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Simplifying Complex Product and Technology Environments to Deliver the Optimal User/Player Experience

PGRI Introduction:

Today's consumers are given more and more options for how they interact with merchants – and they have come to expect a multitude of options from all of their purchasing relationships, including Lottery. Now the challenge is to build an “omni-channel” lottery gaming system that delivers a seamless, user-friendly consumer experience ... a better overall user experience (UX). While the quest is for a simplified UX, the technology is anything but simple. Scientific Games' new omni-channel system is simplifying complex product and technology environments in our industry.

Pat McHugh heads up global lottery systems at Scientific Games. We discussed the company's recent acquisition of NYX Gaming Group, which includes OpenBet, as well as two major technology projects he recently led – one a gaming systems conversion for Atlantic Lottery Corporation in Canada, one a technology expansion for the Pennsylvania Lottery. The acquisition and these projects demonstrate technology's potential to change the lottery player experience beyond anything our industry has imagined.

Paul Jason:

Why is Scientific Games' acquisition of NYX so significant to the future of Lottery technology, and how will it help your customers?

Pat McHugh: Our acquisition of NYX, one of the fastest growing B2B real money digital gaming and sports betting platforms in the world, is really phenomenal. The acquisition fits perfectly with our strategy of integrating expanded product and channel offerings to grow our customers' profits. This positions Scientific Games as the industry leader for mobile and internet

new products, technology and the expertise of people. We see ourselves as a technology provider that creates products and services to drive our lottery customers' business. That's why we're investing in acquisitions like NYX to grow our technology platforms and be able to serve new content. Our role as a provider is to offer the broadest, most integrated portfolio of technology platforms, systems, content and services as possible. We are the supplier of choice for lotteries that want to maximize their profits. That's how we differentiate ourselves.

In fact, if you look back at our history, we have proactively sought business relationships that either add value for our customers or help bring products to market – and in many cases, advance the lottery industry as a whole. You'll see this is the case if you look at some recent examples of this strategy, for instance our acquisition of longtime business partner Lapis Software expanded our offering of sales force and retail performance tools. And by working with third-party companies, Scientific Games was first to market with cashless lottery payments, first to market with pay at the pump and ATMs with Linq3, and first to market expanding distribution points with gift cards through InComm.

Our support of the Maryland Lottery's monitor game program is another good example of us finding partners that can add value for our customers. Some years ago, we were exploring ways to expand lot-



platforms, digital game content and sports betting systems – and it expands our current distribution network. So it's a fantastic addition to what we can offer our customers across iLottery, iGaming and sports betting.

Scientific Games as a company has always looked at where the industry was going and what our customers need or will eventually need, and we shape the future through partnerships or very often, through mergers and acquisitions. NYX is a perfect example of how we expand our offerings by integrating

tery monitor games content, such as with virtual sports content. So we found the best content to add to Maryland's mix of monitor games by partnering with a third-party company, and integrated their game into our system to bring the horse racing game Racetrax to market. At the time, Maryland was one of the highest-performing Keno jurisdictions based on per capita. And we knew there would be competition from the expansion of gaming with the casinos that were coming to the state. Today, Racetrax is the best performing monitor game in North America behind Keno.

Your global teams have taken part in a long list of innovative technology projects over the years. Why were the recent projects in Pennsylvania and Canada so high profile, and what's next?

P. McHugh: Very true. And if you look at everything we've done with acquisitions and partnering with other companies on projects, it's really expanded how we view the lottery systems business. Both the Atlantic Lottery and Pennsylvania Lottery projects are real-world examples, live and in production today, of Scientific Games coming to market in ways that deliver huge value to our customers. These two initiatives represent very different expanded consumer offerings, the similarity is Scientific Games' ability to integrate in a seamless manner. Think about iTunes – it's great technology, however what's most impactful is the user experience of having relevant products and services that work together. We take a complex environment which can be challenging for lotteries to manage, and can sometimes be disjointed from the consumer UX, and we simplify it with our ability to integrate. While these two lotteries have completely different sets of product offerings, they both ride on Scientific Games' omni-channel technology that allows us to pull together our content and third-party content.

In Pennsylvania, we integrated multiple third-parties via APIs in a standard manner – sales at gas pumps, first-in-the-nation cashless payments through our lottery point of sales equipment, and expansion of the Lottery's distribution by connecting to a national gift card point-of-sale network. We launched all three of these third-party integrations within eight weeks, all riding on the same core technology. This translates to simplicity: an omni-channel platform that is easily managed on an ongoing basis, of-

fering low maintenance for the operator and simple navigation for the user.

For the Atlantic Lottery, we combined a number of disparate systems into a new, omni-channel platform – tying together retail, internet, and mobile channels to offer the Lottery's full product line to players. In addition to retail sales, players have access to electronic versions of draw games, digital scratch games, sports betting, and bingo all through one unified wallet in a seamless experience. Our platform offers bonusing and promotional opportunities at both retail and online, the ability to fund a player's

player, but it's immensely important to lottery product managers to have ability to manage their product roadmap more easily, with more choices and faster speed to market.

Could you describe some specific examples of how the unified player experience works?

P. McHugh: In the digital world, unified player experience is one mobile or web user interface that easily serves up different game content, allows simple registration, easy participation in promotional programs such as

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wallet at retail, and sales performance analytics across all channels and product lines, so it really ties it all together. Our technology platform integrated over 20 separate systems from 10 different suppliers. Moving forward, Atlantic Lottery can now add new game content much more easily.

