Daniel
CAGE

Founder & President, Linq3

Integration of Retail and Mobile:
The purchase transaction is at the brick and mortar store and the customer experience is on the consumer's mobile device.

Paul Jason:

What were the catalysts that caused you to pursue and implement this collaboration with Blackhawk?

Daniel Cage:

We began exploring ways to enable a fast and easy solution for Lottery to be purchased at the check-out lane of multi-state retailers by seeking input from leadership at both grocery and big box retail. The input we received included three key concepts. First, that embarking on an IT effort to enable a lottery solution was likely a non starter for large retailers. Their POS systems are linked to accounting, inventory management and other operational functions so change to their systems is difficult and timelines are protracted. This is further complicated because some of the largest retailers have grown through acquisition and are running multiple POS systems.

We initiated discussions with Blackhawk in part because their existing gift card program had required them to solve these issues. The Blackhawk partnership created a pre-integrated IT solution so there is no IT work on the retailer side. The second concept retailers brought to our attention was the importance of speed at check out. They did not want the consumer to make decisions or 'play' the lottery at check-out. They are very focused on efficiency and a great customer experience. The Lottery card is a simple purchase with no decision making at the time of check out. The player experience is great. The customer selects and purchases the lottery card like any gift card,

then the lottery play is displayed on your mobile device. Plays are tracked virtually and winnings are electronically paid.

Finally, the third concept focused on their market segmentation. The best retailers invest in a digital relationship with their customers, and lottery should be no different. They are very interested in creating products and experiences that appeal to a wide range of their customers. Adding lottery at checkout, in addition to customer service and vending, does exactly that.

What are the technological synergies between the Blackhawk solution and the Linq3 PATP solution?

Daniel Cage:

The Blackhawk Solution uses the same technological platform as is used by Play-at-the-Pump (PATP). The way the Linq3 system generates numbers and communicates with the Lottery infrastructure both at the state level and with the gaming system is very similar to the way the Blackhawk process works. The customer experience is different because you're at a check-out lane rather than at the pump, but the technological backbone that operates the systems are the same. So that's the technological and operational synergy.

Perhaps the more compelling synergy is on the customer-facing side. Applying a digital strategy to integrate multistate retailers opens up the potential to include loyalty programs to deliver meaningful benefits to the consumers. And it's great for commercial operators and marketers

like Lottery. It could effectively carve out a high-profile position for Lottery within the existing infrastructure of the Retailers' Loyalty apps. This Blackhawk collaboration is an extension of our strategy to make Lottery more accessible to the consumer, in terms of POS and new payment and delivery options.

Blackhawk has been a great partner both in the business process and the technology solution. We have a shared vision for how the product can be optimized today but also for how the industry and this product will

evolve together in the future. Blackhawk invests a great deal of time and resources into their relationships with their Retailers and we are proud to bring this partnership to our Lottery clients.

How does the process work exactly?

Daniel Cage:

The purchase transaction is incredibly easy. It's essentially three steps.

1. Lottery cards are displayed on racks or POS stands at the check-out lane or other high traffic areas of grocery and other large retail stores. The customer selects the lottery game-card they would

Linq3 and Blackhawk Network Collaborate to Enable Lotteries to Offer New Way In-Lane Purchasing of Lottery tickets

like. The games available in this format will be Powerball and Mega Millions.

2. Next, the consumer hands the card to the cashier and proceeds to check out and process the transaction along with the other items in the basket. There is no other decision or action to be made at the check-out lane.

3. Step 3 is to activate the card just like you would a gift card. The player opens the card carrier to remove the plastic card inside, scratches the back of the card to reveal a security code, and texts that five-digit security code to Linq3, at which point the card is activated and your quick picks are sent right to your mobile device.

I would think it should be a top priority for both retailers and Lottery to integrate Mobile into the retail shopping experience.

