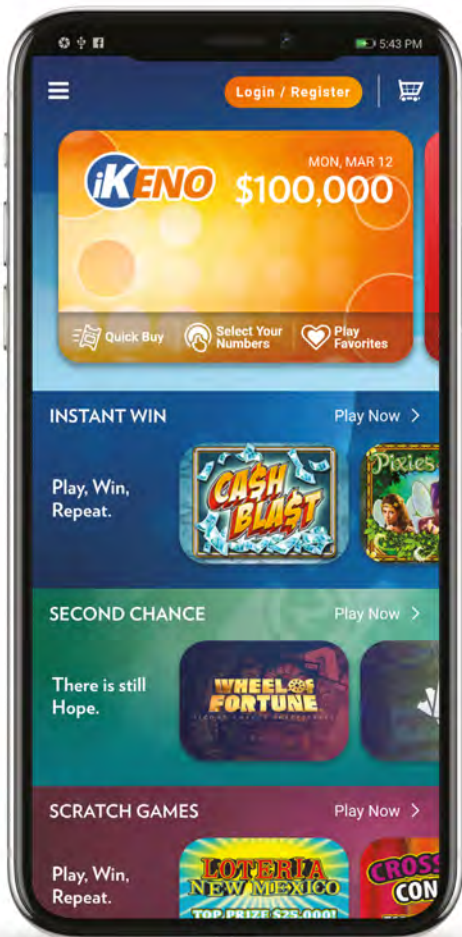


Paul Jason: How might sports betting be integrated into the existing distribution infrastructure of U.S. lotteries?

C. Cohen: Sports betting kiosks can be installed in any age-restricted venue such as bars and nightclubs, or in retail stores, much like ITVM's and TVM's are for lottery products right now. In the future, integrated self-service devices will make it easier for retailers to sell all lottery and sports products through a single kiosk. Sports betting could also be distributed in a clerk-assisted model, as lottery is now. In Italy, where IGT's Lottomatica is a B2C operator, retailers sell sports betting over-the-counter as well as in kiosks. Players fill out a parlay-card-type slip that looks a lot like a lottery slip, hand it to the clerk and pay for the sport bet just like they pay for a lottery ticket.

Even if the point-of-sale (POS) is not transaction-enabled for sports betting, lottery's massive retail network serves as thousands of consumer touchpoints where products, games, and brands are promoted to the consumer. The games could be promoted in conjunction with lottery products and land-based venues even while they are played online. Or, the retailer could provide a lottery hot-spot that enables shoppers to play lottery and sports betting on their mobile device.

The imaginative marketing people within lotteries could create games that leverage players' enthusiasm for sporting events. Maybe there could be new games that schedule the lottery draw to coincide with the kick-off of your home team's weekly football game or other big sporting events. There are countless ways to align lottery games with sporting events. Of course, everything is subject to regulatory laws. Our industry has a strong track-record of keeping Responsible Gaming at the forefront of all new opportunities, and sports betting will require the same attention and focus. It's particularly



IGT's PlayLottery mobile app (shown) and innovative PlaySpot™ solution allow any lottery to provide players with a digital play experience while meeting regulatory requirements.

important to think through the safeguards to help protect minors. The bond between younger players and sports is strong, and lotteries will naturally want to educate and inform their player base and retailer network on these points.

Paul Jason: Enrico, how do you see sports betting shaping and impacting the broader games-of-chance culture? For example, will it affect the play styles and preferences of the next generation of consumers?

Enrico Drago: We expect sports betting to enrich the entire gaming culture. First, we expect sports betting to produce incremental revenue for operators without cannibalizing other forms of gaming. And we believe that the consumer will expect operators to offer sports betting. When players walk into a casino or a lottery retailer, they will expect to have the option of sports betting even if that's not their main purpose. The same will be true when they go online to play the lottery. The consumer expectation for multiple options that you see in other economic sectors will be imposed on the games-of-chance sector. As a baseline, consumers will expect convenience and multiple gaming options.

Sports bettors and sports fans have strong bonds with their teams, and they build social bonds through sports with friends and families. It can be an entry point for new generations. As they enjoy sports together and see others placing bets, they may give it a go and in turn become lottery customers who later migrate to lottery games when they get into their thirties and forties – based on the trust they developed through sports betting. It's important for lotteries to be there when that happens.

Paul Jason: Will there be cross-promotional synergies for a lottery that also offers sports betting?

C. Cohen: Of course, it's important to cross-promote to make sure you are meeting the needs of consumers who are experimenting with different game styles, even though they may be likely to settle into one category more than another. For example, Enrico talks about how stores in Lot-tomatica's retail network in Italy are more successful when they sell a wide variety of game categories, often due to the ability to cross-promote and introduce consumers to the whole portfolio of games. The fact that players end up preferring one over another doesn't mean you should not cross-promote to help them figure out what they like. You'd rather have the consumer go through

that process within your gaming ecosystem than be forced to go to a competing operator to try new games.

Paul Jason: You referred to the expansion of gaming options and the importance of offering the broadest portfolio of games. Don't we need to make it easier for the consumer to migrate from one channel of distribution to another, and from one game category to another?

C. Cohen: Absolutely. IGT's sports betting solution is built to support this flexibility and respond to both operator and consumer needs with a portfolio and platforms that allow quick and easy integration of gaming options, regardless of the channel – retail or digital. In jurisdictions that are interested and permitted to offer it, the operator can integrate sports betting experiences directly into the existing lottery POS systems. The solution is user-friendly, enabling intuitive interaction not only between the vendor and store staff and the system, but also in terms of consumer interaction with the system. IGT customers are positioned well for this, because they will be able to turn their massive network of retailers into sports-betting POS's. The business is more complicated than ever, and IGT has been preparing to support customers in pursuing new opportunities, using our breadth and depth of experience to integrate the back-end technology with the channel partners and the consumer-facing front end to deliver a fabulous player experience. We want to unlock the full potential for the benefit of operators and players alike.

Enrico Drago: As a technology partner to most of the world's lottery operators, IGT is primarily a B2B business. Understanding the player and the consumer is essential to supporting our customers' success – it's a cornerstone of our corporate culture and one we carry forward with IGT PlayDigital. Our whole approach is designed to help our partners optimize their business, drawing on IGT's operator experience with Lot-tomatica – the second largest B2C lottery operator in the world after China – and the insights from our robust consumer research and testing focused on players, the key component for all lottery stakeholders. We are bringing that experience and knowledge to bear as we continue to develop the content, platforms, and services to meet the needs of digital players and sports bettors. With customers as our top priority and a focus on understanding their players and markets, the whole IGT PlayDigital team is ready for game time everywhere. 🎲

Chad Kornett

Director of Technical Compliance, Gaming Laboratories International, LLC (GLI)



Bringing Process Integrity and Technical Security to Sports Betting

PGRI Introduction:

Each jurisdiction is responsible for establishing the standards of performance required of all gaming devices and systems operating within that jurisdiction. GLI's business is to test, review, and report on gaming devices and systems against those standards. Since public and regulatory policy vary from jurisdiction to jurisdiction, there is no singularly "best" set of standards. There is, though, a basic template provided by GLI that helps regulators systematically address the questions and issues pertinent to the process of building an effective set of performance standards. GLI Standards serve as the foundational starting point for regulators to customize and develop the standards that serve the unique objectives of their jurisdiction. GLI's base standards for gaming devices and systems are used by regulators around the world. These 'white papers' are freely available to everyone (thank you, GLI) and can be found on GLI's website at www.gaminglabs.com/gli-standards.

The most recent standard is GLI-33 which is used as a compliance guideline for technologies pertaining to Event Wagering Systems. The purpose of my discussion with Chad Kornett is not to drill down on the details of GLI-33 so much as to sort out some of the big-picture foundational issues relating to sports betting that everyone in the games-of-chance industry should understand.

Paul Jason: What should the lottery operator who is beginning the process of implementing sports betting be paying attention to?

Chad Kornett: There are so many configurations, options, and decisions that take place within a sports-wagering operation. The emphasis needs to be on establishing confidence in the technical infrastructure and process that supports the overall system.

The fundamental goal is to ensure that all devices and systems perform as expected. Clear and thoughtful technical standards set a bar that ultimately protects the player, the operation, and the brand. They also help a regulator establish confidence that the deployed product is robust and secure.

GLI-33 establishes a clear foundation of requirements that cover the core regulatory objectives established by the global community of regulators and operators. This foundation can then be customized to layer in additional jurisdiction-specific requirements to meet the local needs of the operation, enabling customization as needed while also establishing enough standardization so that the industry can flourish without an excess of disparate requirements from jurisdiction to jurisdiction.

Gaming and technology suppliers then submit their products to GLI's laboratory for our engineers to evaluate against the set of specifications established by the jurisdictional

regulators. Ultimately, a certification is issued giving the technology provider and regulator confirmation from an independent source that the product performs as expected and is compliant with the regulations.

Paul Jason: Aside from differences in scale, what are some standards that may vary from jurisdiction to jurisdiction?

Chad Kornett: A major decision is how it will be distributed - the channels that deliver sports wagering to the players. Will it be limited to land-based venues or licensed to online operators or both? Will it be licensed to commercial casinos or operated by the state lottery or both? GLI-33 illuminates the issues relating to all the different methods of distribution - retail environment, self-service kiosks, mobile, and full-on internet, as well as in-venue mobile where players can connect to the internet but only within a limited range; for example, within a retail store or within a casino.

Another area where we might see variance is the handling of the trading operation that sets the lines and pricing for each



wager. This is a highly complex process with a skillset that is not easily learned, especially for in-play wagers and real-time wager buybacks. We're seeing it accepted more and more to allow centralized experts to handle these operations. Many jurisdictions are permitting the use of those skillsets from experts outside of the jurisdictions and/or licensee, but it's possible we'll see some variance there as well.

Lastly, we might see some variance in the technical standards. GLI-33 is currently the most widely adopted standard, but the NJ and NV technical standards are also being used as well.

Paul Jason: Is there a relevant distinction between event wagering and sports betting?

Chad Kornett: Sports betting is a type of event wagering, but there are certainly lots of bets placed on events that aren't sports. Bets are taken every day on all types of events, from who will win a political campaign to which bachelor will be selected on the reality TV show to how many tweets Donald Trump will post tomorrow.

Paul Jason: How would you describe the objectives of a thoughtful regulatory framework?

Chad Kornett: It should provide player protection, integrity, security, and align with jurisdiction-specific public policy objectives. It should also operate with accuracy, transparency, and support for innovation.

In addition to meeting the technical requirements set by the regulator, sports wagering systems are unique because they're highly dependent on operational procedures - things like adjustments, overrides, event cancellations, schedule changes, rain delays, rejected wagers, cancelled wagers, etc. An effective regulatory framework will give a regulator visibility into not only the technology that supports the system but also that procedural aspect of the operation. The elements of operational auditing and certification of the technology should be fused so that both aspects are covered and done in a way that a technology provider can quickly introduce innovations and update their systems in an agile way.



Of course, there are also many public policy issues which require thoughtful assessment, like whether sports betting should be made available online or limited to land-based venues or how to handle investigations for suspected underage play. The GLI standards provide a toolset to support the chosen policy decisions that a regulatory agency makes and then the testing ensures that the technology is safe, secure, and complies with those standards established by the regulator. GLI's laboratory assesses a myriad of the system's functions and interfaces and then provides that report to the regulator so that they can make informed decisions to match their risk profile. One example might be the decision to institute a modern change management process that allows more flexibility in making non-critical changes and auditing those changes after installation.

Paul Jason: What are the technical vulnerabilities, potential problem areas or hot-button issues for implementing sports-betting systems?

Chad Kornett: The most critical areas have a bit of overlap from online casino and poker systems. As a trend, we're seeing more and more interest in taking sports

wagering to mobile, which makes complete sense due to the convenience factors it affords patrons when watching a game at a sports bar or arena or in their home, or wherever else they watch sports. When that happens, those familiar safeguards we have in place for internet gaming also need to be in place for sports wagering. That would include prevention of underage play, preventing account collusion and money laundering, robust location tracking that isn't easily spoofed to make sure they're not afoot of federal or state laws, and finally, there is accuracy in reporting. When wagers are accepted via mobile and there is no hard currency count to reconcile against, reliance on the accuracy of system-generated reports for revenue and tax purposes becomes extremely important. The world of sports wagering is high frequency, highly

transactional, prone to exceptions, and dependent on external feeds for stats and pricing where there are almost constant adjustments. Because of all this complexity, extreme care must be taken to ensure the system-generated reports have no inaccuracies or oversights.

Another area specific to sports wagering that is becoming more and more critical is the posting of accurate wagering rules. That may sound very simple, but many players don't always know the detail of what they are wagering on. A simple example would be a player feverishly rooting for their team during overtime, only to return to collect their winnings and realize they actually lost their wager because the wager didn't include overtime and the tie at the end of regulation was considered a loss. That's a simple example, but when you get into the world of ticket buybacks, parlays, teasers, game rainout, cancellations, etc., the details in the game rules become extremely important. If there is ambiguity, and the payout surprise does not fall in the direction of the player, this can contribute to public concern about the integrity of the game.

Paul Jason: The complexity and technical vulnerabilities sort of increase exponentially when delivering the games over multiple channels of distribution and media of communication?

Chad Kornett: Sure, especially when adding the online internet component. Sports betting has become a world in which the operator is processing thousands of wagers simultaneously, amongst hundreds or even thousands of game events in real time, where each of those events have information that is changing from second to second causing the lines to change. Very different from the old days. The oddsmaker is constantly digesting new information and moving the line for isolated events within a game, not just the outcome of the game. Bets can be placed on things like whether the player will make the next free throw or whether the offense will score on the current drive. The operator also needs to build into the wager contingencies like game cancellations, injuries, and all sorts of real-world events that can affect the terms of the wager and make sure that the player is informed of all those details.

Paul Jason: It is mind-boggling. It's frankly incomprehensible that a sports book would be able to set and reset the line for singular in-play events like what you just described. And the vulnerability for the sportsbook to be wrong would seem to be kind of scary.

Chad Kornett: Yes and no. Sports betting is an extremely complex operation and there is absolutely risk that an operator takes. It is critical for them to have a robust risk-management process. Setting appropriate lines is just one aspect of risk management. The system must also be able to flag and respond to suspicious transactions and potential match-fixing which can place the operator at considerable risk. On the other hand, sports betting has been operated for decades now in Europe, Asia, Canada, and many places outside of the U.S. The learning curve has long since been completed. Of course, the challenge to operate flawlessly is ongoing. But it has been done for many years by hundreds of operators. GLI has been highly involved from the beginning, and our dedicated sports-wagering team has learned so much over the past several decades. Our customers around the world highly value our ability to assure technical security, reliability, and integrity.

Paul Jason: Are U.S. states likely to collaborate on implementing best-practices, the most effective technical standards, and basic information-sharing? It would seem like GLI could facilitate with some much-needed assistance in this area of working together?

Chad Kornett: Absolutely. GLI has performed in that capacity as a facilitator for collaboration in the gaming industry for several decades. The process of creating the standards is itself collaborative, engaging the active participation of regulators and clients throughout the world. We create technical standards based on our global experience and consolidate them in a way that allows a regulator to easily adopt them. This helps the industry to avoid sharp contrasts in technical requirements from state to state, while also protecting the players, operators, and regulators. As an example, our GLI-11 standard has become the most widely adopted technical standard on the planet for modern casino games including skill-based, play-from-save, and other emerging game concepts. The regulators and public are protected while manufacturers can design their technology one time without significant customization from region to region. We've done the same thing for sports wagering with the release of GLI-33, and we continue to consult with emerging markets to assist in achieving similar levels of standardization. Each regulator often layers in their own jurisdiction-specific strategy and policy initiatives to customize to their needs, and this is encouraged. In most cases, a high degree of standardization of the technology is achieved which overall helps to support innovation while protecting the core regulatory values.

Also, our Regulators Roundtable brings hundreds of regulators together to share best practices and talk about their policy issues and concerns. We've had sports wagering as a key focus at these events for the past few years now, and now more than ever it is an especially high priority for us to help regulators implement bringing best practices to sports betting in the U.S. based on decades of our global experience.

Paul Jason: More specifically, don't states need to collaborate to implement effective enforcement systems over against illegal operators and illegality in general?

Chad Kornett: That's an interesting question because illegal wagering sites are so acces-

sible to anyone that has an internet connection. That is why it has proven challenging for states to enforce laws prohibiting them. Other countries have utilized the blacklisting of sites. Maybe it's a good sign that we're starting to see some offshore illegal operators actively pulling out of states that have begun to regulate internet gambling.

Another important concern is regulated sites are expected to provide a significant source of revenue to the various states programs via taxation. Illegal sites do not pay taxes, which gives them a much higher profit margin. The legalized and regulated public offer of sports betting may attract more consumers to this gaming category, only to lose them to illegal bookmakers who can offer more attractive lines, or less hold. So, to your point, enforcement over unlicensed operators is a critical component for the regulated and taxed business model to work. Our hope is that players will recognize the value in playing on a system that meets a standard of integrity and is backed by a regulator to resolve disputes and ensure fairness. ■

About Chad Kornett: *As the director of Technical Compliance for Gaming Laboratories International, Chad Kornett leads a team of over 30 gaming compliance experts in multiple locations throughout the United States, Europe, Africa, and Australia. Chad serves as administrator and a primary contributor to the GLI Standards Series, the most widely adopted set of technical standards in existence, covering each of the 20 technology verticals relevant to the gaming industry ranging from Sports Wagering to Slot Machines. These standards serve as a foundation for many of the globe's technical regulatory controls and could only be compiled through years of collaborative working experience with multiple gaming platforms and the regulatory community.*

Chad is also a veteran industry speaker who is frequently called upon to participate in panels, workshop presentations, and webinars in areas of emerging technology at key industry events, legislative hearings, and Regulators Roundtables. Via the deep industry experience accrued by Chad and his team, GLI has been able to serve as a critical consultant and thought-leader for the gaming industry.



**Andy
Kaoh**

President and Chief Executive Officer, Pro-Lite

Converting the ZMOT into a Sale: Delivering Bright Ideas for more than 30 years

PGRI Introduction:

California based Pro-Lite Inc. introduced LED (Light Emitting Diode) technology to the U.S. market in 1981 and has since won numerous notable industry design patents. Pro-Lite is recognized as the worldwide leader in LED illuminated signage and electronic scrolling messaging products, due to its technological innovation, continual design advances and high-quality manufacturing.

Pro-Lite's roots are based in technology, but its future is aligned with an industry that is focused on growing sales in a responsible manner. The strategic partnerships Pro-Lite has forged with its lottery clients is transforming the entire approach to in-store marketing communications. It's no longer about installing signage, it's about enhancing the consumer shopping experience. It's not about trumpeting the size of the jackpot so much as capitalizing on the most precious moment in time, the Zero Moment of Truth (ZMOT) when in-store messaging engages the casual player and converts interest into action, player-ship, and sales.

Paul Jason: How do we measure the ROI for in-store signage and messaging?

Andy Kaoh: Two ways. First, there is the hard facts, the delta of sales prior to a change and sales after a change. The lift in sales is quite consistently between 4% and 7%. Determine that delta, the increase in sales that is attributable to new in-store messaging, and then it is just a matter of doing the math.

The other way is to just ask yourself: How important is it to connect with the consumer right then, right at that point in time when she is deciding whether to play the lottery, that Zero Moment of Truth? All the work that has gone into the design and production of the games, all the advertising that has been purchased to

there are other multi-jurisdictional and state lottery draw games in addition to Mega Millions and Powerball. The signage typically announces the jackpot size of Mega Millions and Powerball, but the impact on sales spreads across the entire product line. We have even guaranteed that stores which do not have lottery signage will see at least a 4% sales increase as a direct result of adding Pro-Lite signs. The ROI on signage is not only significant, it is quite predictable. That's important – it's hard to say that about funds spent on advertising and promotions where it is hard to predict and hard to measure the direct impact the spend has on sales.

Paul Jason: How has the business of in-store messaging changed over the last five years?

