



## Chris Sfatos

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# Diversifying the Portfolio Offering and Merging the Physical and Digital Player Experience

### PGRI Introduction:

*Chris Sfatos and I are surrounded by INTRALOT's next-generation products at ICE Totally Gaming Show in London. This new product portfolio, including the new Lottery central system Lotos X and the new Sports betting platform, INTRALOT Orion, is geared towards the digitalization and personalization of the player journey enabling Lotteries' modernization and digital transformation. INTRALOT's holistic approach is built on a flexible open architecture that puts power into the hands of the operator, a software platform that enables fast and efficient updates, integrations, scalable expansion, and increases speed-to-market while reducing total cost of ownership for the operators. It's an exciting time of change for both the industry and for INTRALOT.*

*INTRALOT is first and foremost a technology company which integrates best-practices from its global operations with the jurisdiction-specific insights of its clients to produce the best results and implement a tailored industry best-in-class Responsible Gaming strategy and program in any operation globally. Its global resources are brought to bear for the benefit of all its clients, but with respect for the role of the client who knows what works best in the local market and in accordance with the WLA (World Lottery Association) and international principles and standards for Responsible Gaming.*

*Chris Sfatos describes the new phygital space, the merging of online and retail, the complementarity rather than the conflict between multiple channels of distribution, and how the well-conceived distribution strategy caters to the needs of the modern player desire for options and diversity of experience.*

**Paul Jason:** How will the future differ most from the past, in the industry and for INTRALOT?

**Chris Sfatos:** It is our firm belief at INTRALOT that first and foremost we must understand our players and their needs. For a while now, we have been focusing our product development strategy around the needs of the modern player. We know that, in the digital era, the player is much more demanding, and that is exactly why we offer operators technology

that will further enhance understanding of their players and allow them to serve their needs in a fast, effective and personalized manner. And while this is now imperative for the younger demographic, it is quickly becoming essential across all demographics, verticals, and channels.

Modern technologies give us the ability to discern the habits of individual players and adapt to them. Our product and service planning evolves around the entire player

journey that starts with awareness, moves on to wanting to play, then experiencing play, then becoming a loyal customer, and finally becoming an ambassador; this player journey is for us the driving force behind the design and the adaptation of our products. We have products for every part of the journey: for creating awareness, for motivating the desire to play, for optimizing the player experience itself that includes the terminal, the play slip, the electronic play slip, etc. And this applies to every distribution channel.

**Phygital combines retail space with online and other channels, but it also refers to the digitization of the retail shopping experience. How does this provide an opportunity to add value to the consumer experience?**

**C. Sfatos:** It's very clear that the physical and the digital world are merging, and in a surprisingly complementary way. The two channels are so different and, as a result, the consumer experience is very different. Digital is available everywhere, but the rules of engagement are varied and ambiguous, and they are changing as we speak so the consumer is still learning. Conversely, we have been shopping in stores for centuries which makes the physical experience familiar and comfortable. The physical platform also provides opportunity for innovation to make it more social and entertaining. Different channels deliver different advantages and benefits, and the

consumer will always want access to the variety of benefits that multiple channels provide. So, giving the player the opportunity to experience a game they trust, for a cause they believe in, to participate in a genre of entertainment that they are familiar with but giving them the variety of experience - this renders the overall player experience more attractive. Achieving awareness and consideration is easier in the digital world, while experiencing the 'game' is more efficient in the retail outlets. Data processing and customer relations management is easier in the digital world.

Ultimately, the physical and the digital worlds each come with certain advantages that can be complementary; and they can be incorporated into the design of an integrated product that traverses across both the physical and the digital worlds according to the strengths of each. We see this in sports betting: fixed odds betting in retail can attract player-ship in spite of a much lower payout because it has the benefit of the physical network. The online can afford to offer higher payouts in order to attract and maintain the players, but the physical can compete with lower prize payouts, underscoring the tremendous capabilities of retail networks. So we at INTRALOT see the complementarity of the two and have designed into the sports betting platform, for example, an omni-channel platform: The INTRALOT Orion, which we are showcasing here at ICE today, incorporates the whole solution.

**When we talk about a whole solution – does it enable the player to be able to learn quickly and intuitively going from one channel to another so they don't have**

**to learn different protocols, different user interfaces and stuff like that.**

**C. Sfatos:** Definitely. Although I have to say that the player is adapting much more quickly than the operator. The challenge is for the operator to learn how to integrate both channels and both capabilities into

their high credentials of integrity and responsibility which the player as well as all stakeholders appreciates. The law right now gives such great independence for a state-by-state approach, and it will take innovative thinking and leadership not only on the part of the legislators, but also on the part

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their product life cycle, despite the fact that we used to regard them as very different. We have come to realize that we need both in order to offer diversity of options and increase the engagement.

**What is your experience with sports betting? I'm hoping that the addition of sports betting to the portfolio of products will enhance the sale of traditional lottery games because with sports betting you're bringing in a whole new player profile - at least some of whom will want to play lottery as well as sports betting.**

**C. Sfatos:** At INTRALOT we have been strongly advocating for the engagement of US State Lotteries in the sports betting world because of the strength of Lotteries' physical retail network and because of

of the lotteries. In any case, it will be an additional revenue stream and a very attractive opportunity for cross selling: betting appeals to the young generation who loves sport, and lottery has been attractive for the older generations and anyone who dreams of a life changing event or experience. Too, there is a lot of cross selling potential between the two groups. So I believe that America will adopt sport betting very soon. It is likely that the online offerings will come about sooner, but it is the strength of Lottery's retail networks that is its most powerful asset and competitive advantage.