Daniel Cage:

Yes. Retail plus Mobile expands the retailers' customer reach, creates a great experience for the player,. The purchase transaction is at the brick and mortar store and the customer experience is on the consumer's mobile device. And I agree that the next paradigm shift in the industry will be driven by the combination of Retail and Mobile and that is what the Linq3 – Blackhawk collaboration does. ∎

This breakthrough solution allows shoppers to purchase mobile-enabled Powerball and Mega Millions tickets at grocery checkout lines

The Lottery industry already knows Linq3 as the provider of the technology that enables consumers to buy lottery tickets right at the transaction-processing monitor at the gas pump. "Play-at-the-Pump" and its eponymous acronym PATP. The same technology enables all credit and bank card processing monitors to sell Lottery tickets. That includes ATMs, Taxis, and of course, Mobile phones. It also includes the check-out registers in large retail establishments like grocery and department stores …

Subject to individual lottery approval, U.S. shoppers will soon be able to purchase jackpot games such as Powerball and Mega Millions at grocery retail checkout and have the numbers sent to their mobile device. The benefits of this innovation are massive. It makes playing the lottery more convenient and fun for the players. Making the product available for purchase in the check-out lanes of grocery and department stores dramatically increases the number of POS's, exposing lottery to entirely new consumer groups. But it is really much more than all that. Enabling in-lane purchasing with a Mobile app brings Lottery into the life-styles and world-views of the modern consumer. In effect, it provides a whole new way to play the Lottery.

This unique innovation is the result of an exclusive partnership between lottery technology provider Linq3 (other Linq3 solutions include Play-at-the-Pump technology) and Blackhawk Network (a global financial technology company and leader in connecting brands and people through branded value solutions). The program is subject to individual state Lottery approval and is expected be available in participating states and grocery retailers starting in late 2017.

"With the live ticket technology, shoppers will be able to easily purchase lottery tickets in the grocery locations they regularly frequent and have lottery numbers sent to their mobile phone, providing them with a streamlined experience," said David Tate, Blackhawk Network senior vice president, U.S. Business. "Additionally, it simplifies the lottery purchasing path, which is expected to make this a more popular choice among retailers' customers."

Big jackpot games will be available for sale at participating retail checkout lanes across the U.S., as states approve the new distribution channel tied to the retailers point of sale system. Shoppers playing lottery games in this new way will activate their purchase via text and have their lottery numbers delivered in real time to a mobile phone with text and picture messaging capability. Shoppers will also be able to track their results virtually and have most prizes paid electronically.

"We look forward to leveraging our leading-edge lottery platform within Blackhawk Network's vast distribution footprint of premier retailers. This provides Lottery a new and efficient way to offer products to their customers, giving them access to a new lottery experience that's interesting and exciting," said Daniel Cage, founder and president of Linq3. "This program is designed to operate within current regulatory guidelines and provides lotteries the ability to significantly impact the growth of lottery revenues for their states."

Linq3 is a technology solution provider that makes lottery tickets purchasing Lottery tickets fast, easy, and convenient. Its innovative technology creates an immediate playing experience that reaches more consumers and wherever they are – at the gas pump, the ATM, in the checkout lane, a taxi, or right on their mobile phone. For consumers, it's convenient and cool. For lotteries, it's a channel to reach new players. And for retailers, it means more customers – and a boost to the bottom line. 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.

Linq3 has offices in Atlanta, Ga. and Long Beach, Ca.

Blackhawk Network Holdings is a global financial technology company and a leader in connecting brands and people through branded value solutions. Blackhawk platforms and solutions enable the management of stored value products, promotions and incentive programs in retail, ecommerce, financial services and mobile wallets. Blackhawk's Hawk Commerce division offers technology solutions to businesses and direct to consumers. The Hawk Incentives division offers enterprise, SMB and reseller partners an array of platforms and branded value products to incent and reward consumers, employees and sales channels. Headquartered in Pleasanton, Calif., Blackhawk operates in 26 countries. For more information, please visit blackhawknetwork.com, hawkcommerce.com, hawkincentives.com or our product websites giftcards.com, giftcardmall.com, cardpool.com, giftcardlab.com and omnicard.com. ∎