Andy Kaoh: It's not just about signage anymore. Over the last five years, Pro-Lite has transformed itself from a technology-centered company into a company with a specialized focus on in-store promotion and brand messaging. Signage and POS displays are the product that is the means to the end. But our focus is now on projecting the lottery brand, capturing the feeling and essence of the brand, and implementing the most effective strategies for imprinting the brand messaging onto the shoppers. We integrate the objectives of the lottery operator with the objectives of the retailer and then both of those with the lifestyles and behavior of the consumer.

It all comes back to the fundamentals of signage and POS presentation. But it's important to start at the beginning with those key brand-defining questions and



INFORMATION DISPLAY TECHNOLOGY

create awareness of and desire to play the lottery - everything comes down to that ZMOT. What can we do to close the deal, to optimize that singularly momentous opportunity to appeal to the in-store shopper to play the lottery? That is the Pro-Lite mission.

Paul Jason: An increase of 4% would clearly pay for the cost of the signage.

Andy Kaoh: Exactly. Retailers today have a large portfolio of different lottery products. There are a huge variety of Scratchers, and

go from there to clarify the relationship between the brand and the consumer and big-picture objectives, and to do all that before talking about the specific signage and methods to drive sales. There is nothing particularly new about this methodology. The principles are really nothing that haven't been applied for years in the broader field of marketing communications. We're just applying the science of marketing communications to the business of in-store brand messaging. And it works.

Paul Jason: So instead of "If you need great signage, come to Pro-Lite", it's now "If you want to increase sales, come to Pro-Lite".

Andy Kaoh: That's it exactly. We started out as a technology company. Of course, applying the most brilliant technology to produce insanely great products continues to be the heart and soul of our company. But now we are a marketing communications company whose mission is to help our clients increase sales. We create all varieties of signage with all the most advanced features and functionality. But we have now captured the data from current installations, analyzed and organized it to inform the decision-making process of how to best deploy those capabilities to produce the optimal ROI.

Paul Jason: Could we be more specific about how it works?

Andy Kaoh: For instance, a goal is to increase the player-ship of casual players, right? They need a reason to buy now. Unlike the core player, they aren't thinking about Lottery when they go into the store. Signage must get their attention but that's not all it must do. The jackpot size will be a key component to the impulse to buy, so that must be promoted. But even that does not provide the reason why the shopper should buy now. Prominently displaying the day of the drawing can be the margin of difference between the impulse decision to play now as opposed to leaving the store without a lottery ticket. As you might imagine, it is not difficult to integrate the messaging that speaks directly to the buying motives of the casual player while preserving the promotional value of that messaging for the core player as well. It is just a matter of clarifying the buying motives of different player profiles, fine-tuning the content that appeals to those profiles, and integrating it into the overall in-store communications program. The core player responds to a very wide

spectrum of content so it does not need to be customized for them like it does for the non-core players. The optimal impact is achieved when delivering content that captures the attention and converts the interest of the various non-core player profiles into an impulse to play now.

I should also point out, though, that this isn't complicated. In the end, it's just about creating signage and POS's that deliver the highest ROI and impact. It's just messaging that influences the shopper at the critical Zero Moment of Truth when they are deciding whether or not to play the lottery. In the end, we do provide incredible signage. Window signs, easel counter-top signs, LCD (Liquid Crystal Display) and LED (Light Emitting Diodes) signage. Actually, we have merged the attributes of LCD into our LED signs. LED delivers much a brighter image, are easier to maintain, and deliver far superior results when viewed from a distance. Up close, LCD has traditionally been preferred. But we are combining functionalities so that the LED works great for all applications. Again, in the end, Pro-Lite is a technology company!

Paul Jason: How do you customize the product for the local culture?

Andy Kaoh: We call them "logo signs" because they include local imaging and messages that relate to state-specific games. When the content gets to be varied, including more than the jackpot size of Mega Millions and Powerball, it becomes challenging to organize the content so that it is quickly and easily comprehended by the viewer, the shopper. Our focus now is on integrating imagery to enhance the display of more and varied content. Think about all the Scratchers. What if there were a way to make it super easy for the player to quickly see what appeals to her so that the selection process was easy and fun instead of confusing because of the large number and variety of games? Well, there are ways to accomplish the goal of both capturing shopper attention while also making the game selection process more enjoyable and player-friendly.

The solution involves organizing information in ways that mirror our own cognitive processes. We humans like to categorize large bodies of information and focus in on what differentiates one thing from another. For instance, the Kentucky Derby doesn't have a gradual scale of odds assigned to

OVER 30 YEARS EXPERIENCE:

Pro-Lite's widespread success has been based on a formula of using the best components from the world's top suppliers. Products are all designed and manufactured to deliver optimal performance at the most competitive price point. This formula has been the basis for Pro-Lite's success as the supplier of LED products sold in Costco, Walmart and other national chains.

50 PLUS PRODUCT INNOVATIONS: Pro-Lite delivers bright ideas to set the gold standard in LED innovation; Andy Koah, founder/CEO of Pro-Lite, holds over 50 U.S. patents.

1,000,000 PLUS CLIENTS WORLDWIDE: Pro-Lite serves more than a million customers and users worldwide in industries such as airlines, big box retail, food and beverages, petroleum, Point of Purchase, transportation and traffic control. Pro-Lite has also worked extensively with financial institutions, schools and government agencies, such as the United States Air Force, Navy and the United States Postal Service.

30 PLUS LOTTERY CLIENTS & GROWING - Pro-Lite provides the means to attract customers and increase sales to more than 40 lotteries in North America and the Caribbean.

Pro-Lite Milestones

- 1981** Established Advanced Products, later renamed Pro-Lite, Inc. Introduced indoor, red, countertop LED display with wired keyboard. Introduced first 32" indoor red LED sign.
- 1984** Introduced Bi-Color (Red/Green per pixel) 3-color LED sign.
- 1985** Introduced full matrix multicolor graphic animation sign.
- 1986** Introduced TruColor 16-Color, Multicolored sign and outdoor Ultra-brite LED sign.
- 1987** Introduced Superbright outdoor Red LED sign.
- 2000** Introduced first LED Lottery sign and introduced wireless communication technology.
- 2004** Introduced first wireless Jackpot sign.
- 2004** Invented neon-look LED sign.
- 2007** Invented L3D neon-look LED sign.
- 2012** Awarded contract for largest U.S. jackpot sign program, by New York Lottery.
- 2009-12** Supplied New York Lottery's large scale LED sign program with:
 - 22,500 Lottery Logo signs - 2009 to 2011
 - 10,000 Wirelessly Updated Dual Jackpot signs, (Powerball and Mega Millions) - 2011
 - 10,000 Quick Draw game logo signs - 2012
- 2013** Introduced MatTronic™ countertop and floor mat updatable jackpot signs. Introduced ModuLex™ modular, updatable jackpot sign system.
- 2015** Introduced LCD Jackpot signs and Play Center Kiosks and ModuLex II
- 2016** Introduced the Jackpot Strip sign and Scratcher display with Jackpot
- 2017** Introduced the In-Line checkout Jackpot sign.
- 2018** Offer a complete Sales and Promotion program to increase Lottery sales.

Continued on page 59

The Winning Combination

How New Technology Enables Retailers to Change the Lottery Game

Much like baseball and apple pie, the lottery is widely considered part of American culture. In 2016, Americans spent \$80 billion on traditional and electronic lottery games – more than they did on other popular forms of entertainment such as sporting events, concerts, books, movies and video games.

As popular and profitable as it is, there is untapped potential for Lottery to do even better. Consumer behavior is changing, and successful brands are evolving to meet the needs of the modern customer. While some state lotteries have experienced success with digitizing their games, most players still visit their local convenience or grocery store, take a quick pick or select their favorite numbers using a pencil and paper, and either watch live drawings or check results the next day. Thankfully, land-based retail will continue to thrive as consumers continue to shop there. But today's consumers rely heavily on their smartphones and prefer to use apps or mobile-friendly websites to complete tasks and seek entertainment. They seek convenience and tools that simplify their daily routines and augment their shopping experience.

The consumer love affair with lottery games shows no signs of cooling down at all. Everyone loves the games themselves. The challenge is to expand the retail footprint, make the games available in a wider variety of trade-styles, and create more options for how to purchase and play the games. That is why successful lotteries are innovating around the games to increase convenience and diversify the playing options. The key is to digitize the retail shopping experience. That's where Linq3 comes in...

Through state-of-the-art, mobile compatible technologies, Linq3 is transforming how lotteries sell and how players play. The result is a convenient gaming platform that builds excitement among new audiences, drives store traffic and dwell-time for retailers, and generates incremental revenue for state lotteries.

Linq3



How Does it Work?

Linq3 designs, builds and markets innovative solutions to attract new players to lottery and drive incremental lottery sales. Earlier this summer, Linq3 partnered with retail pioneer Blackhawk Network (Blackhawk) to introduce the Lottery Card™, a Play At The Checkout™ in-line solution, in Georgia and Ohio. The solution will go live in Kentucky in October.

The Linq3 Lottery Card, available for both Mega Millions and Powerball® draw games, complements both the traditional lottery sales process and the new online process by combining traditional brick-and-mortar sales with modern digital play.

Each Lottery Card features a scratch-off code that players text in to receive a return text message containing a digital ticket. The digital ticket includes their quick pick numbers, draw date, and other lottery information. Following the drawing, the system automatically notifies winning players and pays them electronically through PayPal®. An additional benefit to consumers is that the Lottery Card can be replayed. To replay, customers visit a



participating retailer and simply scan their card at the checkout. They will then automatically receive their digital ticket for the next available draw.

The Lottery Card bridges the gap between consumer expectations and the traditional sales process by expanding gameplay to any consumer of legal age with a smartphone. Digital lottery number storage prevents potential winners from losing their ticket or forgetting about it altogether, while the mobile winning notification saves time that players otherwise may have spent watching a lottery drawing or searching for results. Synchronization with PayPal also grants winners access to their prizes electronically (up to \$600), and without requiring a trip to the mailbox, store or lottery claim center.

Extending the Lottery's Reach

The Lottery Card launch, and overall digital transaction, are unprecedented for the industry and demonstrate Linq3's commitment to exposing new consumers to the lottery. Through Blackhawk, the opportunity also exists to expand lottery's reach beyond the convenience and grocery store niche and into big box retailers that don't presently sell lottery.

Given the format, any retailer within the Blackhawk Network can make the Lottery Card available to its consumers. The advantage of this approach is that Blackhawk is integrated into 91 percent of supermarkets across the U.S., as well as most major big box stores, which includes major American chains in spaces ranging from home and sporting goods stores to apparel and electronics destinations. As such, the Lottery Card not only attracts new players to lottery with an exciting product designed around digital integration and convenience, but it also positions the lottery in front of new audiences in retailers new to lottery.

State lotteries also stand to benefit from the new cross-promotional opportunities that come with added retail exposure. Retailers can now merchandise the lottery to their consumers much as they would their featured product brands, and consumers in turn can see the Powerball® and Mega Millions logos right next to those of their

favorite brands on the gift card rack. This added exposure supplements traditional lottery advertising with far less spend, and makes the lottery more visible, shareable and consumable than ever before.

By selling the Lottery Card from the gift card rack, lotteries can tap into the \$120 billion gift card industry, which includes the five annual gift giving holidays. Nearly everyone either has received or knows someone who has received a lottery ticket as a holiday gift. Now, retailers and lotteries can capture additional market share at key gifting periods or as jackpots surge.

The refined sales process is an advantage to retailers because of its simplicity and revenue growth opportunity – both positives that allow lotteries to expand their retailer network.

Amplifying Consumer Convenience

How many times have you been waiting in a checkout line at a store and tossed something else, such as a snack or magazine, into your cart? The convenience of the situation likely triggered your impulse, and in turn generated purchase intent that originally was minimal or not there. For all the talk about the “player journey”, there is one singular “zero

moment of truth” and that is when the customer is at the check-out counter deciding on what to buy. There is no more valuable place and time to command the attention of the consumer.

Now, by introducing the lottery to lanes and gift card racks, games not only become part of that impulse buying decision, but also part of the larger consumer retail journey. Linq3's Lottery Card format not only introduces the lottery to a broader consumer base, but makes them available at more touch points throughout the store. Consumers no longer have to look for and wait in a single customer service desk line to make their purchase, and instead can grab their Lottery Card quickly and easily.

Convenient gameplay, along with mobile synchronization that requires no complex account set up or app download, empowers retailers and state lotteries to elevate sales by appealing to younger, tech savvy and digitally integrated consumers. However, these modern consumer habits are transcending the generations, meaning that the Lottery Card will meet consumer needs regardless of age. Today, the mobile gaming industry has skyrocketed to become a \$50 billion industry. Lottery has a great opportunity to attach itself and its most prominent brands to this trend and introduce gameplay to newer and more socially active demographics who can serve as Lottery's most enthusiastic ambassadors.

Shocking the System

The shift to digitalization creates the enhanced convenience and intrigue that will increase play frequency and benefit retailers, consumers and lotteries alike. Linq3 is aware that each state is different, and continues to develop products to ensure exciting in-lane solutions can be delivered across the U.S. regardless of various state legislation. With a host of new product introductions, including Quick Ticket (an in-lane solution without the digital/mobile proponents), planned for several states in the coming months, Linq3 looks forward to leading the lottery revolution, and making gameplay safe, convenient and fun for everyone involved. 🎰

by Mark Smith, Chief Marketing Officer, Linq3
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MOMENTUM

Move Your Sales Forward

**Scientific Games' Momentum™ is grounded by AEGIS®,
our highly robust and secure lottery system.**

And now, thanks to a number of strategic acquisitions, our Momentum portfolio of systems-based products and services is stronger and more versatile than ever.



MOMENTUM
Move Your Sales Forward

Getting to the

Core^{of} Integrated Systems Technology

With technology powering the new products and channels launched by lotteries this year across North America, what's on the minds of most when it comes to systems technology? Well, for one: It's not your grandfather's system any more.

Players are changing, game entertainment is evolving, and lotteries are on the lookout for technology that enhances the consumer's experience, retailer operations and data security. They're also keenly focused on the ability to bring new products – in some instances, from multiple different vendors – to market as quickly as possible to ensure relevance.

"We're living in a world where integration is driving the player experience, and open architecture is a mandatory requirement" says Walt Eisele, CTO, Lottery for Scientific Games. "Lotteries are charged with maximizing revenues, and to do that they are going to have to bring the best, most relevant game entertainment available to their players, and bring it to them in a seamless, cohesive way no matter which vendor supplies the content or the enabling platform."

Eisele, a product development professional with nearly 20 years of lottery and gaming industry experience, has worked with all aspects of technology in a highly-regulated environment including software, hardware, engineering, and product quality assurance and compliance.

Security First and Foremost

Looking to the future, the core lottery system must be able to integrate different products for a variety

of channels. And while integration must be seamless to the player, Eisele says security and integrity is still priority number one.

"Yes, lotteries are bringing new parties to the table with instant, sports and other digital content, but they still have to absolutely ensure transactional integrity," he shares. "Third-parties offer exciting new content and capabilities for the lottery ecosystem, but with it comes risk."



Walt Eisele
Scientific Games

With the new Application Programming Interface (API) gateway, data or functionality can be shared in a controlled and secure way. "Now a lottery can plug new products and channels into the core system without launching a major technology project," explains Eisele.

Atlantic Lottery's Omni-channel Approach

In 2017, Atlantic Lottery Corporation in Canada, launched a multi-channel system as part of its next phase of responsible growth. The new system integrates retail, internet and mobile, and delivers a unified player experience for traditional lottery, digital instant games, iBingo, and sports. The system also features a secure, cross-platform Player Account Management system which allows players to purchase all Atlantic Lottery products through a unified experience with one wallet.



Byron Bridger
Atlantic Lottery

Gaming Systems

5 Must-Have Features

01

Open Architecture

02

Seamless Integration

03

Data Security/ Integrity

04

Third-party Integration

05

Speed-to-market Agility

“Atlantic Lottery was seeking a lottery engine that was built with transactional integrity, yet feature-rich and robust enough to deliver Lottery experiences across multiple distribution channels. We are now seamlessly delivering those experiences across our retail trade, online and via mobile in a true omni-channel approach,” says Byron Bridger, Director of Marketing, Destination for Atlantic Lottery Corporation.

Bridger shares that the new system has surpassed expectations on the project both in terms of financial returns and player-focused features. Next on the horizon for Atlantic Lottery? The complex challenge of maximizing the throughput of content and features to players via multiple integrations across vendors and technology ecosystems.

What will make it all possible is the core lottery system’s agility.

Growth Goals

“The architecture of any solution has to be built on modern design principles – and by that I draw a parallel to Google and Amazon. In order to continue to grow, all businesses should follow best practices for enterprise software that allow for rapid integration, and they should choose software products that are not monolithic,” explains Eisele.

It’s not a ‘one size fits all’ approach. Eisele says lottery technology products must be easily adaptable to different regions, jurisdictions and gaming environments – whether established or emerging.

Eisele advises at minimum, today’s lottery system must operate cross-channel and support the integration of new sales channels and consumer touchpoints – whether digital, in-lane, self-service or other. Different from systems available even five years ago, they must be flexible enough to build the solution an individual lottery needs.

Maryland Lottery’s Vision

“If our goal is to increase sales and revenue, it’s important to be forward-thinking,” says Gina Smith, Deputy Director and Chief Financial Officer of the Maryland Lottery and Gaming Control Agency. The Maryland Lottery has just launched new technology that replaces its 12-year-old system.

“We want a system that is flexible so that, as our business grows, the technology will grow with us. But it’s also crucial to have a system that allows us to be more efficient,” says Smith.

“We’re not only looking at how the technology functions for players and retailers, we’re also evaluating how it will improve back-office processes like claims and accounting, retail licensing and instant ticket distribution.”

Technology teams are increasingly being asked to deliver more quickly on lotteries’ new business initiatives – and new regulations like sports betting in the U.S. – coming in to



Gina Smith
Maryland Lottery



play. The solutions begin with how the infrastructure of the system is architected and how the software is developed. With that, a lottery can plug in new capabilities like Keno, virtual sports and iLottery because the core system already in place supports integration.

Arizona Lottery's Conversion

"It was paramount that our new system support our aggressive growth strategy, be able to adapt easily to changes in technology and our environment, and provide the tools we need to guide that growth," shares Greg Edgar, Executive Director of the Arizona Lottery, which converted to a new system in 2016 and implemented a back office system upgrade in 2018. "We have had a wonderful collaboration with the Scientific Games teams and are eager to deliver on more of our objectives in 2019."

Lotteries are continually asked to contribute more to their beneficiaries, while simultaneously there is more and more competition for the consumer's entertainment dollar. The challenge to entertain players with games that are fun, relevant and engaging has never been higher – in some cases, regardless of the opportunity to win big prizes.

"At the end of the day, it's about the player – not all the cool technology, and the latest, greatest software or systems architecture," says Eisele. "Take Uber for example. The Uber rider is not concerned with what applications are running or what they are running on, they just want their Uber app to work so they can have a successful experience and get where they want to go. And the lottery industry needs to keep this in mind."

In an era when systems technology has never been more complex or had a more vital role, it still comes down to the most important deliverable at the center of it all: the player journey.



The Intelligent future of Gaming with novel Lottery and Sports betting solutions is showcased by INTRALOT on the NASPL 2018 trading floor, in Cleveland, Ohio.



By Nikos Nikolakopoulos
Group Chief Commercial Officer, INTRALOT



INTRALOT's intelligent product design for digital transformation

The Lottery Business, grown as traditionally retail-focused, needs to transform in order to adapt to the challenges of the digital economy. A digital transformation of this kind is much broader than simply launching an online portal or an app. It affects every aspect of the Lottery operation: product design, ways of working, systems architecture and workforce skillsets.

At INTRALOT we have taken notice of all these technological trends and the capabilities that open up for our industry launching a new product design strategy that has focused primarily on Customer Experience. Lottery products (digital or retail) should be customer-centric, playful, and versatile to capitalize on the Lottery's wealth of player behavior data. All these trends are now captured in the **new INTRALOT Lottery Solution** and the new Sports Betting Solution comprising new platforms, our

CMS and our analytics software focusing on cross-channel functionalities and fast go-to-market along with a modern touch-point philosophy.