**Switching the subject slightly to modernization of retail: Are there ways that the commercial partner like INTRALOT and the lottery operator could work more collaboratively with the retailer to achieve mutually desirable ends?**

**C. Sfatos:** Yes, definitely. But the modernization process for the lotteries needs to employ technology that will offer the modern capabilities to address the wide range of opportunities and requirements of the players; especially the next generation players. When we are talking about next generation players, we are talking about people who grew up with an iPad. So we need to give operators and retailers the tools and capabilities to meet the needs of the digital native. We need to provide them with technologies at a much lower total cost of ownership and become much more agile and flexible, much more effective in changing and trying new offerings - almost on a weekly basis.



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So this is our new philosophy, this is what we are launching here at ICE. Two verticals, sports betting and lottery, new platforms for both, same philosophy, a holistic approach of end-to-end, cross channel, cross product, and cross vertical. But let's look at each vertical alone for a moment. We have the lottery with a new central engine that has a very flexible, open architecture, third-party friendly, and much shorter time-to-market and lower cost of ownership. And with a sports betting omni-channel platform that is strong on both digital and retail, we give the operators the ability to support both channels without cannibalizing one or the other, but rather working complementarily in order to keep the player engaged.

**And how about other channels such as self-service terminals and cashless transactions.**

**C. Sfatos:** Self-serving terminals and machines offer a chance for a larger footprint. However, they're not expected to replace the retailer but rather to offer a different kind of experience so that the player doesn't get bored with the same thing again and again. It was a different time when people had one draw per week and would go to the store, fill out a slip, wait for a week and look up the results. Now we live in a time when everything happens quickly. The consumer expects speed and convenience. They do not want to spend more or become addicted to anything; that's why we have all the safeguards and all the analytics that tell us about player behavior. Responsible gaming features support the long-term sustainability of healthy player-ship, happy players, and therefore the business itself. By providing a simple and easy playing option, self-service terminals contribute to the quality of the in-store shopping experience.

Self-service machines offer efficiencies, unmediated options, and the alternative preferred by many consumers who prefer to avoid check-out lines. Self-service betting terminals provide people who are not so familiar with betting with an option that is familiar to them because it resembles the way lottery is packaged and displayed. Sports betting is not like a draw game, it's not an RNG that produces a result. It plays more like an actual game, but the playing activity displays the choices in ways that make it easy to select a betting option much like you would select a lottery ticket, so it makes it attractive to somebody who

doesn't really know a lot about sports or how to bet on sports.

**How will INTRALOT position its clients to succeed in the competitive gaming environment of the coming years?**

**C. Sfatos:** Our vision at INTRALOT is to be ahead of developments in modernizing lotteries in the digital era and shaping the future of gaming. This summarizes our very broad vision and the way we operate with our clients. We are a technology company and an international company and these two elements are the essence of who we are. We are in the gaming industry for longer than 25 years, and we have developed a niche expertise for the government lotteries and sports betting in the regulated markets.

Unlike our competitors, we have not diversified into the casino technology business and remain very focused in creating and launching the next generation products that will serve the digital transformation needs of our clients. We have a lot of know-how in offering services and managing operations, as we run the gaming operations in some jurisdictions, but primarily our focus is on partnering with operators, anticipating broad consumer trends and the changing tastes and preferences of the players, and developing technologies that meet the needs of the gaming operator, the market-place, and the modern consumer. We are strong at providing options for the retail network and integrating the retail and digital worlds. As a technology company, we are focusing on the human capital because we depend on the knowledge of the people and their skills to create software and integrate new ideas. That is where my personal challenge lies: to offer inspiration to our people and to create the structures that will keep them excited about the future of the industry and their role in that future; to communicate our company's vision clearly, to receive our stakeholders' feedback and to identify constructive ideas for continuous improvement and innovation. ■

industry for jobs, economic stability, and tax revenue.

Indeed, a lawsuit has already been filed against DOJ in federal court by the New Hampshire Lottery Commission. And pressure from the judge overseeing the case has, reportedly, already forced the DOJ to push compliance with the new opinion from April to June.

Fortunately, this period of limbo will likely not last very long, as most legal scholars agree the new opinion is so poorly constructed it will not withstand challenges in court. Thus, it may only be a matter of months before the clarity achieved by the DOJ's 2011 opinion is reestablished and the power to regulate intrastate gambling is rightfully restored to the states. Still, the opinion will no doubt have the chilling effect Adelson hoped for with states stalling proposals to legalize or expand online gambling and notoriously skittish payment processors refusing to service licensed operators in states where online betting is already legal. And, no matter how short-lived the logjam created by the DOJ's opinion is, it should be gravely concerning to all of us that a single special interest appears to have manipulated an office of the federal government into bending the law to suit his personal interests. ■

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\*Michelle Minton has authored numerous studies, including topics like the effectiveness and unintended consequences of sin taxes and history of gambling regulation. Her analyses have been published and cited by nationally respected news outlets such as the New York Times, the Wall Street Journal and USA Today as well as peer-reviewed journals. She regularly appears in news media to discuss the unintended effects of laws and rules designed to save adults from their own choices which not only conflicts with the principle of individual liberty, but often the goals of public health.