As for what lies ahead, I am very excited. This spring, we're planning to launch another omni-channel platform for Danske Spil in Denmark – again integrating retail and internet with product verticals serving traditional retail games, digital instant games, digital casino games, and sports betting. And we expect many more projects like these to come to Scientific Games because of the kind of work we're doing.

Creating more options and ways for the consumer to interact with Lottery and play the games is certainly an important start. Doesn't the need to learn more protocols and ways to play Lottery get confusing for the consumer? Is the purpose of the unified player experience to make it an easy-to-use player interface?

P. McHugh: That's exactly right, Paul. For the player, product choice has to be easy to navigate, and it has to be fun. What happens behind the scenes is less important to the

loyalty and second chance drawings, and the ability to use that same mobile app when playing at retail – such as checking winning tickets, funding the mobile wallet, collecting loyalty rewards whether at retail or online. The visual cues and navigational protocols are intuitive to make it easy for the player to migrate from one platform to the others. That's what is happening at the Atlantic Lottery in Canada right now.

Overall, the retail solutions we are implementing for customers allow players more options at retail. There are now more payment options, and more places to play through expanded retail distribution channels – for example, purchasing a game at a gas pump. Today, so many consumers don't carry cash. Players can pay with a card or mobile device through our system. It's integrated right into the retail transaction, so the workflow is easy for the retailer and player, and lotteries can manage the transaction fees and the retailer's economics. So the retailers are not losing their commission by absorbing the transaction fees, and they are not losing a sale from consumers who are not carrying cash. Since implementing cashless, we're seeing small incremental spend increase across a broad base of players, which

adds up to a significant aggregate increase for a lottery. Making it more convenient for the consumer to play lottery games directly drives sales. This is exactly the kind of responsible growth lotteries want to achieve.

Maryland's recent lottery systems procurement is also a good example of how RFPs are being constructed to drive profit for lottery beneficiaries more than simply providing technology. Lottery profit margins absolutely favor a growth investment strategy because return on investment is so high. Wisely, that is precisely what Maryland's RFP did. Creating alignment between the Lottery and its commercial partners is key to driving maximum long-term success for the benefit of good causes.

What is involved from the systems and communication infrastructure to enable this seamless integration of UX across multiple channels?

P. McHugh: As I mentioned, we have created standard API interfaces combining our retail and internet platforms, and an overall architecture that is built around our business model of integrating expanded game content, marketing programs and channels to increase our customers' profits. We are the supplier of choice for lotteries seeking the best products and solutions to maximize their profits, and that's how I've structured our global lottery systems organization. This means being innovative and embracing the best solutions in the market, including both Scientific Games content and third-party content. We don't view lottery systems as the retail point-of-sale and transaction engine that sells draw games; or being limited to just lotto and instant scratch-offs. Scientific Games has the most diverse gaming product portfolio on the planet, and nearly every product or service we offer is in use today under our lottery systems' contracts – from game design, to instant product management, marketing services, loyalty programs, iLottery, iGaming, sports betting, gaming machines, and VLT central monitoring systems. These are all part of our systems' product offering.

Will the single API solution be transformational in opening up multi-state retailers?

P. McHugh: There has been a lot of focus recently, particularly in the U.S. lottery market, on a standard API for expanding distribution. Scientific Games is a leader in setting standards for the gaming industry. We not only fully embrace this, I've personally been a vocal advocate on opening up our industry beyond the traditional view of closed systems and distribution channels. In fact, Scientific Games has a long history of industry firsts integrating third party companies in areas such as game content, distribution channels and payment methods. 'One size does not fit all' for our customers or our retailers. That's why we will support the standard API, and continue to go even beyond the standard API, and offer additional solutions that connect our lottery customers to value added programs. We've been doing this for years outside the U.S. and are excited to share solutions between markets for our customers.

Amazon's superiority in all aspects of customer relationship management (CRM) is its primary competitive advantage. Will CRM become the decisive competitive differentiator in the gaming and Lottery sectors that it is in retail?

P. McHugh: Yes, and CRM is actually at the core of our player account management platform. Lotteries need to manage player engagement seamlessly across their portfolio. Our ability to provide tools and services to effectively manage player acquisition and retention is critical to maximizing performance. And that's what CRM is all about.

An interesting similarity with the traditional retail business is how we view our Lapis acquisition and their suite of gem | Intelligence® and gem | Retailer™ products. We see this as an extension of Retailer Relationship Management (RRM), which really is a suite of CRM tools for managing retail and sales force performance by managing those relationships effectively. ■

Scientific Games Completes Acquisition of NYX Gaming Group January 5, 2018

Combination Creates Leading B2B Provider of Digital Gaming and Sports Betting Technology, Platforms, Products and Content

"Today, Scientific Games moves forward as a leading digital provider of sports betting, iGaming and iLottery technologies, platforms, content, products and services," said Kevin Sheehan, Scientific Games Chief Executive Officer and President. "As we look to 2018, we are truly excited by the opportunities that this acquisition presents to us."

Together, Scientific Games, a world leader offering customers a fully integrated portfolio of technology platforms, robust systems, engaging content and services, and NYX, one of the fastest growing B2B real-money digital gaming and sports betting platforms in the world, form an industry-leading force across iGaming, iLottery and Sports.

Scientific Games will now be perfectly positioned to capitalize on future regulatory developments in real-money wagering and sports betting by adding NYX's industry-leading OpenBet Sportsbook. NYX's digital Sportsbook can be seamlessly delivered throughout Scientific Games' global gaming and lottery networks in existing and future regulated U.S. and global markets.

In addition, NYX's worldwide channels, markets and customer base offer new growth opportunities to build on the significant momentum of Scientific Games' existing interactive gaming business.