The need for customer-centric product design and agility in development brings forward probably the most complex challenge for the evolved Lottery: **transformation of IT systems and architecture.**

Traditionally the Lottery systems were powerful, centralized and monolithic IT structures with proprietary technologies and interfaces, at the heart of the walled-garden ecosystem of the lottery operation. This model served adequately the legacy business but it is not sustainable in the fast changing digital environment that requires openness, agility, standardization, efficiency and fast deployment.

The omnipotent lottery central system will have to be redefined as a Digital Service Platform. The architecture of our novel Lottery Service Platform is based

on standardized modular components that offers quick and lean deployments, game configuration and distribution, increased scalability, easy integration with third party platforms and systems, real-time financial monitoring and reporting as well as security and reliability at all levels. In that sense, such an architecture is optimally positioned to successfully face the challenges of the new digital economy.

On the hot sports betting front, INTRALOT has created the next generation, flexible and scalable sports betting platform at the heart of an **integrated Sports Betting Solution** that similarly to the Lottery platform incorporates advanced content, CRM, reporting and security functionalities. The platform offers pre-integration with multiple commercial feeds, event creation, markets pricing, resulting, and in-play incidents.



Our CMS and PAM carry the latest security and transparency features, KYC and geo-fencing, and payment provider integration capabilities. The INTRALOT sports betting solution with its cross-channel capabilities can easily integrate with the Lottery platform and provide both cross-selling opportunities and economies of scale to State Lotteries in the United States.

On top of the S/W solution INTRALOT offers world class services in Trading and Risk Management with the ability to provide guaranteed payout and marketing services (customer acquisition conversion and Retention, campaigns and loyalty programs, affiliate management etc.) as well as 24/7 customer support.

Integrating INTRALOT latest advances in terminal technology we offer full retail POS ecosystem for C-stores and Sports Betting parlors (utilizes Lottery infrastructure) and Self Service terminals for social establishment and unique sports betting impulse-buying Vending Machines.

INTRALOT's new Intelligent Ecosystem of Lottery and Betting Solutions will drive growth in the United States and other developed markets.

INTRALOT has embarked on a geographic refocus strategy to increase focus on the developed markets, especially in North America where we strongly believe that there is tremendous potential, with our rich and suitable portfolio of products and services. By this way, we are capable to capture this potential and help our customers to grow further. We look forward deploying our latest suite of products and services in old and new clients helping them grasp

the opportunities of the digital era, with cross-channel integrated and secure solutions and new terminal equipment, especially the multi-purpose and self-service terminals, cashless options and a wealth of services that offer personalized experiences to players.

As part of our mission to modernize lotteries all over the world in the digital era while promoting integrity and responsible gaming we are very happy that this year we renewed our WLA Responsible Gaming certification for our alignment with WLA Responsible Gaming standards as vendor and WLA Associate member while also renewing the Responsible Gaming certification by European Lotteries for our subsidiary operator TOTOLOTEK in Poland.

INTRALOT as an experienced provider of betting technology and services as well as licensed operator in 29 jurisdictions worldwide is delighted with the latest news about the opening of the sports betting market in the US.

US clearly has the potential to become the world's largest regulated sports betting market with its final size to possess a certain degree of elasticity on the number of States to allow Sports Betting, facilities, channels, product mix, tax levels, license or other fees, the wire act treatment and the achieved "illegal-to-legal" shift rate. Following PASPA repeal, it is anticipated that many States will follow course with their own legislations and bills.

We see great opportunities for the **United States Lotteries entering the sports betting market** and leveraging their wide land-based network and client basis, their integrity and trustworthiness to attract players away from

the illegal markets. Their commitment to responsible gaming standards and practices, and their experience to deliver a sports betting product that is socially acceptable, reliable, and transparent, tailored for the mass US markets across all channels are tremendous advantages in this process.

INTRALOT's experience covers more than 65 sports supported with different pricing models for over 24 sports, 24,000 In-Play events and 30,000 Pre-Game events per month capacity and more than 800 different market types. Our Betting entertainment portfolio includes Racing, Virtuals, and Pre-recorded propositions that increase player's life time value.

We manage approximately \$6 billion sports betting wagers per year in all major sports betting projects around the globe, including Europe's largest Sportsbook and supporting more than 16,000 points of sales. Our solutions and services are tested over a wide variety of margins and payout targets and have delivered 50% average sales growth over 3 years for operators that opted to use INTRALOT's Sports Betting products and Managed Trading Services with GGR maximization orientation and a 100% success track record, benefiting by INTRALOT's multi-jurisdictional presence

We look forward presenting all of these features and discussing opportunities with current and prospective clients at the NASPL tradeshow floor and conference in Cleveland Ohio in September 25-28, 2018, honoring our multiyear commitment as top tier sponsor of NASPL for the promotion of Lottery revenue growth towards good causes and good industry practices. ■

Andy Kaoh - ZMOT continued from page 51

each of the twenty positions that the twenty horses will finish in. Likewise, perusing through a shelf of twenty Scratchers does not come naturally to us. That is not the way we think and it would be boring. The "product" in the horse race is organized into three options – win, place, or show. Our "logo signs" organize the larger portfolio of products such that the shopper enjoys making easy decisions in ways that mirror the way they naturally think about things.

Another example - We had a client ask us to integrate Responsible Gaming messaging into the in-store communications. We created a smartphone app that is fun and player-friendly and encourages RG, and the app is promoted in the signage. We

expanded the concept to provide apps that deliver promotional messages as well and the key is that these apps are promoted with the in-store signage. We also integrate proximity marketing tools to go with the app that promotes player-ship. Text or e-mail messages are triggered when the shopper is within range of the signs. That creates more value for signage to be installed at the pump as well as the conventional locations like windows, walls and counters.

Paul Jason: So it's no longer a matter of just putting a price on signage that is spec'd in an RFQ?

Andy Kaoh: Correct. We discuss the client's objectives and design a proposal that is customized to exceed those goals.

Lotteries are launching new games and need fresh new ideas for how to optimize the success of the new game. For instance, we just installed 2,200 Keno signs in Pennsylvania. Along with those signs, we sold a whole family of ancillary products like pencils, pencil and keno holders, napkins and napkin holders, cups and other items too numerous to mention. We'll build a very specific logo sign with unique features that really bring attention to the game when people come into the store. Pro-Lite signs are installed in forty U.S. lotteries and ten lotteries outside of the U.S.

And now more than ever, it's really all about the sales we produce more than the signs we produce. ■

IS SPORTS BETTING A “LOTTERY”?

THE ANSWER MATTERS TO STATE LOTTERIES.



By Mark Hichar,

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Mark represents operators of casinos, internet gaming and fantasy sports contest operators, and providers of lottery and gaming systems, software, equipment and services.

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Is sports betting a “lottery”? Until the Supreme Court ruled in May that the Professional and Amateur Sports Protection Act (“PASPA”) was unconstitutional, that question was largely academic. Now, however, the question becomes important, particularly for state lotteries, because if a state-operated lottery is authorized to conduct only “lottery” games, and if sports betting is not a “lottery” game, then the state lottery may be prohibited from conducting sports betting.

Whether sports betting is a lottery game seems to depend upon where one stands – literally. In other words, it depends on the constitution and laws of the state in which one is located. In most states, whether sports betting is a lottery game depends on whether skill predominates over chance in determining the outcome, but in some states, a game will not be considered a lottery if it involves any skill at all, even if chance predominates. Regardless of the applicable test, however, the question is one of fact, not law. This means that a legislative finding one way or the other is not controlling (although this does not deter state legislatures from making such findings, and such findings will receive some deference by courts). As stated by Justice Clarence Thomas: “We know of no support ... for the proposition that if the constitutionality of a statute depends in part on the existence of certain facts, a court may not review a



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legislature’s judgment that the facts exist. If a legislature could make a statute constitutional simply by “finding” that black is white or freedom, slavery, judicial review would be an elaborate farce.”¹

The August 2018 Colorado Attorney General Opinion

Different courts and state attorneys general have come to different conclusions as to whether sports wagering is a game of skill or chance. For example, on August 2, 2018, the Colorado Attorney General issued an opinion declaring that skill was the “controlling factor” in sports betting, and thus sports betting was not a “lottery” under the Colorado Constitution (which did not define the term.). Accordingly, she opined that sports betting was not subject to the Colorado Constitution’s restrictions on lotteries.² In her opinion, the Attorney General defined sports betting as “wagering money or anything of value on the outcome of a sporting event, or a portion of a sporting event, for the chance of a monetary gain or an item of value, where the bettor has the opportunity to exercise skill in selecting the wager.” Expressly

included within the scope of her definition was betting on a team participating in a sports event against the spread. After analyzing relevant case law, the Attorney General concluded:

[T]he Colorado Supreme Court concluded that chance does not control wagering on horse and dog races because the bettor can select a bet based on a review of information about a race and the prior records of its participants. While an element of chance no doubt enters into horse and dog races, it does not control them.

[T]he Court’s analysis and holding apply equally to commercial sports betting. Sports bettors can use skill to choose who they believe will win a sporting event or whether some sub-event will occur (such as a point spread or the outcome of a particular portion of an event). [B]ecause a bettor can exercise skill in reviewing this information and selecting a wager, **the element of chance is not the controlling factor in commercial sports betting.**³

The Attorney General concluded: “[T] here is no material difference between [pari-mutuel] betting on ... horse racing events ... and betting on other sporting events, ...”⁴

The Delaware Cases

The United States District Court for the District of Delaware came to a different result. In a 1978 case (the “NFL Case”), at issue was whether certain sports betting games were “lotteries” under the Delaware Constitution (which did not define the term) so that the Delaware Lottery could conduct them.⁵ The Delaware Constitution banned lotteries, but provided an exception for “[l]otteries under State control for the purpose of raising funds.”⁶ The proposed games were dependent on the results of NFL football games, and all were parlay games, requiring a player to predict correctly the outcome of at least three games.

The Court first determined that, under the Delaware Constitution, a “lottery” need not be determined entirely by chance. Rather, chance need only be the dominant factor. The Court then determined that chance predominated over skill in each of the games, and thus each constituted a “lottery” under the Delaware Constitution that the Delaware Lottery was authorized to conduct. The Court stated:

Plaintiffs acknowledge that the results of NFL games are a function of myriad factors such as the weather, the health and mood of the players and the condition of the playing field. Some educated predictions can be made about each of these but each is also subject to last minute changes and to an element of the unknowable, or to put it another way, to an element of chance.

In Scoreboard [the umbrella name for three different Delaware Lottery games involving NFL football games], the unknowable factors in each game are multiplied by the number of games on which the Scoreboard player bets. None of the games permits head-to-head or single game betting. Thus, the element of chance that enters each game is multiplied by a minimum of three and a maximum of fourteen games. In addition, in Touchdown II [one of the proposed “Scoreboard”

games], the designated point spread or “line” is designed to equalize the odds on the two teams involved. This injects a further factor of chance.

The evidence tends to show that for the first nine weeks of the 1976 season chance was the dominant factor in the outcome of both the NFL games and the Delaware Football Lottery. “Jimmy the Greek” is a widely recognized oddsmaker, syndicated columnist and television personality who earns his living in part by predicting the outcome of NFL games. The record shows that, although he correctly predicted the winner of 101 out of 126 NFL games from September 12 through November 8, if he had bet on both pools of games in Football Bonus each week, he would have won only three times. He would never have won the All-Game Bonus awarded to those who correctly choose the winners of all fourteen games in a single week. We cannot determine how he would have fared in Touchdown because we do not know which three, four or five games he would have placed wagers on each week. **However, he successfully predicted the point spread in only 38 out of 126 games in nine weeks. This strongly suggests that expertise would not have carried the day in this game either.**

Although the Court was not asked to decide whether single game bets against the spread were “lotteries,” its last comment above suggests it likely would have ruled that such betting activity also constitutes a “lottery,” because chance predominates over skill.

The following year, the Supreme Court of Delaware was called upon to advise the Governor whether pool or pari-mutuel wagering on jai-alai exhibitions would be a permissible State-run lottery under the same provision of the Delaware Constitution prohibiting all lotteries except State-controlled lotteries conducted to raise funds.⁷ The State Lottery Act, enacted in 1974,⁸ authorized the Delaware Lottery Director to operate games in which winners would be determined based on the outcome of racing or other sports events held in or outside the State.⁹ The bill authorizing pari-mutuel wagering on jai-alai was enacted in 1977, and in that bill, the

Delaware General Assembly “deemed” the proposed pari-mutuel wagering “to be a lottery and permissible under the [Delaware] Constitution.”¹⁰ The proposed pari-mutuel wagering on jai-alai games was designed to be the same as wagering at horse tracks, with certain innovations.

The Court first noted that, “by the great weight of authority, pari-mutuel betting has been held not to be a lottery,” citing cases from Alabama, Arizona, Arkansas, Colorado, Idaho, Illinois, Louisiana, Michigan, New York, Oregon and Utah.¹¹ The Court then examined the statement by the General Assembly “deeming” the proposed pari-mutuel wagering “to be a lottery and permissible under the [Delaware] Constitution.” The Court determined that while that statement “merits deferential consideration, ... as do all legislative pronouncements,”¹² it was not controlling because it was not made at the same time as the constitutional amendment that authorized the Delaware Lottery. The Court stated:

In the final analysis, the interpretation of the Constitution, in the light of the presumption of constitutionality that cloaks all legislative acts, is an inherent judicial responsibility. In the fulfillment of that constitutional duty, we may not accord to the [statements of the General Assembly in the jai-alai law] conclusive weight as we search for the intent of the drafters of the [Delaware Constitution].¹³

Referring to the prior year’s NFL Case, the Court stated:

[I]n [the NFL Case] the Court was analyzing a “lottery” conducted under terms and conditions substantially different from those present here. For example: in the NFL Case the State operated and controlled the gambling (not a privately franchised operator); there the competitors in the games were teams in the National Football League (not salaried players performing for the same owner); there the gambling games did not permit head-to-head betting (here the entire betting scheme is based on the result of a series of head-to-head games among the same competitors); and there the betting was done through the purchase of lottery

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Brands Sprint to Success Using Agile Marketing and MVPs

Lee Stuart

Management Consultant and editorial contributor for PGRI

In the past, businesses took the requisite time to ensure that programs would succeed, mitigating risk and perfecting processes along the way. Slow and steady, sound and sure... these maxims of product development, project implementation, and marketing elaboration were trustworthy and true for decades.

That legacy approach has been obsoleted by explosive changes in customer expectations, market movements, and global competition. Following are some of the new tenets of business:

Fail often. Fail fast. Fail forward. Sprint to success one step at time.

This counter-intuitive approach has been fueled by the rise of Agile Marketing, the embrace of MVPs – Minimally Viable Product – and other rapid development and deployment methods, all of which are designed to reduce cycle times, integrate customer data and feedback, and achieve success in increments. Agile and MVP represent an effective new pathway to extending the ROI and impact of limited marketing budgets.

Agile Marketing – What exactly is it; and what are the implications for Lottery?

Agile Marketing is an outgrowth of methodologies that emerged to reduce time-to-market and the costs of software development. It ended up delivering a lot more than just those benefits. It has now fundamentally replaced the Big-Bang approach that endeavored to do whatever it took (re-iterative testing and endless research) to maximize predictability and minimize the risk of failure before pulling the trigger on high-cost product launches and marketing campaigns. Agile Marketing focuses on many small experiments instead of a few large bets, integrating rapid low-cost tests and iterations into the process from the beginning. Testing and data are more relevant than opinions from senior team leaders and other conventions. Responding to change is more important than following

a plan. Collaboration commands more respect than functional silos, job titles, or hierarchy. The end result is increased speed, predictability, transparency, reduced costs, and adaptability to changes in the market. It is the ability to satisfy the customer through early and continuous change and delivery of solutions that creates fundamental value and is the source of key competitive advantage.

Agile Marketing emphasizes the use of data and analytics to identify promising opportunities or solutions to problems in real time, deploying tests quickly, evaluating the results, and rapidly iterating in pursuit of an optimal outcome. It engages all shareholders in the process from the beginning, enabling input from all disciplines who work together to co-write the brief and nurture the process every step of the way. Tests are conducted early and often so the final concept can be produced in days or weeks rather than in months, and be more aligned with everyone's objectives. Agile also involves the customer upfront and uses a minimum viable product approach to development, which fosters on-going refinement and responsive solutions.

The organization must establish clear objectives for an agile initiative (e.g., identify which customer segments it hopes to acquire or which customer journeys it seeks to improve) and have a depth of data, robust analytics, and a suitable marketing technology infrastructure in place to accomplish those objectives.

The Six Deliverables

An Agile Marketing team is accountable to produce six deliverables:

1. Align with organizational leadership and strategy; establish expectations
2. Analyze data to identify opportunities
3. Design tests and KPIs – key performance indicators – to determine success metrics
4. Conduct the tests in “sprints” – dramatically condensed time frames
5. Iterate the project by incorporating customer feedback and test results
6. Scale learnings, both positive and negative, across the organization

MVPs – What They Are, What They Should Never Be

An MVP – minimum/minimally viable product – is a version of a new product (or marketing campaign or advertising message) that an Agile team uses to collect the maximum amount of learning with the least effort, expense, and risk. What is the minimum viable product that can be deployed to elicit the next round of feedback from the audience? Its purpose is to use the feedback of early adopters to guide the development process. Get the concept (promotion, product feature, etc.) into the hands of those who are most likely to try it in the beta versions to see how they respond. These embryonic versions grow and evolve into a fully-developed self, a final product or initiative that hopefully contributes to the business objectives.

MVPs are frequently misunderstood, and the confusion begins with the term “minimum.” This can be misinterpreted to mean imperfect, unfinished, incomplete, in-process. Viable also gets conflated into “mostly workable” or “gives the idea.” Finally, “product” connotes a tangible asset, when many MVPs are presented as concepts rather than as fixed, physical end-points.

MVPs do not represent the “final” incarnation of a product, marketing, or customer engagement concept, but rather the first of perhaps many iterations designed for learning. The process typically involves the production of multiple MVP iterations that incorporate the insights yielded by the preceding iterations.

This is the essence of *fail fast and fail forward*. Develop an MVP, test it quickly, work out the bugs (failures), take the new-and-improved idea forward, rinse and repeat.

An agile approach rarely requires large capital expenditures. It rarely necessitates the recruitment and hiring of scores of new marketing professionals. Instead, it is about a profound change in mindset, a willingness to learn from valuable failures, a commitment to customer input, and a belief that the first idea is rarely the best. And it is a methodology for systematically applying these principles to produce a better outcome for the enterprise. And these are methodologies that can be applied to enhance effectiveness for Team Lottery just as they are for all organizations. ■

Turning the Lottery Draw into a High-Impact Marketing Event

The DC Lottery New Digital System Connects its Audience to the Daily Draw

The new look for DC Lottery's daily draws - to be released in September - demonstrates a new level of creative presentation for the DC Lottery and digital lottery draws in general. The result is more fun, more excitement, and increased audience-engagement for the DC Lottery.

The new draw animations feature an opening scene from DC Lottery's popular 2017 "Neighborhoods" advertising campaign with an added twist. Giant lottery balls with DC Lottery logos are added to the scenes and these animated lottery balls roll through areas well known to DC Lottery players such as Chinatown, District Wharf, and Ben's Chili Bowl. These neighborhood scenes also become backgrounds for the daily draws, bringing the excitement of Lottery right into your own neighborhood. "We love this creative new approach because it successfully connects our drawings to the community we are so proud to be a part of and to support. Twice a day, every day, our drawings will be providing players in the District with a few minutes of fun and entertainment, and hopefully delivering a few smiles with their winning numbers," said Beth Bresnahan, Executive Director of the DC Lottery.

The Origin® Digital Draw System - a product of Smartplay International - is the digital draw platform used to create the draws. The Origin® not only draws the random numbers but compiles the creative animations and generates random neighborhood backgrounds so the player is not seeing the same creative day after day. Additional backgrounds can be added in the future.

Smartplay's team created the 3D ball animations using the neighborhood campaign footage and voice over provided



by MDB Communications – the DC Lottery's ad agency.

Another new feature of the Origin® Digital Draw System is the option of adding an intro and outro video of any length, such as a commercial or player testimonial. This feature is placed outside the certified animation which gives a lottery the option of changing out this video more frequently to sync with holiday campaigns or special events.

"The new draw technology gave us the opportunity to increase the complexity of the draw animation and makes it more interesting," says Bresnahan. "If the draws are more interesting, people are more likely to engage, which ultimately increases sales."

The lottery draw is the high-water climax of everything that Lottery stands for: providing everyone with an equal opportunity to change your life. This is a fabulous event-marketing opportunity, owned by Lottery and nobody else. Let's use it to optimal effect! The ability to leverage creative scenes within the draw itself augments the entire event to connect lotteries to the communities they serve. Of course, this is just one idea (albeit a great idea at that) for how to leverage the lottery draw to make it come alive for the audience. With the Origin® System, any still or video content is worked directly into the actual draw animation and gives the lottery new options to create a more compelling production. Once the system compiles the animation, it can be shared to broadcast partners and social media using the Origin® Portal.

All adding up to a fabulous lottery-playing experience! 🎉

Visit Smartplay International at www.Smartplay.com

SMARTPLAY
INTERNATIONAL, INC



Max Meltzer

Chief Commercial Officer, Kambi

Innovators and History-Makers

PGRI Introduction:

Since processing the first legal online wager outside of Nevada post-PASPA, Kambi has gone on to dominate the New Jersey online sports betting scene. However, as Kambi Chief Commercial Officer Max Meltzer tells PGRI, the sportsbook supplier is just getting started.

It had been a long time coming but on 1 August 2018, Kambi and its partner DraftKings accepted the first ever legal online wager in the US outside of Nevada, following the celebrated full repeal of PASPA less than three months earlier.

The historic wager saw \$5 staked on the St Louis Cardinals to cover a 1.5 run spread. It was a winning bet, returning \$12 to the player. It was also a wager that opened the floodgates with more than one million online bets placed at Kambi-powered sportsbooks within the first month, a total boosted by the launch of Rush Street Interactive's Sugar House Sportsbook in late August.

By the close of August, Kambi was powering two of the three active online sportsbooks in the Garden State, thanks to the supplier's ability to pass the regulator's initial checks not once but twice, as well as its capacity to launch operators at speed to gain early market share.

In recent weeks, Kambi customer 888sport has also joined the New Jersey party, although Kambi is fully aware of the bigger opportunity that lies in other states. Its first steps outside of New Jersey could come in neighbouring Pennsylvania, following a recent statement which revealed advanced talks with Parx Casino, the state's land-based market leader.

Taking things further, Kambi recently released Teaser+, an innovative version of the popular teaser parlay. Teaser+ has brought the traditional teaser bet into the modern age, with Kambi allocating an in-house developed price for each leg of the parlay bet, a step change from the odds table used in Vegas. Importantly, the prices delivered by Teaser+ is consistently better than at other books, giving better value to the bettor.

PGRI caught up with Kambi Chief Commercial Officer Max Meltzer to discuss the supplier's US success thus far and how it plans to expand further in the burgeoning American market.

Paul Jason: You must be extremely proud to have taken the first online bet following the repeal of PASPA?

Max Meltzer: Yes, I am, it is a huge achievement – a history-making one, in fact. However, our efforts weren't solely about being first to market as I believe that in the US, quality of sportsbook product will matter just as much as, if not more

than, anywhere else. So for us to be able to launch first and with a high-quality product was especially pleasing. In addition, with New Jersey being a new market for us, we had to go through the regulator's thorough initial licensing processes for the first time. Thanks to our clear corporate structure, probity and integrity measures, we were able to clear that hurdle perhaps quicker than others have experienced. In fact, following the launch of PlaySugarHouse.com and 888sport, we've now been through the process three times.

Kambi

How is the partnership working with DraftKings?

Max Meltzer: It's been great working with DraftKings – we've formed a very effective partnership with both parties bringing different skills and expertise to the table. DraftKings has been able to take our highly sophisticated platform and, through our APIs and the freedom we provide, build much of the frontend themselves. Meanwhile, we have spent a lot of time developing our sportsbook product to meet the expectations of the US bettor, both in terms of depth of offer and adjustments such as American odds, flexibility on homes/away ordering and using the correct terminology. In short, we have the experience of running a sportsbook, while DraftKings have an understanding of the local players – that's a powerful combination. But we have similar relationships with our other partners too, with Sugar House and 888 also having had previous experience of the New Jersey market.

Can you tell me a little about the DraftKings product - it doesn't look like an out-of-the-box solution?

Max Meltzer: The DraftKings frontend looks noticeably different from most of our other operators' as they have built a large part of their frontend experience on top of our APIs. We give all our customers the freedom to take control of large parts of the client and, if they wish, take full control over the frontend to ensure differentiation. Take DraftKings, Sugar House and 888sport – they all look very different from one another and are all brand aligned. So in general, the platform is providing operators with the flexibility to create unique betting experiences and offer a product which not only suits the players of today, but has the crucial ability to adapt as the market evolves. We have also modified our platform for the US market, with US-specific odds presentation, American terminology, giving the operator the choice of how to present home and away teams in different leagues, additional handicap lines and our new innovative Teaser+ product. We're also providing the most comprehensive in-play offering for all US sports, including a range of unique bets and player specials – it's a depth of offer others operators, including offshore books, can't match.

Can you tell me more about your new Teaser+ product and how it came about?

Max Meltzer: We've put a lot of work in ensuring our Sportsbook product and platform is as good as it can be for the US audience. As mentioned previously, we made quite a few changes to our platform to reflect how the US bettor prefers to wager, however, there were also certain instances where we felt we could take the US betting product and improve it, leveraging our vast online experience. Our expansion of in-play betting was one example, while teaser parlays was another. As most will know, teasers are priced by using a static odds grid, so bets are allocated a price purely on the number of selections and the points being teased. We fully appreciate that this was the right way to price teasers when there were no alternative lines being priced, but at Kambi we price up almost every line variation, therefore using an odds table made little sense. By pricing teaser parlays using the actual prices for each parlay leg, we found the accumulated price was consistently much more favourable to the player than what they would receive from the odds table. It also shows

how much of a raw deal bettors have had with the odds table. Hence Teaser+ being born, as it provides greater value to the bettor, which is important to Kambi and our operators.

Kambi is a B2B supplier, so what have you made of the JV deals in the US involving operators such as GVC and William Hill and Eldorado?

Max Meltzer: It's not really for me to pass judgement on what other companies are doing, but the US is so vast that there will always be more than one route to market. What Kambi offers US operators is a high-quality sportsbook, one which gives them complete control over how they want to run their business and, crucially, ensures they continue to own their most valuable asset – their customers. Furthermore, the US market will be long-game so operators must make the right decisions now for the long-term, and resist the temptation of a quick fix for immediate market access or short-term boost to their share price.

Kambi often communicates its 'whiter than white' credentials. What does it mean by this and why does it feel it to be important?

Max Meltzer: We believe running our business in the right way is vitally important. What do I mean by right way? It means having the highest standards of corporate probity, being committed to social responsibility and player protection, being focused on keeping crime out of sports and sports wagering, and only operating in markets where sports wagering isn't prohibited. Since our inception, we've been careful to operate in this way as not only is it the right thing to do on a social level, but it also ensures a sustainable business. Further, we are a public company and therefore have a clear and transparent ownership structure, which brings comfort to prospective partners. The tier one businesses we partner with have worked tirelessly to build their company and their brand so are understandably very protective over them – they can't afford to place their business in the hands of those who don't have the same high standards as Kambi.

How do you follow making history? What's next for Kambi?

Max Meltzer: The US will continue to be a major focus for us. Although we have launched with DraftKings, we still have many other launches ahead of us due to the state-by-state nature of regulation the country has adopted. We'll also need to

keep a very keen eye on early behavioural trends in the market and adapt our product when we believe it is right to do so. The Kambi platform has the flexibility which enables us, and our partners, to do that – so we can evolve with the market and ensure we continue to meet the needs of maturing players. In parallel to the US, we continue to grow in Europe and recently signed ATG and the Latvian Loto, so the integrations and launches of those customers are also high on the agenda. ■

Mark Hichar continued from page 61

tickets (and not by a pari-mutuel system). Thus, NFL is inapposite to the questions here presented.¹⁴

The Court rejected the argument that pool or pari-mutuel wagering was a form of "lottery" that could be constitutionally operated by the Delaware Lottery, stating:

It is our conclusion that the pool or pari-mutuel system of wagering has never been considered a "lottery" by the constitutional draftsmen of our State – either in 1897 or in 1973 [when the Constitution was amended and restated] – and that it may not be made so now either by legislative act or judicial fiat. Common and ordinary understanding of the word "lottery", then and now, rejects the concept of pari-mutuel betting on sporting events. Moreover, the historical evolution of Art. II, § 17 [of the Delaware Constitution, which banned lotteries, except those under State control,] and the great weight of authority are in harmony with this result and lead inescapably to the conclusion that a sound basis in reason, logic, and experience exists in support of the result we reach.

Specifically, therefore, we are of the opinion that pool or pari-mutuel wagering on jai-alai exhibitions ... would not be a "lottery" within the meaning of Art. II, § 17(a).¹⁵

Finally, in 2009, Delaware enacted a law permitting the Delaware Lottery to operate various sports betting games. In connection with that law, the Governor requested the Delaware Supreme Court to advise as to whether the games authorized by the law were within the scope of the

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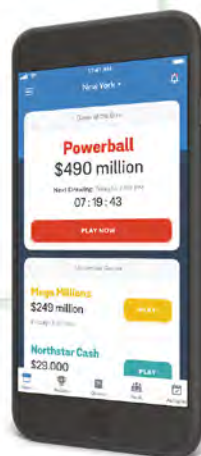
Journey of a Million Dollar Lottery Winner

College student wins the largest prize ever using a lottery courier service.

When Brandon Stevenson, a 20-year-old football player in St. Paul, Minnesota called to say, “Mom, I’m a millionaire!” her reaction was a bit skeptical after learning Brandon had ordered his ticket using a new mobile lottery app called Jackpocket. “Is this real?” she replied.

Ultimately, it was real. Brandon received his check and became the first person to ever win a million dollars or more with a lottery courier service, marking a milestone for the courier service model.

Follow along on Brandon's journey.



1

July 25, 2018

Jackpocket officially launches in Minnesota with wide press coverage and begins TV / radio ads.

► Why Minnesota?

Minnesota already had statutes under which a lottery services business could operate and its diverse population offered a good test market for Jackpocket. Minnesota benefits as Jackpocket’s mass distribution drives incremental lottery sales without incurring the lottery any costs such as marketing, technology, or staffing.



2

July 10, 2018 10:30 am

Brandon hears about Jackpocket from a radio ad and decides to download the app.



July 10, 2018 10:37 am

Brandon’s age, identity, and location are validated to confirm he is over 18 and within Minnesota state boundaries.

4

► Security and Compliance

A common question around lottery courier services is how they ensure compliance and protect consumers. Jackpocket handles transactions with best-in-class financial technology used by Venmo and Robinhood. The company enforces the high standards of Know Your Customer (KYC) and Anti-Money Laundering (AML) compliance; Secure Sockets Layer (SSL) encryption; and Payment Card Industry (PCI) compliance.

July 10, 2018 10:36 am

Brandon opens the Jackpocket app to connect his bank and make his first play.

3



► Bringing a New Audience to the Lottery

Tech-savvy millennials, like Brandon, don’t typically buy lottery tickets, but are attracted to the convenience and additional features lottery courier services like Jackpocket provide.

► Approach to Responsible Gaming

Jackpocket imposes a \$100 daily spend limit and allows users to set their own daily limits or exclude themselves from play entirely. Within the app, users can access the National Problem Gambling hotline.



5

July 10, 2018 10:39 am
Brandon makes his first play. His order is not a winner. Brandon invites a friend to try Jackpocket and receives free credits.

► What is Jackpocket?

Jackpocket is a courier service and mobile app that offers a secure way for players to order official state lottery tickets from their smartphones. Founded in 2013, the NYC-based tech company currently operates in Minnesota and New Hampshire under existing statutes with plans to expand to other states. The company is a no-cost, no-integration lottery platform that helps states drive incremental revenue while attracting new customers to the lottery. CEO Peter Sullivan states, “We built our app to enforce the highest standard of compliance because we believe the courier service model should flourish in a regulatory environment.”



6

July 11, 2018 8:47 pm
Brandon places an order for a \$6 Powerball ticket, using his free credits.

7

JACKPOCKET July 11, 2018 11:11 pm
Last night's Powerball results are in!
You've won a \$1 million prize! 🏆
Press for more



► Courier Service Model

Couriers take orders from players through the mobile app, and then purchase paper tickets on their behalf from an official state lottery retailer. Jackpocket takes the additional step of scanning the paper ticket for the player to view. The company also emails the player the ticket serial number to lock the ticket to the customer, preventing loss or theft of ticket.

July 11, 2018 10:30 pm

CEO calls to congratulate Brandon and confirm Jackpocket protocol for retrieving the paper ticket. He hops a plane to join Brandon in Minnesota.

8

July 12, 2018 4:00 pm

After signing the release form, Brandon retrieves his paper ticket from Jackpocket.

9



July 12, 2018 4:30 pm

Jackpocket escorts Brandon to the Minnesota State Lottery office via limo to validate his ticket and claim his \$1 million check.

10

Now that Brandon's million dollar check has been deposited to the bank, his mother has changed her tune and wonders how Brandon should spend (or save) his winnings. Luckily, Brandon has a strong foundation. “My mom always told me that money doesn't mean everything,” Brandon explains, “but extra money does help. Especially as a college student.” Brandon plans to save most of his prize and will continue his Sports Management studies at Concordia University. He'd like to be a sports agent someday. ■





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The General Data Protection Regulation: What Non-European Lottery Operators Need To Know

The recent ‘Cambridge Analytica’ scandal attracted massive public attention on both sides of the Atlantic and put a spotlight on Facebook’s management of personal data. The political and social turmoil, extensive media coverage and public hearings in the European Parliament and the U.S. Congress were a real ‘wake-up’ call for many other companies.

Since on 25 May 2018 the General Data Protection Regulation (Regulation n° 2016/679, the ‘GDPR’) became fully applicable in the EU, many non-EU entities need to redefine the way they handle personal data of their customers. What does the General Data Protection Regulation mean for lottery operators/associations from outside the EU? What steps should they take in order to comply with the new EU regulation?

Territorial scope

The GDPR applies primarily to entities established in the EU. However, the processing of personal data of data subjects who are in the EU by controllers and processors established outside the EU, is also subject to the regulation if those controllers and processors offer goods and services to data subjects in the EU or if the monitoring of their behavior is taking place within the Union. For the offering of goods or services, payment is not even required. If the organisation ‘targets’ the EU data subjects with their offer (like conferences & seminars, or specific gaming devices) or if actual or potential

EU customers are being tracked via online processing techniques such as profiling, analysing or predicting their behaviours, such activities fall within the concept of ‘offering’ or ‘monitoring’.

When these conditions are met, a lottery operator, supplier or lottery association from outside the EU is obliged to appoint a representative in one of the Member State where the data subjects are to answer questions and provide information to the EU supervisory authorities and data subjects on issues related to data processing. This is not the case if the data processing is occasional, does not include large scale processing of sensitive information (e.g. racial or ethnic origin data, genetic data, biometric data, data on criminal convictions) and is unlikely to result in a risk for the rights and freedoms of individuals.

As many companies and associations from outside the EU hold lots of personal data on their EU clients and relations, the territorial scope of the GDPR potentially means a great deal for non-EU companies, including lottery operators and their associations. They must therefore consider (i) whether they do fall within the scope of the GDPR; and, if so (ii) what steps they need to take in order to be GDPR compliant.

Personal data and data processing

As customer data are key, all lottery operators should pay particular attention to the way they handle their players’

personal data. Under ‘personal data’ falls any information relating to, whether directly or indirectly, an identified or identifiable natural person. Examples of personal data collected, include name, ID-number, address, contact data, location data, an online identifier such as an IP address, etc. Data processing means any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means.

As lottery operators/associations determine the means and the purposes of data processing, they act as data controller in relation to such data and therefore shall take a close look on what personal data of their customers they hold. They should, in the first place, perform an audit of stored data. Such evaluation should reveal what type of data is held, the location of the data, who is managing the data, for what purpose the data is held, whether the retention of data is still necessary and whether there are appropriate IT security measures in place.

Data subject rights and data protection principles

The GDPR enshrines the various data subject’s rights to be observed and respected by data controllers and processors. In particular, data subjects in the EU shall have full control over their personal data. This includes a right to access, rectify or erase and object the processing of their personal data and the right to withdraw their consent

to such processing. Moreover, they have a right not to be subject to automated decision-making.

Processing of personal data may only take place where there is a legitimate legal basis to do so. Data controllers must also adhere to data limitation and data minimization principles and may only keep data for a specific, legitimate and explicit purpose for a limited period of time necessary in relation to that purpose.

Finally, the GDPR imposes a general obligation of transparency which means that data controllers must provide data subjects with comprehensive and clear information of what processing activities are taking place with regard to their personal data. Such information can be provided through specific privacy statements, data collection forms, and, in particular, in a Privacy Policy.

Data Processing Agreement

Data controllers should also assess who they share the data with and how the data flows between different entities. These data flows include the exchange of players' data with other companies within the same group of companies or with third parties outside the group of undertakings. This is of particular relevance in the context of lottery operators, who often make use of different types of distributors including franchisees and agents. Thus, one of the key responsibilities of lottery operators, as data controllers, is to put in place Data Processing Agreements ('DPA') with data processors and sub-processors to determine the liabilities of both parties in case of mismanagement or data breaches.

ePrivacy Regulation


The lottery operators/associations based outside the EU should also take a closer look at their online marketing practices. The proposal for a Regulation on Privacy and Electronic Communications ('the draft ePrivacy Regulation') applies to the provision of electronic communications services to end-users in the Union, regardless of whether the service provider is based in the EU.

Under the draft ePrivacy Regulation, it is mandatory, as a general rule, to obtain consent from the data subject prior to sending any direct marketing messages via electronic means. Consent for direct marketing purposes must be freely given, specific, informed and unambiguous opt-in consent. When addressing online marketing towards EU based citizens,

lottery operators/association based outside the EU will have to adjust their practices to obtain such consent.

Conclusion

Many non-EU companies, including lottery operators/associations, need to realize that as a result of the GDPR they are subject to regulatory burdens and EU data protection rules in relation to the customer data they hold.

As the Cambridge Analytica example shows, the mismanagement of customers' personal data may, apart from substantial financial risk and fines, seriously damage a company's reputation. Particularly in the context of the lotteries, this could prove to be even more costly, as it can have an adverse impact on the customers and could plunge the image of the sector. 

Mark Hichar continued from page 65


exception to the Delaware Constitution's ban on lotteries, which permitted State-controlled lotteries conducted to raise funds.¹⁶ The games in question included single game betting against a spread or with respect to an "over-under," and parlay betting. No game would offer a pay-out based on pool or pari-mutuel wagering.¹⁷

After determining (as had the Delaware federal court) that the Delaware Constitution authorizes "not only games of pure chance but also games in which chance is the dominant determining factor,"¹⁸ the Court considered whether chance was the dominant factor in the proposed games. Relying heavily on the opinion by Judge Stapleton in the NFL Case, the Court determined that each of the parlay games at issue involved predominately chance and was a "lottery." The Court held that "chance is the dominant factor in parlay lotteries which require players to select the winners of two or more games."¹⁹ As to single game betting, the Court stated: "[B]ecause we lack the benefit of actual evidence concerning single game bets and the extent to which 'the line' introduces chance and causes it to predominate over skill or merely manages the money flow, we cannot opine on the constitutionality of single game bets."²⁰

Conclusion

In summary, whether sports betting constitutes a "lottery" will be important

to a state lottery if the state's constitution and/or laws permit the lottery to conduct only "lottery" games. In that case, whether sports betting is a "lottery" likely will depend on whether a court determines that chance, not skill, is the predominant factor in determining the outcome of the games. This is a question of fact, and cannot be resolved by legislative findings (although legislative findings will be given some weight by the courts).

Further, while a court may consider past decisions relating to pari-mutuel wagering on horse races, that type of wagering (in which bettors are essentially betting against other bettors) is different than betting against "the house" and with respect to a spread or over-under number (each of which introduces an element of chance). Such sports betting requires a more in-depth analysis, and whether it is determined to be a lottery may vary from state to state. Of course, in the absence of a legal challenge, the question will remain unresolved. 

1 Lamprecht v. FCC, 958 F.2d 382, 392 n.2 (D.C. Cir. 1992) (Thomas, J.).

2 Co. Op. A.G. No. 18-02 (August 2, 2018)

3 Id., at pp. 6 – 7 (citations omitted; emphasis added).

4 Id., at p. 7.

5 NFL v. Delaware, 435 F.Supp. 1372 (D. Del. 1977).

6 Del. Const. Art. II, §17(a) (1973 Revision).

7 Opinion of Justices, 385 A.2d 695, 697 fn. 2 (Del. 1978), quoting Del. Const. Art. II, § 17, as revised in 1973.

8 State Lottery Act, approved May 1974, 59 Del.L. Ch. 348, 29 Del.C., Ch. 48.

9 More specifically, 29 Del. C. § 4805(b)(4) authorized the State Lottery Director to: (4). Enter into contracts for the operation of any game or part thereof and into contracts for the promotion of the game or games. This authorization is to be construed to include, but not be limited to, contracting with any racing or other sporting association to conduct sporting events within any race-track or sports field in the State the outcome of which shall determine the winners of a state game or, as an alternative, to affiliate the determination of the winners of a game with any racing or sporting event held with or without the State ...

10 Opinion of Justices, 385 A.2d 695, 697 (Del. 1978).

11 Id., at 702.

12 Id., at 703.

13 Id.

14 Id.

15 Id., at 705.

16 Del. Const. Art. II, § 17(a), 1973 Revision.

17 In re Request of the Governor, 12 A.2d 1104, 1107 (Del. 2009).

18 Id., at 1113.

19 Id.

20 Id.

after tax up an excellent 25.7% to MUR 110.8 million. The National Lottery has laboured under an advertising ban since 2015, and, while net profit has yet to recover, transaction levels are on track to hit pre-ban levels. The operator has been fighting the ban in court but a systematic focus on increasing the player base through innovation, communications, and responsible cost management is reaping dividends.

North America UP 2.1%: Loto-Québec shines in North America

Canada's Loto-Québec led the way in North America with an excellent Q4 2017, helping the French-Canadian lottery to increased revenues for a third year running. According to Loto-Québec's 2017–2018 annual report, total revenues for the fiscal year (April 2017–March 2018) were up 3.7%. Instant lotteries and event betting also proved popular over the course of the 2017 financial year, growing at a higher than average rate. The gaming establishment sector, consisting of VLTs in bars and brasseries, as well as gaming, bingo and Kinzo halls, recorded slightly higher revenues. Revenue growth (8.1%) across the four casinos was mainly due to an increased focus on varying entertainment offerings.

Loto-Québec's online gaming sector is the organization's smallest business sector by revenues but it is also the fastest growing. Over the past fiscal year, total revenues for all types of online games combined reached CAD 118.0 million, an increase of 37.5%. Online gaming is now consolidated at the new lotoquebec.com portal, which bring together all types of online games in a single location. The initiative has simplified navigation between all product lines to provide customers with a more fluid and user-friendly online experience.

Commenting on the FY 2017 results, President and CEO of LotoQuébec Lynne Roiter said, "Our excellent performance is attributable to the combined efforts of all our business sectors to make our offerings more attractive and apply efficient management practices in compliance with our responsible commercialization framework."

In the United States, the California Lottery was the country's fastest growing lottery. It also had a good October-December revenue period, with sales rising 9.3% quarter-on-

quarter. This contributed significantly to a rise in sales of 3.8% year-on-year, with increased scratchcard sales of USD 482.3 million partially offsetting decreased Powerball sales of USD 242.9 million.

The lottery's scratchcards (or Scratchers, as it brands them) continue to grow at a significant rate 25 years after they were initially launched. The increase in Scratchers sales centered around the USD 30 price point and the lottery's extended play product lines like bingo, crosswords, and other new products that consumers spent a little more time playing.

Florida and Tennessee also enjoyed notable success in the final quarter of 2017, with both lotteries recording quarter-on-quarter sales increases of just under 9%, and coincidentally similar growth rates of just under 3% year-on-year.

Europe UP .06%: Central Europe shows the way

The central European lotteries of the Czech Republic and Hungary posted the best results in Europe in 2017, with France's FDJ also enjoying a strong year. Indeed, Hungary's Szerencsejáték Zrt. recorded a twelve-month on twelve-month increase in sales of 13.1%, a figure that was only eclipsed among the contributing lotteries by the 17.5% increase in sales of Morocco's Loterie Nationale.

With revenues reaching new heights in 2017, Szerencsejáték's Zrt.'s growth was driven by a rise in sports betting, which grew an outstanding 16.1% year-on-year and which now accounts for almost 45% of the Hungarian lottery's total turnover. Draw-based games performed well compared to the previous quarter, but their market share continued to decline despite several record high and major jackpots during the year.

Szerencsejáték Zrt.'s final quarter was up a healthy 9% on the previous year, thanks to a successful marketing campaign that boosted Christmas instant tickets and other seasonal instants.

The Czech Republic's SAZKA achieved another peak year with total sales growing 9.8% year-on-year. Its growth was driven by all of its product verticals, with the number lotteries segment generating 65% of total sales. The major growth driver was instant lotteries, both printed and electronic, which saw strong increases of 45% year-on-year. This was driven by both

the innovation of the instants portfolio and the successful launch of the online business, including e-scratches. This progress was complemented by a 22% year-on-year growth in sports betting following the product's integration into SAZKA's new online gaming portal.

The Greek lottery OPAP saw total sales increase 4.6% year-on-year and a gross gaming revenue of EUR 1.5 billion. This performance was largely attributable to the launch of new products, especially VLTs launched in January 2017; the roll-out of the new terminals is still in progress. Innovations in the sports betting portfolio and contributions from self-service betting terminals also helped boost performance. The continued growth is being supported by the launch of a new retail and on-line betting platform this year.

Strong results of both Czech and Greek lotteries, both part of SAZKA Group investments, complemented by further acquisitions in Austria, Italy, and Croatia, show the benefits of market investments, innovation drive, and sharing of best practices within one of the largest European lottery groups.

France's FDJ was delighted by the progress made by its transformational FDJ 2020 growth project; this focuses on new digital technologies for both gaming and customers. EBITDA grew 5.3% to total EUR 316 million on the back of 2.8% growth in net income to EUR 181 million. The FDJ 2020 project has resulted in increased player stakes (up 5.7% for 2017), a stable customer base of 26 million players, and a digital transformation that has resulted in EUR 1.7 billion in digital stakes in 2017, 3.5 times higher than three years ago. The results emphasize FDJ's contribution to national wealth creation and employment, with the French national lottery now contributing 0.2% of national GDP.

Looking forward:

The WLA will continue to track the progress of global lottery sales in future editions of the WLA QLSI. Once again we thank all WLA member lotteries participating in this initiative, and look forward to bringing you the first quarter 2018 results shortly.

Jean-Luc Moner-Banet, WLA President

Through the Eyes of the Retailer

As we often hear from lottery retailers, selling lottery products is only one facet of their business. What if our products and support could help retailers be more effective and successful in all areas of their business? Diamond Game strives to do just that for its retailer base—social establishments—by offering the incredible asset of driving retail traffic, increasing length of stay, and attracting and retaining patrons in the establishment. Diamond Game accomplishes this with its innovative and interactive instant ticket dispenser that is the ideal fit for social establishments, along with a promotional strategy that links the product to other aspects of the establishments' operations and offerings.

Social establishments consist of bars, taverns, bingo halls, veteran posts and other non-profit clubs—more broadly defined as a destination where patrons go to socialize and be entertained. Many customers are “regulars”, and in the case of non-profit clubs, there is a membership base that seeks a friendly spot to enjoy light food and

drinks and partake in various entertainment opportunities. The managers of these establishments have certain goals that they strive to accomplish, including increases in food & beverage sales, membership, and overall visits by their members. Diamond Game's product does just this.

Just look at the results Missouri Lottery retailers have seen since the installation of Diamond Game Pull-Tabs dispensers at veteran and fraternal organizations in 2013:

- 71% of Veteran and Fraternal organizations have experienced an increase in membership or customer base at their establishment.
- 93% have seen increased visits since installing the Pull-Tabs dispensers, some up to 80%.
- 3% of Veteran and Fraternal organizations stated that the ticket dispensers have increased their food and beverage sales between 1% and 100%.

And the Post members have noticed, as Wayne Langbecker of Meramec Arnold Eagles 3678 notes, “These machines provide entertainment for our members and additional revenue to our Social account.”


And in Maryland, since the launch of Diamond Game's instant ticket lottery machines:

- 86% of Veteran locations have seen increased visits since installing the ITLMs, some up to 90%.
- 64% of all respondents surveyed have experienced an increase in membership or customer base at their establishment ranging from 1-80%.
- 78% of all respondents stated that the ITLMs have increased their food and beverage sales between 1% and 100%.

We have also received several positive comments about the value of the ITLM program to the Posts.

“Members & guests enjoy playing the machines, which is good for our organization as well. Profit is better than we anticipated.”

“They have been a God send, they have helped us do upgrades to our security systems and helped us do replacement of old worn out equipment. We have been able to help out vets in need.”

Since the posts are often short-staffed, and staffed by their own members, they appreciate the support we provide around our product, which is intended to align with the core objectives of their business. A product like Diamond Game's entertaining ticket dispensers offers more than a new revenue stream to these retailers. The product and our support offer a program to help retailers achieve their other key objectives. Greater achievement of their core objectives leads to stronger lottery sales. 



DiamondGame

A POLLARD BANKNOTE COMPANY

Will sports betting disrupt the Lottery industry?



By Simon Jaworski,

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Leger

THE RESEARCH INTELLIGENCE GROUP

Even if revenues from sports betting industry only hits \$100 billion dollars by the end of the decade, the legalization of sports betting will be the most monumental shift in lottery and gaming spend during the new Millennium. However, the two biggest questions looming over the lottery industry right now center around 1) who will control sports betting state by state, and 2) the effect legalized sports betting will have on current and future lottery spend.

This article focuses on the latter, and with the initial market sizing finding from Leger's June U.S. Omnibus that almost 4 out of every 10 Americans have ever bet on sports. At first glance, this number may immediately strike the reader as perhaps a little high, but when Leger conducted a deep dive into the results by analyzing the potential factors involved, this finding makes sense.

First of all, consider the size of the illegal betting market, and that almost everyone knows 'someone who knows a bookie'. Secondly there has been a strong growth in the popularity of the four major sports, plus soccer's rise in the past decade. Thirdly, a significant proportion of the U.S. population takes part in three sports related 'betting' activities every year: Super Bowl and the 'blocks' associated with it, the March Madness brackets and the Kentucky Derby. And let's not forget the people who play in either a fantasy sports league or daily fantasy sports as evidenced by the emergence of Fan Duel and DraftKings – by the way, did you know that close to ¼ of those who play in a Fantasy Football league are *women*?

Despite all of these factors, a large majority (29%) of those who admit to having bet on sports claim to have bet legally, either through a Casino or an official channel.

Probably the least surprising news since finding out that many of your kids were more interested in playing Fortnite than playing outside this past summer, is that sports betting over-indexes among Males (51%). However, perhaps it may be more surprising to find sports betting also skews higher income households (52%) and past month Lottery players (55%).

While close to three in ten adults overall have bet on sports legally, almost half the level, 15% of the U.S. population, has bet illegally. This activity over-indexes among scratch players (20%) and especially scratch players whose favorite ticket is at least \$10 (24%).

6%, of the U.S. population has bet on sports both legally and illegally.

Crossover between Lottery players and Sports bettors is high!

More than half, 55%, of Past Month Lottery Players have bet on sports! Furthermore, although a majority of betting is done legally (44%), our research showed 18% of PM Lottery players have done so illegally (18%) via an Off-Shore bookie, local bookie, or something comparable.

Similar to levels seen in America as a whole, 7% of the past month Lottery players have bet on sports both legally and illegally.

Awareness and approval of sports betting legal change.

One of the more pressing questions, which points towards a more positive future for the sports betting industry, is that only 54% of the U.S. population is currently aware of the change in laws on sports betting. This gives the key leaders within lottery and sports betting plenty of wiggle room to extend the potential marketplace in the United States. An informed public, in this day and age, is a much stronger ally.

Awareness of sports betting's legality, again as simple as it sounds, strongly over-indexes among males (69%), older Americans 65+ (62%) and past month lottery players (62%).

Perhaps most surprising is the fact that only 14% of the U.S. population is against the law change on sports betting! However, there is a grey area, as one might expect given the delicate nature of the subject matter, with 54% approval of gambling on sports. This, again, over-indexes among males (65%), higher income (63%), frequent Scratch players (73%), and most notably the past week sports bettors (83%).

At the individual state level, numbers mirror the national numbers. 56% of the U.S. population approves of their state allowing sports betting. This over-indexes among past month lottery players (70%), frequent Scratch players and past week sports gamblers.

Recent and frequent Sports Bettors

In the United States, almost 1 in 5 sports bettors have bet in the past week, and this number is probably deflated, as the research was conducted during the pro and college football off-season.

That said, 37% of sports bettors have bet in the past month, which heavily over-indexes among two of the key lottery playing groups; past month Lotto players (65%) and frequent Scratch players (75%). The crossover with Scratch players is no surprise given the strong similarities between the products. Both scratch-off games and sports bets can be classified as having more of an 'instant gratification'.

More than 20% of sports bettors are 'weekly' sports gamblers, again with a skew towards past month Lotto players and frequent Scratch players. However, perhaps most pertinent for the lottery industry is the fact that these weekly sports bettors significantly over index among the youngest age group, the blend of younger Millennials and Gen Z's (18-29 year olds) at 37%. This could be the equivalent of the magic bullet for an industry that is always looking to speak to an audience that often remains untapped within the lottery play arena.

In a similar vein, it is the non-white (40%) gamblers that show the highest prevalence of weekly betting.

Yes, the NFL rules, but niche sports have tremendous wide ranging opportunities.

NFL is the #1 game that sports bettors wager on, followed by NBA. However, the mix of sports to maximize the reach of sports betting is also dependent on other niche sports reaching the less exotic groups in the USA; Horse Racing strongly over-indexes among older Americans, with Soccer over-indexing among younger Americans.

The mid-range sports also help with any seasonality. Baseball is the 3rd highest favorite sport to wager on at 22%, with a lengthy season stretching from late March until early November. Meanwhile College Football now has game all through the week in late summer and fall, including an unsurpassable roster of gambling options on Saturday afternoons, again a favorite of 17% of Americans.

Regional differences also marginalize the risk of sports betting to companies looking to invest, with College Football heavily over-indexing in the Southern states of America, and College Basketball in the Midwest states.

NFL is the #1 favorite game to bet on among illegal bettors, merely adding to its already dominant position of strength in betting terms.

Favorite sports games to bet on for past month Lottery players mirror those of the total market, albeit at slightly higher levels.

Effect on Lottery spend of the legalization of Sports Betting

Only 6% of lottery players would reduce their lottery spend by increasing spend on sports betting.

This over-indexes among those who live in

the North East region of the United States, those with lower incomes, those who bet illegally, and perhaps most logically, over-indexes among Daily Gamblers. However, even among the daily gamblers' only 1 in 8 claim they will reduce their lottery spend when sports betting becomes available in their state.

A decrease in lottery spend also over-indexes among those who live in the North East region (7%) of the United States, those with lower incomes (11%), those who bet illegally (8%).

One other key statistic adds more reassurance to the Lottery industry. Among the 6% of past year Lottery players who claim they would move money away from lottery, two-thirds would shift a quarter, or even less, of their spend to sports betting.

The risk, it appears, is very low for cannibalization between lottery and sports betting sales, meaning everybody wins.

Perhaps more relevant is the fact that more than 1 in 5 Americans would spend more on Lottery if sports betting is legal in their state.

Future sports betting potential

Almost 1/3 of U.S. population would be very or somewhat likely to bet on sports, if their state allowed, although 15% remain undecided, and would definitely act as a good barometer to test within the states that already have sports betting up and running.

Intuitively, future sports betting intent skews significantly higher among males, but more than 1 in 5 women will bet on sports, and this again cannot be lost in the furor of the higher profile targets.

However, the biggest win in all of this may be the fact sports betting will attract Millennials. Future sports betting intent skews significantly higher among Millennials & Gen Z's, and the younger adult age groups. 46% claim they very or somewhat likely to bet on sports in the future, with another 15% undecided.

Bored dads and non-white bettors.

Almost half of all households with kids, and also half of all non-white Americans claim they are likely to bet on sports in the future, both critical growth groups.

Recent and frequent lottery players are significantly more likely to bet on sports than the average punter.

Crossover between Lottery play and future Sports Betting is strong

Recent and frequent lottery players are significantly more likely to bet on sports! More than half of past month lottery players state they are likely to bet on sports, but the correlation gets even higher among past month Lotto players (65%) and Frequent Scratch players (those playing 2+ times a week or more frequently) at 70%, more than twice the average level of intent to bet.

Sports betting and lottery are complementary products. There appears to be only a low % of lottery players who will move lottery spend to the sports betting industry.

To summarize...the future is bright for sports gambling, and the game has just begun.

Frequent Scratch/Instant players heavily over-index on having bet on sports. More than 1 in 5 are already weekly sports bettors. The more 'instant' elements of sports betting appeals to the current lottery Scratch/Instant player, and there is potential for cross-over promotions.

Don't dismiss more niche sports. Yes, the NFL and NBA are the two clear favorite sports to bet on, but Horse Racing strongly attracts the 50+ year old audience, Soccer attracts the critical Millennials (and potentially Gen Z's), and there are significant regional strengths of NCAA College Basketball in the Midwest, and NCAA College Football in the South of the U.S.A.

To all contestants in the sports betting arena, ensure your mobile website is excellent from the first day of launch. With many options, sports gamblers want to use a site that is user friendly and secure, and Millennials are known for their 'one and done' attitude if a website or App. is not up to their expected standard.

And finally, do your research on sports betting. Market segmentation, website evaluation, product testing and tracking should all be staples of any attempt to understand the sports betting market in the USA. Trust me, I'm a researcher. 📊

The Future Is Esports:

Why States Should Follow New Jersey's Lead on Esports Betting

By Michelle Cohen and Jessica Feil,
Attorneys Ifrah Law

As the rush to legalized sports betting continues through the United States following the U.S. Supreme Court's decision in *Murphy v. NCAA*, New Jersey has emerged as a leader. The state's regulatory authority, the Division of Gaming Enforcement (DGE), has taken progressive and forward-thinking stances on gaming, in particular by allowing for wagering on esports. Esports are emerging as central to the gaming industry's efforts to draw in younger customers. Now, New Jersey is poised to capitalize on this progress – and other states would be wise to follow suit.

What is esports – and who is betting on it?

Esports, at its core, is competitive video gaming. While the first video game competitions began in the 1970s, the advent of the internet and at-home gaming truly revolutionized esports. With internet-connected gaming consoles, players from around the world can compete with one another from the comfort of their own homes. The popularity of esports has led to esports competitions in large arenas, such as Madison Square Garden and the Staples Center (combined with 20 million plus online viewers).

As each year passes, the number of players grows. According to gaming industry group Newzoo, an estimated 2.2 billion people around the world play video games and nearly half of those spend money while playing those games. Beyond paying to purchase the game itself, players buy upgrades or in-game additions to enhance their gameplay. In another study, PWC estimates the esports industry to be worth over \$100 billion within the next five years – and that is before considering gambling revenue.

There are dozens professional tournaments all over the world with prize pools reaching over \$25 million dollars. Major interna-

tional corporate brands, including Coca-Cola, Intel, Comcast, and Airbus, sponsor the competing teams. Even other sports are getting in on the action – several NBA teams, including the Golden State Warriors and the Philadelphia 76ers – have launched their own esports programs.

Esports fans don't just play games – they gamble. Until 2017, many fans across the United States engaged in skin betting. Skins are in-game add-ons that enhance gameplay, things like better shields, weapons, or potions that either have purely visual value or might improve a player's abilities. These skins were created by game publishers, and third-parties quickly set up sites where players could gamble with their skins on professional esports competitions, their own personal performance, or casino-style games. However, in 2017, this system was shut down due to consumer lawsuits. Prior to the lawsuits, the skin gambling industry was projected to top over a billion dollars in wagers in 2017.

Although skin gambling has (perhaps temporarily) ceased, real money esports gambling continues to grow. The Luxor in Las Vegas has installed a 30,000 square foot Esports Arena, which hosts professional and amateur esports events. The Arena features a competition stage, arena seating, and a tv-quality production studio. Nevada gaming authorities have also approved several special events permits for wagering on international professional esports events at Vegas sports books.

With the interest in skin gambling and investment in esports arenas and programming, it has become clear that the younger demographics are playing – and gambling on – esports.

New Jersey's forward-thinking regulatory model

Building on this early success in Las Vegas, New Jersey is looking to become an esports

leader. After its triumph at the Supreme Court, New Jersey has worked quickly to pass legislation and regulation to allow sports wagering. Initially, fans worried that the state's sports betting legislation proscribed wagering on esports due to a broad provision that prohibited wagering on competitive video games. However, the same section of the statute also exempted any form of international competitions where the majority of players were over the age of 18 from this prohibition.

Once the legislation was handed over to DGE for implementation, the regulators took the legislators' intent to simply bar wagering on esports with primarily underage participants. DGE ultimately resolved the confusion and issued regulations that allow wagering on esports where a majority of the participants are 18 or older. Specifically, the regulations provide that wagering is permitted on "international sports events in which persons under age 18 make up a minority of participants."

With this regulation and expansion of wagering to esports, New Jersey has continued to be a gaming leader, providing the flexibility for sports book operators to offer the content and games that customers demand. In fact, the state's casinos have taken notice. Already, Caesar's and Harrah's have hosted esports tournaments, and Continent 8 has invested millions in Atlantic City to shore up the technological infrastructure necessary for a top-flight esports experience. Other casinos are launching dedicated esports arenas as well.

Esports participants (players and observers) have shown that they will play and observe from home or public arenas. This demographic and industry present a solid opportunity for revenues from online esports wagering and on-site tournaments, including associated purchases at casinos and arenas.

What other states can and should learn from New Jersey

Pennsylvania is hot on New Jersey's heels. The Commonwealth issued sports betting regulations over the summer, providing that wagering would be permitted on professional athletic events, collegiate athletic events, professional motor race events, and international team and individual events such as the Olympics. While the regulatory language does not expressly provide for wagering on esports, the Pennsylvania Gaming Control Board has given sports book operators flexibility to offer esports betting pending further permission from regulators. As other states work to enact sports betting legislation, it is likely they will follow in the path of New Jersey and Pennsylvania.

And for good reason. The esports market is growing exponentially and states can capitalize on this through tax revenue. As states turn to regulated sports betting for tax revenue, they must consider including esports wagering as part of the package. Sports books around the world have already seen the huge growth in wagering driven by younger customers seeking esports action. In the United States, the incredibly rapid growth of skin betting further shows the appetite for esports betting. To overlook esports wagering – or worse, to ban it outright – would be a set back for any state legalizing sports wagering.

As various states move forward with legalization in sports betting, lawmakers must ensure that sports books are positioned for success well into the future. It is essential to the long-term success of legalized sports wagering to allow for modern and innovative forms of sports wagering – including esports wagering. States may consider explicitly authorizing esports wagering in their legislation or simply ensuring their legislation is broad enough to encompass this growing industry. The esports industry brings an expanded demographic, offers innovative games, and is already self-regulated. State lawmakers should seize the opportunity to include esports in the category of permissible sports gaming.

Rooted firmly in the nation's Capital with strong relationships and credibility across many branches of government, **Ifrah Law's** range of corporate services for clients across the spectrum of the gaming industry, including sports betting, daily fantasy sports, social gaming, eSports,

skins betting, iGaming, blockchain technology, online sweepstakes and lotteries, peer-to-peer betting, and mobile gaming. For more information visit <https://www.ifrahlaw.com>



As Practice Group leader for the Firm's Data Protection and Cyber Security group, **Michelle Cohen** advises online companies, including but not limited to daily fantasy sports and eSports companies, on privacy matters such as the drafting of online terms and conditions, and the preparation of legal opinions and analysis to support launching of services, including working with payment processors. Michelle also leads Ifrah Law's special GDPR Services, guiding companies which collect, store or mine the personal data of European residents on compliance with the General Data Protection Regulation. She can be reached at michelle@ifrahlaw.com.



Jessica Feil provides analyses and drafts legal opinions on cutting-edge topics like initial coin offerings (ICOs), skin betting, regulatory issues in alternate gaming channels, such as skill-based gaming, sports betting, daily fantasy sports, online gaming licensing process, and eSports, counseling international gaming companies on requirements for money transmitter licensing and compliance with federal and state laws in relation to cryptocurrency, and providing litigation and regulatory advice for Ifrah Law's White Collar Defense and Business Litigation groups. She can be reached at jfeil@ifrahlaw.com.



Hall of Fame J. Bret Toyne continued from page 14

MUSL has developed a Strategic Plan supported by an Implementation Plan. The Strategic Plan is far reaching, focusing on operational excellence, industry collaboration, additional multi-jurisdictional products and international opportunities.

Bret is a Certified Public Accountant and 2014 recipient of the Major Peter J.

O'Connell Lottery Industry Lifetime Achievement Award.

Matthew Whalen

and implementation. His work in these areas have set the standard for how modern lotteries leverage and evaluate technology.

In less than a decade, Matt rose to the positions of Vice President, Systems Integration, Vice President, Research & Development and Vice President, International Technology Solutions. In 2008 he was named Senior Vice President of Global Technology Solutions and in 2012, CTO of Lottery. Matt has led more than 1,500 system integration projects with an annual delivery portfolio consisting of more than two-million labor hours. "Matt's ability to deliver to customers what we need while keeping at the forefront of Responsible Gaming principles has been a cornerstone to the global lottery industry," said Rebecca Paul Hargrove, Chair, Corporate Social Responsibility Committee of the World Lottery Association.

In 2010, when lotteries in the United States began to cross-sell Powerball and Mega Millions, Matt marshalled the people and resources to ensure that 27 jurisdictions had the technological capabilities in just a 10-week timeframe. During the record \$1.6 billion Powerball mega-jackpot in 2016, Matt led a nationwide team across 27 jurisdictions. Matt ensured a system uptime of 99.99 percent with an average of more than 500,000 transactions per minute across 186,000 terminals, and more than one-billion transactions in the final week.

Matt was instrumental in the conceptualization, design, execution and delivery of IGT's new core lottery system, Aurora. He has been the architect for omni-channel capabilities providing a seamless player experience across all channels. Internationally, Matt and his team have collaborated to integrate some of the most complex B2B and B2C lottery platforms customized to meet specific partner requirements, including implementations in the U.K. (Camelot), Finland (Veikkaus), New Zealand, and Singapore. New functionality delivered during projects throughout North America as well as in Germany, France, Portugal, Israel, South Africa and Belgium has been integrated into future product roadmaps. Lessons learned during these systems integrations are consistently applied to the IGT delivery model and fortify the foundation for delivery excellence that Matt has fostered throughout his career.

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.

WORLD NEWS

Spain: Jesús Huerta is the new head of SELAE

Jesus Huerta has replaced Inmaculada García at the head of SELAE, and continues to hold the position of Director General Budget of the Junta de Andalucía. Born in Cádiz in 1965, Mr. Huerta has a degree in Law from the University of Cádiz, a master's degree in Health Management and a diploma in Personnel Development Management. Since 2002 he held the position of managing director of the public company Hospital Alto Guadalquivir. He has worked as general director of Financing, Planning and Infrastructure of the Ministry of Health in the Junta de Andalucía. Between 2013 and 2017 he was general director of Digital Policy of the Board.

UK Gambling Commission to crackdown on operators who don't treat consumers fairly

New rules from the Gambling Commission mean gambling companies that break advertising rules or breach consumer law will face tougher action. The new requirements provide stronger protection for consumers and ensure they are treated fairly by gambling businesses. Visit www.gamblingcommission.gov.uk

First half of 2018 Sports betting surges 36% in China

China's total lottery sales rose 19.6 percent year on year to in the first half of the year. Sales of welfare lottery tickets increased 4.2 percent.

Veikkaus' Board of Directors has appointed a new Executive Team

Olli Sarekoski is the president and CEO of Veikkaus.

Executive Vice President Velipekka Nummikoski, in charge of communications, community and beneficiary relations, sponsorship.

Chief Operating Officer Nora Vähävirta, in charge of accountable business units (casino games, lucky games and betting), products, product development, marketing, brand, customer loyalty and digital channel sales and development.

Senior Vice President, ICT and Sales Ari Aarnihuhta, in charge of retailer sales, ICT systems, customer management, corporate social responsibility, business intelligence, finance and procurements.

Senior Vice President, Business Operations Timo Kiiskinen, in charge of new business operations, the game studio, equipment and release platforms, networks and ecosystems.

Senior Vice President, Channels and Sales Jari Heino, in charge of Pelaamo arcades and restaurant game tables, casinos, Feel Vegas arcades and race tracks, POS services, and logistics.

Senior Vice President, HR Heli Lallukka, in charge of HR, HRD, Corporate Planning & Premises.

Senior Vice President, Legal Affairs and Governance Pekka Ilmivalta, in charge of legal affairs, governance, compliance, production and infra services, corporate security.

Jari Heino starts as a new member of the Executive Team, switching to Veikkaus from the position of European Distribution Director at Canon on 1 October 2018, and Heli Lallukka, who joined Veikkaus in June, switching from the position of Country HR Operations Manager at IKEA.

INTRALOT signs new contract in Germany

intralot

INTRALOT was awarded a ten (10) years contract for the provision of a new integrated Lottery System Platform with multi-mandate capability, customised to the individual needs and requirements of Lotto Hamburg as well as to the German Lottery Market, supporting LOTTO Hamburg's Strategic and Operational objectives. LOTTO Hamburg is the state licensed lottery of the Free and Hanseatic City of Hamburg and offers state licensed games such as LOTTO 6aus49, GlücksSpirale, KENO, EuroJackpot and the legal sports betting games ODDSET and Toto, for over 60 years. In 2017 the Lottery generated ca. €150 million in stakes.

The agreement includes the supply, customization and installation of INTRALOT's holistic and cross-channel Lottery Gaming Platform based on the L10 Product, the next generation of LOTOS platform, along with the terminal software for the operation of its 450 terminals, the Interactive Gaming Platform (based on the Player PULSE CRM-Platform) as well as the innovative Content Management

System (based on CANVAS Platform). INTRALOT will also provide the Lottery with training, Terminal installation and related maintenance and support services. Mr. Michael Heinrich, Managing Director of LOTTO Hamburg GmbH, stated: "As result of an extensive tendering process we tasked INTRALOT with implementing a new Lottery Suite based on LOTOS 10. The Lottery Suite will cover all processes and distribution channels of our lottery business. We are convinced that we will get a future-proof system meeting all our requirements for adapting to customer needs and legal changes much faster and at less costs because of its new modular and micro-services-oriented architecture. We know the professionalism and efficiency of INTRALOT since 2006, so we are looking forward to a smooth customization and implementation process followed by another 10 years of successful operation and cooperation period."

Yggdrasil to supply Intralot with gaming and slots content in Italy

The agreement will see Intralot add Yggdrasil's award-winning content portfolio of video slots, including blockbuster games Vikings go to Hell and sequel Vikings Go Berzerk, as well as its latest release, Penguin City, all three of which have risen to the top of the slot charts. The full suite of best-performing Yggdrasil slots come complete with its proprietary range of in-game promotional tools, BOOST®. This will allow Intralot to run promotions from within the game client offering maximum cross-sell opportunities and a superior player experience using in-game tournaments and leader boards, configurable cash races, and gamification features proven to boost retention and engagement.

INTRALOT signs new contract between the Turkish State Organization SporToto and INTELTEK, its subsidiary in Turkey

IN MEMORIAM: Sokratis Kokkalis

It is with profound sadness that we report the passing of Sokratis Kokkalis. Mr. Kokkalis was not only an officer of INTRALOT, he was a friend to so many

of us and made an out-sized impression on this industry during a life that was cut so unfortunately short. An announcement issued by the family thanked people "for the great and moving tide of support" in its time of grief. "The expression of love from the family, the immediate and broader friendly and work environment, as well as the messages from all of society, give us strength at this difficult time and honour the person and memory of our dear son and brother," the announcement read.

Australia's Tabcorp has swung to a net profit of \$28.7 million in 2017/18 following its merger with Tatts Group

Tabcorp

Tabcorp chief executive David Attenborough said digital sales rose strongly in Tabcorp's lotteries business, growing by 27.8 per cent and accounting for almost 18 per cent of total lottery sales. Mr Attenborough said despite customers shift towards online gambling, bricks and mortar stores weren't going anywhere. "It's really at the heart of the of a lot of Australian communities - their local pub and club," he told reporters. "We do not see a development where you end up with digital without retail, all our long-term strategies are about the integration within the retail environment."

Tabcorp has returned to profit in 2017/18 as the enlarged gaming giant reports a 71.7 per cent jump in revenue to \$3.83 billion, from \$2.22 billion a year earlier; and net profit of \$28.7 million; with digital sales and the FIFA World Cup helping to lift the gaming giant's reach and revenue.

Slovakia plans on adopting a new gambling law

Slovakia has recently submitted a new draft legislation to the European Commission that aims to liberalize the gambling market and make it easier for international companies to offer their services to the Slovakian market. The draft Act on Gambling was submitted to EC by the Slovak Ministry of Finance on July 25, 2018. EC has three months to review the proposal, during which time the draft will not be able to take effect. The new

draft lets the state keep monopoly over some gambling activities while allowing international companies to enter the market in others. The authorities have been actively studying the experience of other European countries with similar matters to base their decisions on. Representatives from the government commented that the regulators want to take "the technological progress and the findings of regulatory authorities in other European countries into account more fully."

CrownBet merges with William Hill Australia to form BetEasy as the 'new' brand

Inspired Entertainment, Inc. extends VLT and Virtual Sports Agreements with OPAP

Brazil's Caixa creates online lottery after failed unit sale

Brazilian state bank Caixa Econômica Federal on Friday launched an online lottery service, a month after a failed attempt to sell its lottery licensing unit Caixa Instantanea SA. In early July the bank had to cancel a planned auction of its lottery unit due to a lack of bidders.

NORTH AMERICAN NEWS

Linq3 Lottery Card Launches The Lottery Card™ in Georgia and Ohio

James Carey Appointed Executive Director of the New Jersey Lottery

State Treasurer Elizabeth Maher Muoio announced that James Carey, a veteran of the Attorney General's Office, has been appointed the new Executive Director of the New Jersey Lottery. Carey will officially take over the helm on July 23 as Acting Executive Director while his nomination awaits advice and consent from the State Senate.

Carey first began serving the Attorney General's Office in 2001. In 2005 he joined the Governor's Office of Legal Counsel and went on to serve as the Director of the Authorities Unit during the Corzine administration, where he was responsible for overseeing the operations of the various independent authorities, including the New Jersey Lottery, the Port Authority of New York and New Jersey, the Turnpike, and the Economic Development Authority. He returned to the Attorney General's Office in 2010 as a Deputy Attorney General and has been serving as the Section Chief of the Banking and Insurance Section since 2015. In that capacity, he served as primary legal counsel to the Department of Banking and Insurance and managed all litigation involving the department.

Doug Buffington was appointed the acting director of the West Virginia Lottery director, effective immediately.

Alan Larrick resigned September 1.

Jennifer Anderson selected as Deputy Director of the Colorado Lottery

Colorado Lottery Director Tom Seaver today announced the appointment of Jennifer Anderson as the Deputy Director of the Colorado Lottery. She will be responsible for overseeing the day-to-day operations of the Lottery offices in Denver and Pueblo, including the Claims, Fiscal, IT and Sales departments. Anderson served as the Director of Legislative Affairs for the Colorado Attorney General from 2014 until 2018. In that role, she worked closely with the Colorado General Assembly to ensure that the Attorney General's legislative agenda passed and was signed into law.

Hoosier Lottery Beats Projections; Record Payout to State

The Hoosier Lottery had a better than expected fiscal year 2018. \$1.27 billion in lottery ticket sales between July 1, 2017 and June 3, 2018 beat the projections of IGT Indiana, the private lottery operator the state contracts with. Net income by the lottery was \$318.2 million, far exceeding the \$300 million threshold.

Maryland Lottery and Casinos Break All-Time Records in Fiscal Year 2018-Record-setting total of \$1.252 billion contributed to the state

Maryland Lottery and Gaming today announced numerous record-breaking figures for Fiscal Year 2018. Traditional lottery ticket sales and the state's six casinos combined to contribute a record \$1.252 billion to support Maryland's good causes. The Maryland Lottery surpassed \$2 billion in sales for the first time and set a new profit record of \$575.6 million. FY2018 marked the first time that all six of the state's casinos were operating for a full fiscal year. Casino gaming revenue contributed \$676.7 million to the state, including \$496.7 million to the Maryland Education Trust Fund.

The combined total of \$1.252 billion in state contributions is a 12.1% increase from the previous record of \$1.117 billion in Fiscal Year 2017. Meanwhile, the Agency's operating expenses remained low at 3.3% of sales on the Lottery side, and 1% of total gaming revenues for the casino program. The Lottery's sales for FY2018 were \$2.043 billion, beating the previous mark of \$1.935 billion in FY2017 by 5.8%. The state's casinos also set a new record of \$1.679 billion for gaming revenue.

"It was a great year all around, and we couldn't be prouder of the contribution that the Lottery and the casinos made to important state programs," said Maryland Lottery and Gaming Director Gordon Medenica. "It's especially gratifying to see both the Lottery and the casinos growing simultaneously."

Kentucky Lottery Sales and Proceeds Set New Record in Fiscal 2018

* Sales of \$1,042,512,000 (up \$42 million or 4.2% from FY17)

* Cash dividends to the General Fund of \$253,000,000, which is \$11.4 million or 4.7% more than FY17.

Both of these numbers are record levels in the Lottery's 29-year history. Keno continued its positive growth trend,

ending the year with \$82.8 million (up 9.3%). iLottery internet sales also rose from \$5.2 million in FY17 to \$10.3 million in FY18.

Ohio Lottery Reports Record Sales of \$4.1 Billion Sales results in record transfer of nearly \$1.1 billion to Education



Ohio Lottery traditional sales combined with video lottery net win reached a record \$4.1 billion in Fiscal Year 2018, beating the previous record by more than \$218 million. Lottery sales resulted in an approximately \$1.1 billion transfer benefiting the Lottery Profits Education Fund, the highest transfer in Ohio Lottery history. The instant ticket category led with sales of \$1.6 billion, an increase of \$73.6 million over the previous year. The Lottery's KENO® category continued to grow with sales reaching \$421.1 million, besting the previous record by \$24.8 million. In January, the Ohio Lottery became the first to offer cashless purchases on self-service terminals statewide. Coming this fall, cashless purchases will be available in all retail locations.

North Carolina lottery raises most money ever in single year, \$670million



The N.C. Education Lottery raised the most money ever in fiscal year 2018 for education programs in North Carolina as earnings climbed 7.7 percent to \$670 million. Lottery ticket sales totaled \$2.6 billion at the end of the fiscal year on June 30, also up 7 percent from the year before.

IGT And William Hill U.S. Chosen By The Rhode Island Lottery To Provide End-To-End Sports Betting Technology And Services

Sports betting operations are expected to go live at Twin River Casino and Tiverton

Casino locations by mid-November. The initial term of the contract is for a period of five years from the date that the first sports wager is placed at either venue, and may be extended by mutual consent for two successive five-year terms. "It's an exciting time for the Rhode Island Lottery," said Gerald Aubin, Rhode Island Lottery Director. "With the introduction of legalized sports betting, we will leverage world-class resources and technology from IGT and William Hill to provide the best-possible sports betting experience for the patrons who visit our casinos."

IGT Delivers Online and Mobile Sports Betting Platform for FanDuel in New Jersey

IGT's PlayShot sports betting platform now powers online and mobile sports betting in New Jersey via FanDuel's consumer-facing wager website, sportsbook.fanduel.com. FanDuel is leveraging PlayShot's built-in content management system to deliver a bespoke mobile and desktop user experience. The system integration enables FanDuel to create betting promotions and dynamic content for retail, mobile and online all from a single source. PlayShot's end-to-end sports betting management tools and its modular HTML 5 framework enable operators to develop promotions, bet structures and offers that are unique to each channel, while delivering unique user experiences that meet individual operator requirements.

Scientific Games Powers Caesars Entertainment's Mobile Sports Betting App in New Jersey



Caesars is now taking mobile sports bets via The Caesars Casino & Sports app, powered by Scientific Games, which offers a seamless experience for the player in a single app. Scientific Games' OpenBet® technology provides Caesars' players with intuitive and sleek solutions, enhancing the sports betting experience both in property and online. In addition to providing its OpenBet® platform

for Caesars' resorts in New Jersey, Caesars Entertainment also launched sports betting at its Mississippi properties, Horseshoe Tunica Hotel & Casino and Harrah's Gulf Coast Hotel & Casino, in August.

Scientific Games Announces James Sottile as New Executive Vice President and Chief Legal Officer

Sottile will oversee Scientific Games' global legal organization and report to Scientific Games President and CEO Barry Cottle.

Gaming Laboratories International (GLI®) Publicly Releases "GLI-33 Event Wagering" Technical Standard

The technical standard, which has been adopted by several state and tribal regulators, represents the most highly developed set of technical requirements and practices available for sports wagering systems. The standard is available free of charge at <http://www.gaminglabs.com/gli-standards>. GLI's Director of Technical Compliance Chad Kornett said, "GLI-33 is an essential addition to the GLI Standards Series, channeling the experience of our global sports-wagering team into a framework that regulators can seamlessly incorporate within their operations. Great care was taken to create a standard that supports the most innovative sports wagering applications while also anchoring fundamental regulatory objectives. GLI collaborated directly with regulators, technology providers, and operators to ensure the document represents the most highly developed standards and best practices in existence today. We profoundly thank the industry for its participation and are thrilled to incorporate this important addition to the GLI Standards Series."

As with all GLI Standards, GLI-33 is a "living document" that will continue to be refined as part of an ongoing process of gathering industry input. GLI continues to accept feedback and will engage subsequent rounds of updates and public comments, as the global sports/event wagering market continues to evolve.

Additionally, GLI plans to create another standard on change management systems and a framework for periodic operational

audits that will further help regulators and operators create more efficient and alternative processes to monitor sports wagering operations.

IGT Receives 10-Year Contract Extension from The Michigan Lottery



IGT Global Solutions Corporation has signed a 10-year contract extension with the Michigan Lottery to provide new lottery technology and ongoing services through January 2031. Under the terms of the contract extension, IGT will provide the Michigan Lottery with innovative tools from IGT's Aurora™ platform, such as Aurora Navigator™, and several of IGT's BizApps lottery applications including Performance Wizard, Retailer Wizard, Order Wizard, and Instant Tracking Wizard which enable the Lottery to drive profitable growth. IGT's new Retailer Pro terminals will replace the 11,550 existing lottery terminals. WinCheck™ ticket checkers will also be installed in retail locations allowing for players to easily check whether their tickets are winners. In addition, the Lottery will receive 2,100 GameTouch™ self-service touch-screen lottery vending machines.

IGT will maintain its primary data center in Lansing, Michigan, and will continue providing services for the Michigan Lottery including installation and maintenance of the new central system and terminals; maintenance of the communications network; retailer training; field merchandisers; marketing support; call center services; field services; and instant ticket warehousing and distribution. IGT is also providing backup data center services from its Data Center of the Americas facility located in Austin, Texas.

Grover Gaming Electronic Pull-Tab System Approved in North Dakota

The North Dakota legislature approved the use of electronic pull-tabs last year and the Attorney General's Office, along with the State Gaming Commission, promulgated rules and regulations which became effective July 1 of this year.

Grover Gaming develops software, game content and gaming systems and is licensed in New Hampshire, Kentucky, North Dakota, Washington, Ontario Canada, and The Commonwealth of Virginia.

Scientific Games Signs Sports Betting Deal with Caesars Entertainment

Scientific Games Corporation will partner with Caesars Entertainment Corporation to provide its OpenBet™ sportsbook platform in New Jersey and Mississippi. Scientific Games will bring its solutions to Caesars' Atlantic City, Gulf Coast, and Tunica properties in July and August of 2018. Scientific Games will provide its proven OpenBet product suite to Caesars, enabling industry leading technology and dynamic on-property experiences for Caesars patrons. OpenBet has proven success managing the largest share of the world's online bets, more than 2 billion online bets annually.

SG Digital's OpenBet™ Sportsbook Empowers Partners at the 2018 World Cup, Processes more than 177 Million Bets

Scientific Games Corporation processed more than 177 million bets across all channels during the 2018 World Cup through OpenBet, SG Digital's market-leading sportsbook. The number of sports bets placed per minute through the OpenBet platform for a single sportsbook operator peaked at 18,000.

Kambi accepts first U.S. wagers following DraftKings Sportsbook debut in Sports Betting

Kambi

Kambi became the first sports betting supplier to process online wagers in the post-PASPA U.S. market, following the eagerly-anticipated launch of the Kambi-powered DraftKings Sportsbook in New Jersey. Yesterday's ground-breaking launch comes after Kambi and DraftKings, along with DraftKings' land-based licensing partner Resorts Casino, were approved

for an online sports betting Transactional Waiver from the New Jersey Division of Gaming Enforcement.

The release of the DraftKings Sportsbook comes just six weeks after Kambi and DraftKings signed an agreement to launch a U.S.-facing product, demonstrating the speed at which Kambi enables customers to go to market.

As per state regulations, the launch has activated a five-day 'soft play' phase, during which time certain limitations must be applied to the product, such as scope of offer, opening hours and number of concurrent users.

Kristian Nylén, Kambi Chief Executive Officer, said: "This launch marks an exciting new chapter for Kambi, creating history by becoming the first sports betting supplier to process online wagers in the U.S. following the repeal of PASPA. In addition, to so quickly meet the New Jersey regulator's online standards and requirements is also pleasing, as the achievement enhances our position as the secure and quality choice for operators seeking a sportsbook partner."

EquiLottery, Penn National Reach Content Agreement for Kentucky Lottery Pilot



EquiLottery and Penn National Gaming Inc. will offer Penn National racetrack content for EquiLottery's "Win Place Show" pilot program through the Kentucky Lottery, a lottery game based on the results of live horse racing. The pilot begins March 24, 2019 and will span 90 days. This program will be offered through 45 exclusive test retailers across Louisville, Lexington and Northern Kentucky. The agreement allows EquiLottery to offer racing content from Penn National Gaming's five Thoroughbred racetracks in five different states. This agreement will also enable EquiLottery to offer live and archived video streaming on these races through its recently announced agreement with Roberts Communications Network and opens up the opportunity to offer

Penn National Gaming's racing content as "Win Place Show" spreads to other state lotteries.

EquiLottery and Penn National Gaming have previously announced an agreement to offer Charles Town Races content. For more information on "Win Place Show", visit www.WinPlaceShowLotto.com.

MGM making big moves in the online gambling and sports-betting world

MGM Resorts International announced two big partnerships Monday, one with GVC Holdings and one with brick-and-mortar gambling rival, Boyd Gaming. This sets the stage for MGM to potentially become a major player in the online gaming arena.

The NBA makes MGM the league's official gaming partner



This is the first time a major U.S. sports league entered into a B2B deal with a sportsbook provider and could open a path for other leagues to make similar arrangements. The deal gives MGM the rights to NBA league and team logos, highlights, access to the official league data feed and the tag of being the "official gaming partner" of the NBA and WNBA. Un-named sources have said that the NBA will receive \$25 million over three years. The value, though, may come through the creation of a market for their direct data feed. There are varying opinions on how valuable the NBA's direct feed really is for the bookmaking business. Nevada sportsbooks do not currently use the NBA's feed now and do not appear to be having problems. It may be the case, though, that once the sportsbooks get used to the reliability and speed of the NBA-provided data feed, the value of this service may increase, especially for in-game betting. Consumers will still be able to bet on NBA games with other sportsbooks. The only thing that is exclusive to MGM is the right to market itself as the official gaming partner of the NBA and WNBA. Delaware, Nevada, New Jersey and

Mississippi currently allow legally licensed sports betting. The question now arises as to whether the NFL, MLB, NHL, and other leagues will enter into similar deals.

Mississippi House approves state lottery, bill headed to the Governor who is expected to sign it, effectively launching a new state lottery in MS

NHL commissioner Gary Bettman said the league wants a cut of gambling profits if its intellectual property, data or video from games are used

“From our standpoint, we believe that whether it’s our intellectual property or data, whether it’s video of our game, we have important assets. And if somebody is going to avail themselves or want to avail themselves of those assets in order to conduct their business, then we’re going to need to have a negotiation.”

The New Mexico Lottery Authority is looking into the possibility of offering a game tied to the outcomes of sporting events

Senate minority leader Chuck Schumer suggested a federal framework for legalized sports betting

Giant Eagle grocery store chain in Ohio offering new mobile way to play the lottery



The grocery store chain has rolled out a new, mobile-enabled Lottery Card. The Lottery Card can be purchased at the store and then customers text in a code on the card. Players will be notified by text if they win and can be paid directly through PayPal. The games that

can be played right now are Powerball and Mega Millions. This is offered at all Giant Eagle, Market District and GetGo locations in Ohio in partnership with the Ohio Lottery, Blackhawk Network, and Linq3.

IN MEMORIAM: Jack Boehm

Jack A. Boehm passed away on Sunday, July 22, 2018 from pulmonary fibrosis. In his career, Jack worked for or with many state and national lotteries including, Michigan, Minnesota, Arizona and Colorado as the Director, his final professional post in the lottery industry. Mr. Boehm also worked directly with England and France to develop their national lotteries. Mr. Boehm is survived by his children, two brothers and their families, as well as, his sister-in-law and her husband. Please visit www.reynolds-jonkhoff.com to share your thoughts and condolences with Jack’s family on his personal tribute page.

theLotter.com selling U.S. lottery tickets to Canadians “by the thousands”

Source: TheLotter Enterprises Limited

LINQ3 Founder to transition to new role and opportunities

Daniel Cage, Founder of Linq3, announced he will transition out of his day to day role at the company effective August 16, 2018. Cage will stay on as Senior Advisor to help guide Linq3’s intellectual property expansion.

“Creating Linq3 has been an extraordinary experience. For almost 10 years, I’ve been able to see my vision evolve into the success we see today, and for that I’m both proud of our achievements and excited about our future. As Founder, my highest priority is to ensure the long-term success of Linq3 and the customers we serve,” said Cage.

Tribal Gaming Ruling: Betting on “Desert Rose Bingo” Violates UIGEA

“Desert Rose Casino” is a server-based computerized bingo game that can be played on the Internet. The Iipay Nation is a federally recognized Indian tribe with sovereign tribal lands located in San Diego County, California which offered Desert Rose Bingo online to all California residents over the age of eighteen, including those

outside of the tribal land. The United States Court of Appeals for the Ninth Circuit ruled to support the right of the State of California to prohibit the Iipay Nation of Santa Ysabel from continuing to operate this model, stating that it violates UIGEA. The ruling is an important step (though not likely the last word) towards clarifying that the physical location of the server on the sovereign tribal land does not entitle the Tribe to offer internet-based games to players not physically located within the boundaries of the sovereign land.

New York mulls paying fees to the leagues for sports betting

Paying fees, including the so-called “integrity fee”, to professional sports leagues is under consideration by NY state regulators who are drafting rules that govern betting.

Making Sense of Pro Sports Leagues’ Search For Sports Betting Data Fees: Case Studies and analyses, go to:

<https://www.legalsportsreport.com/21245/search-for-sports-betting-fees/>

New York sees uptick in Lottery plays despite added casino competition



Despite new competition for gambling dollars, New York’s Lottery games and video gaming parlors saw a modest increase in sales

in the most recent state fiscal year. Hitting a new high was Lottery aid to education, finishing the fiscal year at \$3.372 billion, about a third of the record total sales of \$9.97 billion.

The growth in sales comes despite the fact that four non-tribal casinos have been added to New York’s menu of gambling options over the past two years.



LOTTERY EXPO

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Spotlight on the Leaders of the Government-Gaming Industry

It's the collaboration between operators and their commercial partners which drives innovation and progress and makes this industry work. PGRI endeavors to support and nurture that relationship, confident that together we can all build successful businesses that meet the needs of our stakeholders and customers. The leaders of the commercial community play a vital role in our industry and we are thankful for their invaluable contributions to the exchange of ideas that happens at PGRI conferences, and all industry events and conferences. Their products and services are the result of a tremendous investment in R & D, and their insights and capabilities are informed by a deep experience in all aspects of the lottery business. Following is their story. Please also visit the conference website (www.PGRItalks.com) to see their presentations from PGRI conferences.



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Walter Bugno, Chief Executive Officer, International
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Contact: Reach our employees by email at firstname.lastname@IGT.com

A global leader in lottery and gaming, IGT is uniquely positioned to transform play by leveraging a substantial investment in innovation and a wealth of premium content, customer intelligence, operational expertise and leading-edge technology. Our gaming platforms and solutions anticipate the demands of players and enable them to experience their favorite games across all channels and regulated segments, from lotteries and gaming machines to digital and social gaming.

IGT has a well-established local presence and relationships with governments and regulators in more than 100 countries around the world. We help redefine markets, transform businesses and create value by adhering to the highest standards of service, integrity and responsibility. IGT has more than 12,000 employees and \$5 billion in revenues and is listed on the New York Stock Exchange under the ticker symbol IGT.

Lottery – We drive growth for customers and lead innovation in all aspects of lottery, from the player experience to lottery and retail management.

Gaming – We develop and deliver dynamic systems, gaming machines and other technology-packed innovations to gaming venues around the world.

Digital – We provide new game and system solutions for mobile, web and retail that support the growth of casinos, lotteries and online operators.

Betting – We create the technological and real-time operational solutions for all aspects of customers' sports betting operations.

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Alchemy3
www.alchemy3.com

Alchemy3, LLC is a broad based, fully integrated lottery marketing services company. A3 was founded in 2007 by lottery and gaming industry veterans with the goal of creating smart gaming solutions that pair lotteries with great consumer brands and represent “win-win” outcomes for both the lottery and the brand. Entering our twelfth year of business, Alchemy3 has methodically built a foundation of strategic gaming and licensing platforms that has made us a dominant player in both the lottery services industry and consumer products licensing industries.

A3 is based outside of Atlanta in Roswell, GA. We are a leading provider of licensed brands, player loyalty programs and value-added services to lotteries across the U.S. and Canada. A3 provides customers with premium, integrated marketing solutions that increase lottery revenue and drive player participation across a variety of age groups and demographics. Alchemy3 supports lotteries with relevant market research, creative game design, advertising /promotional and turn-key event support, drawing and fulfillment services, web design, mobile app development, social media engagement and game player support throughout the entire life of a game/program.

Jackpocket

Jackpocket
www.jackpocket.com

Jackpocket is a lottery courier service and the first mobile app in the United States that lets players order and manage official state lottery tickets from their smartphones. Jackpocket is creating a more convenient, fun, and responsible way to play the lottery with a mobile platform that everyone can feel good about.

The platform combines an innovative ticket processing system with a sleek smartphone app, which frees lotteries from the limitations of the traditional retail model. Jackpocket helps lotteries make gameplay available anytime, anywhere with a no-cost, no-integration solution that requires only a lottery terminal to begin operations.

Compliance and consumer protections are baked into every aspect of the platform via best-in-class technology: geofencing, to ensure orders are placed within legal state boundaries; Know Your Customer (KYC) and Anti-Money Laundering (AML) compliance, to verify age and identity; Payment Card Industry (PCI) compliance for credit card processing; and, Secure Sockets Layer (SSL) encryption to secure the transmission of banking information from end to end.

Jackpocket is also committed to creating a more responsible lottery system, by leveraging a rich dataset to identify problem gamblers, and restricting play where necessary. Within the app, users can also access the National Council on Problem Gambling hotline.

Jackpocket's app features also help state lotteries expand their audience by attracting a new kind of lottery player: tech-savvy, young professionals on the go. Through the app, players can place orders for their favorite games, check lottery results, join lottery pools with other Jackpocket players, and turn on autoplay so they never miss a drawing. And by being the first company to automatically lock a player's identity to their ticket serial number, Jackpocket is making the lottery even more secure, while offering up more opportunities to take a piece of the more than \$2 billion pie of winnings that go unclaimed each year.

intralot

INTRALOT
www.intralot.com

Established in 1992, INTRALOT is a leading gaming solutions supplier and operator active in 52 regulated jurisdictions around the globe. With \$1.64 bn turnover and a global workforce of more than 5,300 employees, INTRALOT is uniquely positioned to offer to lottery and gaming organizations across geographies flexible, stable, and secure gaming products and services. INTRALOT handles an average of \$29 bn of wagers per year and has installed and operates more than 300,000 of its proprietary terminals around the world. Entering the US market in 2003, INTRALOT owns a production facility in Mason Ohio and holds 13 contracts in 12 States nationwide to provide online systems and services, warehousing and distribution of instant tickets and VLT/COAM monitoring.

In January 2018, INTRALOT signed a new contract with CAMELOT for the Illinois State Lottery to provide technology services in line with the Private Management Agreement (PMA) held between the State of Illinois, the Department of the Lottery and CAMELOT Illinois LLC.

INTRALOT's next-generation portfolio of intelligent products and services support Lotteries' modernization in the digital era with a focus on the players' needs while offering entertainment experiences through all distribution channels, and across all verticals (Lottery, Betting, Interactive, VLT). This new "All about the Player" product design strategy addresses modern consumer trends and harnesses IT potential for big data analytics and a personalized playing experience. INTRALOT's global growth strategy is designed around synergies with local partners that aims to expand our market penetration capacity and diversify our product portfolio in local markets.

As member of the UN Global Compact, INTRALOT possesses the WLA Responsible Gaming Framework Certificate, and is the first international vendor in the gaming sector that has been certified according to the WLA Security Control Standard in 2012, which was renewed in 2016. Moreover, the Company has been certified with the ISO 27001 for its Information Security Management System (ISMS) and maintains the ISO 20000-1 certification on Information Technology Service Management.

INTRALOT is a Platinum Contributor of WLA, Premium Partner of European Lotteries, Top Sponsor of North American Association of State & Provincial Lotteries, Star Contributor of CIBELAE, Gold Sponsor of Asia Pacific Lottery Association, Member of Gaming Standards Association and Gold Member of the Association of Gaming Equipment Manufacturers.



LINQ3
LinQ3.com

LinQ3 Technologies, Inc. is a U.S.-based innovation and technology company focused on transforming the lottery industry. Headquartered in Atlanta, GA, LinQ3 designs, builds and markets state-of-the-art solutions for modern lottery gameplay. LinQ3 holds regulatory approvals and state licenses that allow it to generate and distribute lottery tickets through a proprietary technology platform. This platform uses existing point of sale (POS) devices at major retailers across the United States.

In July 2018, LinQ3 successfully launched the Lottery Card™ technology in Georgia and Ohio. (The solution will go live in Kentucky in October 2018.) The mobile-enabled Lottery Card, available for purchase by adults 18 or older in select grocery and retail stores statewide, allows consumers to buy and play Powerball® and Mega Millions® in a new, convenient and fun way. This digital lottery option, which enables players to enter these draw games on their phones, can be found in checkout lanes and on gift card racks in select states.

Perfect for lottery enthusiasts and gift card lovers alike, the Lottery Card pairs a fun, digital way to play the lottery with the convenience of a gift card. The product is an innovation in lottery and gift cards, and shoppers will love it for gifting and self-use.

Consumers simply purchase the Lottery Card at their favorite participating retailer location. When ready to enter the next lottery drawing, the player texts in the Lottery Card's unique code to a specified number, provides their name and confirms their location to complete a one-time card enrollment. The player then receives a picture message with the quick pick numbers, draw date and other transaction information. Winners are notified via text and picture message and winnings are paid automatically via PayPal (for jackpots less than \$600). After enrolling, players can reuse their Lottery Card by presenting it at checkout. More details regarding this new way to play, including where to buy the Lottery Card, are available at playatthecheckout.com.

"Lottery players, like all consumers, want convenience and a great user experience. The Lottery Card provides both. It's a product designed to fit with consumers' increasingly busy and digital lifestyles," said Tom Spiegel, LinQ3 Chairman and Chief Executive Officer.



Pollard Banknote Limited
www.pollardbanknote.com

Pollard Banknote is a full-service instant ticket partner that lotteries rely on to provide high quality instant ticket products and related services. The company currently serves over 60 clients worldwide, providing important value-added strategic marketing and management services for both traditional instant games and the interactive space. Pollard Banknote has an established presence in both North American and international markets, with the privilege of serving 26 NASPL/WLA lotteries as a primary or sole supplier. The company's successes are grounded in its unrivaled ability to form strong partnerships with its customers, focusing on the mutual goal of maximizing player engagement, sales and proceeds for good causes.

Pollard Banknote is a proven innovator and has brought some of the most important revenue-generating product innovations to the lottery industry. The company continues this trend by constantly introducing fresh and innovative print features, as well as a number of exciting new Space Between™ products and services that leverage emerging technologies into viable avenues for driving instant ticket revenues at retail, effectively bridging brick-and-mortar products with digital channels.

We offer a sales-driving portfolio of high profile licensed brands that are selected to appeal to the existing lottery player base while attracting new players that are brand loyal. These licensed brands are supported with turnkey integrated marketing programs that maximize success at retail.

Pollard Banknote's recent acquisitions, Diamond Game Enterprises, Inc. and International Gamco, Inc. further the company's reach in the lottery and charitable gaming industry.

Primary products and services:

- Instant Scratch Tickets
- Licensed Games & Promotional Support
- Product Category Management
- Integrated Marketing Solutions
- Market Research Services
- Retail Development Services
- Digital Engagement Products
- PlayOn™ -Player Engagement Solution
- xtraplayGAMES™ – Extended Play Interactive Games
- xpressGAMES™ – Simple Interactive Games
- scanACTIV™ - In-lane Instant Ticket Games
- playrHUB™ - Information Platform for Lottery Players
- Lottery Optimizations Tools
- optiFORCE™ - Sales Force Management
- sureTRACK™ - Warehousing & Distribution
- Lottery Management Services
- iLottery Platform and Game Portfolio
- Pull-tab Tickets
- Bingo Paper
- Electronic Ticket Machines for charitable gaming markets

Doug Pollard, Co-Chief Executive Officer, dpollard@pbl.ca
 John Pollard, Co-Chief Executive Officer, jpollard@pbl.ca
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Scientific Games Corporation
www.scientificgames.com/lottery

As a world leader in gaming entertainment, Scientific Games' mission is to empower our customers by creating the world's best gaming and lottery experiences. Our casino, lottery and digital games reach players wherever they are, whenever they want to play, and in any channel they choose: retail, casino, digital or sports.

For more than 84 years through our acquired companies, Scientific Games has delivered what customers and players value most: trusted security, creative content and innovative technology. Beginning with the world's first slot machine, the "Bally Baby" in 1936, to our development of the world's very first secure lottery instant game in 1974, and our revolutionary SCiQ™ lottery retail ecosystem in 2018, we are a trusted business partner to more than 1,500 customers around the globe.

Headquartered in Las Vegas, Nevada, with over 10,000 employees worldwide, Scientific Games serves our customers from manufacturing and commercial facilities on six continents. We offer a fully-integrated portfolio of technology, platforms, content, and services for gaming and lottery industries.

Scientific Games' history of success has been driven by our highly experienced professionals who are committed to excellence. Our products have been developed by some of the world's top game designers, mathematicians, marketing research analysts and product managers.

We are an industry leader in developing and applying market research, analytics and consumer insights to gain a deeper understanding of player demand and preferences. As a result, we continue to generate new ideas and innovative gaming solutions that provide players with exciting experiences – and retailers with operational efficiencies.

Scientific Games is committed to corporate social responsibility, and we work closely with our customers, governments, regulators and industry associations to support player protection and responsible gaming.

We drive the global lottery and gaming industry forward by maximizing our customers' performance with a proven portfolio of products, technology and services featuring:

- Instant, draw and hybrid games
- Sports betting
- Interactive games and promotions
- iLottery (eDraw and eInstants)
- Licensed brands
- Loyalty programs + online rewards store
- Gaming systems technology
- Retail point-of-sale technology
- Mobile apps
- Internet platform + CRM
- Retail development programs
- Managed services



Worldpay.com
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Expanded Payment Options to Drive Responsible Growth

Worldpay now represents the largest payments company in the world and the global leader in payments processing technology and solutions for our merchant customers. The newly combined company moves over \$1.5 trillion on an annual basis, processing over 40 billion electronic transactions, operating in 146 countries while supporting over 126 currencies and over 300 different payment methods. We operate reliable and secure proprietary technology platforms that enable merchants to accept a vast array of payment types, across multiple channels, anywhere in the world.

Cashless Gaming has become a reality across the regulated gaming space, improving player convenience and operator efficiency. As Lotteries seek to modernize to reach the next generation, it is important to address and simplify how these new players pay for their Lottery experience. Like every "cash-only" industry before them, Lotteries will find that expanding their payment options and supporting consumer choice will improve player engagement and drive responsible, incremental profits for the good causes they support. We connect the dots with a single, highly-secure platform for all points-of-sale, optimizing your payments environment to providing valuable player-level analytics and enrich the lottery playing experience. We are pioneering innovation in the U.S. Lottery market through partnerships with the leading technology companies, including IGT, Intralot, Linq3, NeoPollard Interactive, and Scientific Games, along with world-class point of sale providers, Verifone and Ingenico.

No matter where people play the lottery — in-person, online, or via their mobile devices — our comprehensive solutions support player choice in payments across all your channels of engagement, responsibly generating incremental profits for good causes.

worldpay

Advancing the ways the world pays



**ABACUS Solutions
International Group**
www.lotteryeverywhere.com

Abacus – the gateway at the heart of connecting consumers, retailers and lotteries in the global market

Abacus believes the future of lottery lies in integrating into the existing retailer and consumer infrastructures by providing a highly secure transaction gateway that enables all parties to work together and create mutual growth. The Abacus Fusion Platform sits at the heart of connecting consumers, retailers and lotteries, with the Abacus team managing integration from start to finish.

Abacus believes in building long term relationships by working together to develop new and innovative solutions. By using cutting edge technology, created by forward thinking industry experts, the Abacus gateway enables lotteries and retailers to respond to the ever changing consumer market with speed, agility, reliability and integrity.

Our fully managed service offering includes:

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

Instant ticket sales and validation through our gateway

Dedicated management portal: control and monitoring of all services

E-commerce and Mobile solutions

Abacus games portfolio, including Bill Paid

Retailer loyalty solutions, follow-on promotions & 2nd chance draws

Contact: Simon Butler, CEO
Email: s.butler@abacus-bv.com
Telephone +44 1604 846777

Camelot | GLOBAL

Camelot Global
CamelotGlobal.com

Camelot offers a unique blend of operator credentials and technology competencies, and has become the leading solutions and advisory provider to lotteries around the world. Owned by the Ontario Teachers' Pension Plan and part of the Camelot Group of companies, we have a track record of innovation and sustainable growth.

We are the new integrated lottery business manager of the Illinois Lottery and deliver business consulting services to the Arkansas Scholarship Lottery. Our digital platforms and services power some of the most innovative and fastest growing digital lotteries in the world, including Loterie Romande and the UK and Irish national lotteries.

Whether it is technology, digital enablement, retail or marketing strategies, we deliver solutions and services that enable our customers to be successful in an evolving lottery player market.



SBTech
www.sbttech.com

SBTech is an industry-leading software provider of sports betting and iGaming software and services to operators in regulated markets. The group supplies highly flexible betting and gaming solutions to partners looking for speed to market and exceptional configurability, helping them achieve a competitive advantage through leading-edge technology, constant product development and game-changing innovations, all backed up by the best business intelligence and reporting capabilities in the sector.

SBTech recently released an array of mobile-focused in-running features such as Add2Bet, Action Betting and Pulse Betting, all designed to attract new players and maximize value by enhancing the user's journey, range of options and potential winnings. The complete offering includes the Seamless Sportsbook, the Chameleon360 iGaming Platform, a suite of Managed Services, plus on-property and omnichannel solutions providing players with constant access to sports and casino products across all touchpoints.

With unrivaled know-how across trading and risk management, KYC, AML, acquisition and CRM, SBTech enables its partners to consistently achieve rapid growth, enhanced brand loyalty and peak profitability. Recently SBTech has been in the spotlight for flagship deals with some of the USA's largest gaming operators, including Churchill Downs, Golden Nugget, and Resorts Casino.



Carmanah Signs
www.CarmanahSigns.com

The retail environment is rapidly evolving. The need to increase sales and appeal to younger players, while delivering engaging and informative experiences, is key for lotteries. Carmanah Signs combines a deep understanding of the Lottery Industry with globally leading retail optimization expertise, helping lotteries engage with their players and grow sales.

A leading supplier for over 20 years, Carmanah Signs (Carmanah) is the Lottery & Gaming Division of STRATACACHE—the world's leading provider of digital signage network software, hardware, and services. Together, STRATACACHE and Carmanah have over 2.1 million connected media players and 140,000 wireless jackpot signs at retailers around the world.

An active member of the global lottery community, Carmanah serves 51 lottery customers in four continents. Carmanah focuses solely on solutions for the Lottery Industry, providing everything from digital signage software and hardware (media players, screens, tablets, networking equipment, and jackpot signs) to services (content creation, scheduling and distribution, network monitoring, and technical support).

Carmanah is a long-time associate member of five global lottery associations (WLA, NASPL, EL, APLA, and CIBELAE), and is an ongoing sponsor and content contributor to numerous Lottery Industry events. The team includes professionals with a breadth of experience and deep roots in lottery, including team members from vendor, agency, and lottery backgrounds. Carmanah is the only digital signage provider committed to the Lottery Industry at this level.



EquiLottery Games
www.EquiLotteryGames.com

With PASPA being overturned, now is the time to join us as we pioneer a new category in lottery -- games of pure chance based on the results of live sporting events. This represents the biggest growth opportunity in lottery since Keno and a way for lotteries to be a part of sports betting without having to manage the exceptional risks of being a sportsbook.

Our flagship game based on live horse racing, Win Place Show, is being offered through the Kentucky Lottery beginning March of 2019 and you can learn about our full product line at our new website www.EquiLotteryGames.com. We will be offering games based on live sporting events such as baseball, basketball, football, hockey, soccer, auto racing and golf all under the same U.S and Canadian intellectual property which allows us to offer lottery games based on the results of future events such as live sports.



Lazlo
PlayLazlo.com

As the U.S. Lottery industry entered the new century, digital formats, gaming systems and the internet became the primary source for shopping and entertainment for younger consumers. Research has indicated that younger audiences are less likely to engage in lottery offerings and believe lottery is something that doesn't fit their lifestyle. New game styles, new promotional strategies, and new distribution platforms are required to attract broader audiences.

Lazlo™ creates a world where consumers can use their mobile phone, to buy lottery tickets at the register or in-lane and allows players to store their tickets and coupons on their phone the way they do photos, airline tickets and shopping lists.

Lazlo brings the lottery industry a new business model that provides lottery with a new product distribution channel, motivates retailers promote lottery and leverages the marketing support from consumer package goods companies.

The Lazlo team includes professionals with vast experience in lottery, technology, retail, consumer products and marketing. Lazlo provides exciting game content, attracts new audiences and delivers products in a manner that is easy, safe and secure for lotteries, retailers, brands and consumers.



NeoPollard Interactive LLC
www.neopollard.com

NPi is the proven leader within the iLottery space, providing the best technology solutions, most innovative game content and outstanding customer service.

Technology: NPi's leading iLottery platform, NeoSphere, provides a centralized PAM for managing player information, transaction records and digital wallet accounts. NPi also provides a MUSL certified interactive central gaming system and game management platform.

Managed Services: NPi's comprehensive suite of operational services include: Customer Engagement Marketing; serving lotteries needs for analysis, player segmentation, acquisition marketing, retention marketing, and player conversion strategies.

Games Studio: offering customized game development services and a growing portfolio of diverse iLottery game content.

Player Support: providing 24/7 email, chat and phone support.

Games: Market-proven portfolio of interactive games across categories of eInstants, eKeno and eDraw-based games.

NPi brings together two of the world's best companies in the areas of lottery and internet gaming—Pollard Banknote and NeoGames. NPi is designed to be flexible and responsive to the rapidly evolving internet lottery space. Our player-focused approach extends across our comprehensive suite of iLottery managed services and is deep-rooted in our best-in-class technology. This proven approach results in revenue maximization for lotteries seeking to develop their interactive business.

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Smartplay
Smartplay.com

Founded in 1983, Smartplay is the world's leading provider of traditional and digital lottery drawing systems. We design, manufacture, and service mechanical lottery drawing machines and computerized digital lottery (RNG) drawing systems. Smartplay has served nearly 400 customers in 85 countries across lottery, gaming, trade show and media industries. Our salaried, in-house staff travels thousands of miles monthly performing routine maintenance for over 200 customers worldwide.

We offer 20+ models of ball drawing machines for lottery, bingo, keno and other numbers-based games and promotions. In 2003, Smartplay introduced the Origin Digital Drawing System which is now widely used in the lottery industry for conducting lottery and raffle drawings. We have also developed technologies for automating the lottery drawing process and distributing results via traditional broadcast, online and social media. All equipment is manufactured at our facility in Edgewater Park, NJ, outside Philadelphia, PA.

Smartplay holds ISO 9001:2015 certification and adheres to a strict manufacturing and quality control process – critical in delivering the highest level of accuracy and reliability so important in our industry. Smartplay is a long-time member of both NASPL and WLA. To learn more visit www.smartplay.com or email us at info@smartplay.com.



Szrek2Solutions
Szrek.com

Szrek2Solutions (Szrek) is a technology company dedicated to secure lottery solutions, delivering state-of-the-art patented RNG and electronic draw systems. RNG solutions support all gaming environments and a large portfolio of certified game types (lotto, numbers, raffles, 2nd chance, keno and monitor games, bingo, instants, quick-picks, etc.). The unique security features include RNG non-repudiation and anytime integrity verification. These make the draw process transparent and provide legal proof of actual numbers drawn and their origin, protecting all stakeholders including players, lotteries, and vendors. RNG fault and fraud detection, and independent systemic audit bring RNG security to a new level.

Primary products and services:

- \$ Trusted Products Suite™ high performance Trusted RNG™ Platform for random number generation and integrity verification
- \$ Trusted Draw™ secure digital draw system
- \$ Trusted Play™ secure RNG server for instant and interactive games
- \$ Trusted Audit™ verifying integrity for all products, 100% fraud detection
- \$ Trusted Monitor™ viewing processes and transactions
- \$ Trusted Transaction™ securing bets before the draw / event
- \$ Trusted Ticket™ securing white-paper tickets and electronic receipts

Szrek2Solutions' products and services have been deployed since 2005 for lotteries and gaming vendors in the US, Europe, Asia, and Africa.

Szrek motto: "When I play I trust."



The World Lottery Association (WLA) is our industry's member-based organization to advance the interests of state-authorized lotteries.

For complete report and information on the industry's global association, to see the program and register for the World Lottery Summit (WLS) in Buenos Aires (Nov. 18-22), and to access the informational resources of the WLA:

Visit the World Lottery Association (WLA) at world-lotteries.org

WLA Report: Global lottery sales hit new heights in 2017

The robust final quarter of the year traditionally experienced by a number of the world's lotteries helped push global lottery sales up 3.8% year-on-year.

China's lotteries continued to power strong growth in Asia Pacific, with the region recording a full-year on full-year increase in sales of 7.4%. Growth at mainland China's lotteries was built on the back of final quarter results, which saw sales rise by 10.5% for Q4 2017, versus the corresponding revenue period in 2016.

Latin America and Africa also experienced a fine 2017, reporting twelve-month on twelve-month growth rates of 6.2% and 4.9% respectively, even as sales moderated during Q4 2017, where quarter-on-quarter growth slowed to 2.7% and 1.9% respectively.

North America enjoyed a strong final quarter of 2017, with Q4-on-Q4 sales up 6.7%, helping to buoy a quieter year that saw twelve-month on twelve-month sales inch up 2.1%.

Slightly stronger second-half results helped Europe to steady over the course of 2017. Year-on-year, the region grew a modest 0.6%.

Asia Pacific UP 7.4%: AsiaPac's growth spurt continues

Rarely a quarter goes by without the WLA reporting strong growth from mainland China's lotteries. Q4 2017 was no exception as China's Sports Lottery enjoyed an excellent 15.6% rise in sales while the China Welfare Lottery grew by 5.8%. While Q4 2017 produced the year's best results, both of mainland China's lotteries maintained their momentum throughout the year. Over the course of 2017, the China Sports Lottery boosted sales by 11.4% to CNY 209.7 billion, while the China Welfare Lottery increased sales a creditable 5.1% to CNY 217 billion.

Sales increased across 26 of China's provinces, with the Jiangxi, Jiangsu, Hubei, Guangdong, and Fujian provinces taking center stage. Sports betting continues to be the nation's fastest-growing product, with sales rising 21.4% year-on-year to CNY 92.9 billion. However, in terms of sheer volume, sports betting does not yet compete with draw-based games, which increased 7.3% year-on-year to a massive CNY 262.8 billion. Putting this into perspective, draw-based games currently account for 61.5% of the market in mainland China, while sports betting, the next largest market segment, accounts for 21.8% of total lottery sales.

The Hong Kong Jockey Club enjoyed 8.6% growth in sales in the fourth quarter of 2017, as compared to the fourth quarter of 2016, and 9.1% growth year-on-year. The strong performance was mainly driven by an impressive 11.2% growth in racing, thanks to the addition of simulcast racedays and local race meetings, together with the continued growth of the customer base and commingling, underlining the growing attractiveness of Hong Kong's world-class horse racing.

Latin America UP 6.2%: CAIXA's Mega-Sena completes mega-year

With sales at Mexico's Lotería Nacional para la Asistencia Pública and Pronósticos essentially holding steady year-on-year, and sales at Chile's Polla Chilena contracting sharply, Brazil was largely responsible for Latin America's growth in 2017. Sales at Caixa Econômica Federal grew 8.14% over the course of the year, as against 2016, generating BRL 13.88 billion in revenues. Taking inflation over the period of 2.95%

into account, real growth was a healthy 5.04%.

The Mega-Sena, Brazil's biggest lottery, was the great highlight of 2017. It closed out 2017 with total sales of BRL 5.8 billion, exceeding the 2016 total sales of Mega-Sena by more than 14.2%. The success of Mega-Sena in 2017 was due in no small part to the special New Year's Eve draw Mega de Virada, for which 71 million tickets were sold in 2017. Total sales for this draw were BRL 890.9 million, up 21.1% on 2016. Collectively, sales of Mega-Sena (including Mega de Virada) in December 2017 were more than BRL 1.18 billion, or 61% of revenues for the month.

Another game in the product portfolio of Caixa Econômica Federal that enjoyed an exceptional 2017 was Timemania, which saw sales of BRL 475.9 million, the largest subscription in the game's history. In addition, Timemania also offered the two largest awards in its history in 2017, of BRL 31.8 million and BRL 32.4 million respectively.

The sterling performance of Caixa Econômica Federal guaranteed BRL 6.55 billion in transfers to legal beneficiaries, and BRL 4.72 billion in prizes to bettors. The average spend per ticket was BRL 5.00, representing an increase of almost 3% compared to the average spend per ticket in 2016.

Africa UP 4.9%: The Mauritian National Lottery reaps dividends

In Africa, Morocco's Loterie Nationale and La Marocaine des Jeux (MDJS) enjoyed the strongest showing of the continent's lotteries, recording growth rates with 17.5% and 10.8% rises respectively. The Mauritian National Lottery ran in a very close third.

Both the national lotteries of Morocco and Mauritius enjoyed outstanding closing quarters, with Morocco's Loterie Nationale increasing sales by 24.3% and Mauritius boosting sales by 23%. The former also boasted the best growth rates for the calendar year with a growth rate of 17.5%, beating all other lotteries contributing to the WLA Quarterly Lottery Sales Indicator.

Mauritian National Lottery operator Lottotech boosted sales by 10.7% over the course of the year. This pushed net profit

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