PGRI PUBLIC GANING

NOVEMBER/DECEMBER 2017

- Turning Up The Volume On Sales At The Georgia Lottery
- Interview With John Donahue, CEO, INTRALOT Inc.
- PlayNow: Terminal-Generated Instant
 Games
- The End Of The Gas Station Means New Possibilities For Lottery Retail







Marzia Mastrogiacomo Lottomatica S.p.A.



Charles McIntyre New Hampshire Lottery



Paula Otto Virginia Lottery



Thomas Delacenserie Kentucky Lottery Corporation



Alice Garland North Carolina Education Lottery

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Showcase of industry honorees recognized by the Lottery Industry Hall of Fame PGRI Lifetime Achievement Award Sharp Award for Good Causes Lottery Industry Statesman and Stateswoman Award Rebecca Hargrove Mentorship Award Collaboration Award

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From the Publisher

e want to thank **Debbie Alford, James Hutchinson,** and the incredible team at the **Georgia Lottery** for their leadership and support in producing Lottery Expo Atlanta. Susan and I hope we have the opportunity to come back to Georgia someday to produce another event with our friends at the Lottery. And thank you to everyone who attended. We hope it was a rewarding experience for all of you. Now we look forward to **SMART-Tech 2018**, which has been moved from New York to **Miami March 27-29**. Visit PublicGaming.org for conference updates. Conference registration, hotel info and room reservations will all be posted and available to book by the time you read this. BTW, Lottery Expo will be held in New York City, October 24-26.

The theme of SMART-Tech 2018 is Strategic Innovation: Charting a Course between Disruption and Stability. This title came to mind when I saw another headline proclaiming the wonders of disruption - "Disrupt or be Disrupted". But, does everyone want to be the next Uber? If you are a start-up with nothing to lose and everything to gain, the answer is yes. The decision to be the bold change-agent disruptor is an easy one. But what about a well-established incumbent like government lottery? The risk-assessment calculus is wholly different if you are a multibillion-dollar business with dominant market share and millions of loyal customers who love your product. Lottery still needs to innovate and lead, but the process should probably be more measured and strategic. To be sure, as an industry, government lottery needs to challenge itself to be more willing to disrupt the status quo. But still, how do we reconcile the imperative to be catalysts for change and progress with the equally important goal of optimizing the value of our current products, business model and infrastructure, and legacy assets? No stakeholder wants the CEO to do anything that puts that immense equity at risk. Strategic innovation charts a prudent course between disruption and preserving stability.

Government lotteries in Europe, for instance, are being disrupted by market-place dynamics and regulatory change in ways that do not benefit their stakeholders. It is hard to say what, if anything, could have been done differently to avoid the current situation in which the monopoly status of government lotteries is under such severe attack. First, the "Health Lottery" spawned a whole new species of Lottery. Small local charities banded together to form a large-scale national lottery that competes with the authorized government lottery in the UK. The UK Gambling Commission legitimized this new business model, endowing them with the imprimatur "Society Lotteries". Next, Lottovate is partnering with UNICEF to offer lottery products in Norway and has been licensed by the Netherlands to operate a lottery there as well. And now it appears that Sweden is going down an even more aggressive path towards license of multiple operators and free-market competition in the lottery sector.

Christofer Fjellner, Swedish Member of the European Parliament, explains, "the state monopoly on gambling will be replaced with a system based on licenses, allowing private actors to offer their services ... to modernize the Swedish gambling regulation and get rid of the outdated and obsolete monopoly ... Technology has made the current monopoly obsolete and the cross-border nature of online gambling makes it possible for companies to offer their services even to countries like Sweden. Half of the online gambling in Sweden is conducted through foreign operators, which are neither regulated nor pay taxes in Sweden. Thus, the Swedish monopoly has not been properly functioning for a long time ... it certainly looks like yet another Swedish monopoly is going to be abolished. With Sweden eventually going in the right direction, new fights against bad monopoly driven legislation in Europe need to be won. Finland and Norway are perfect examples that there is still much to be done". And just to make sure that the state lottery is not able to compete, Mr. Fjellner emphasizes that "... it is crucial that the government sticks to the proposed, rather low, level of taxation for operators."

We differ with Mr. Fjellner's opinion. Finland and Norway are good examples of where the public policy decision to protect the consumer and channel economic benefit back to society has been very well-served by the monopoly model. The U.S. and Canada and Australia (which are in the process of purging Lottoland from their markets) are among other examples where the monopoly model works as intended. Illegal online gambling exists but is controlled, and billions of dollars/euros are channeled to benefit society instead of being hijacked to enrich private shareholders. Why is that a bad thing, Mr. Fjellner?

Preserving the monopoly status of government lotteries continues to be done to great effect in many jurisdictions around the world. Technology unleashed the power of the internet, but technology also provides the tools to control and regulate it. As an industry, we just need to impress upon legislators and shapers of public policy the importance of effective regulation and the will to enforce those regulations.

Paul Jason, Publisher Public Gaming International Magazine



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Lottery Industry Statesperson Award

Honoring The Highest Level Of Leadership, Integrity, And Character In The Lottery Industry

This is a special time for Carole Hedinger. After twenty years in the lottery industry, Carole will be retiring at the end of this year. With the presentation of the Statesperson Award, Carole is joining others whose distinguished careers were similarly honored for their service and leadership. Other recipients of the Statesperson award are Directors John Musgrave (West Virginia Lottery), Clint Harris (Minnesota Lottery), Wayne Lemons (Delaware Lottery), Dr. Edward Stanek (Iowa Lottery).

Visit PublicGaming.com and click on "AWARDS" at top menu bar to read about the Statesperson award, and other PGRI awards.

Carole Hedinger Executive Director, New Jersey Lottery

arole Hedinger began her lottery career as deputy director of the New Jersey Lottery in 1994. She became acting director in 2003, serving for a year before moving to the position of chief clerk at the Ocean County Surrogate Court in 2004. Ms. Hedinger served in that capacity for the next six years, where she was responsible for overseeing the court's guardianship and estate accounting efforts, creating and implementing a comprehensive array of tracking systems and audit procedures to ensure the integrity of the court's operations.

Ms. Hedinger was appointed by Governor Chris Christie to lead the New Jersey Lottery in June of 2010. She brought three decades of experience as a Certified Public Accountant to her new role as Executive Director at New Jersey Lottery. Charged with shaping the future of the Lottery, in FY 2016 the New Jersey Lottery topped \$3.2 billion (unaudited) in sales, and more than \$965 million in net funds contributed to public education and other state institutions which serve the people of New Jersey.

Ms. Hedinger maintains professional memberships with the New Jersey Society of Certified Public Accountants where she served in several leadership positions including a term as President in 2011, only the second woman to serve in that capacity in the Society's more than 100 year history. She is a member of the American Institute of Certified Public Accountants and serves on the AICPA Council. She currently serves as the Region 1 Director for NASPL. Ms Hedinger previously served on Gov. Christie's Sports, Gaming & Entertainment Transition Team and Gov. Whitman's Education Transition Team. She is the current Chair of the HealthSouth Rehabilitation Hospital's Community Advisory Board, former member of the Georgian Court University Planned Giving Council and the Board of Trustees for Stockton University of New Jersey, chairing the board from 1997 to 1999. Ms. Hedinger has been a featured speaker at a variety of Lottery conferences as well as both legal and accounting organizations.





The Inaugural Lottery Industry Professional Educational Seminar was attended by 200+ delegates and included fabulous presentations from extraordinarily accomplished female leaders, from within the lottery industry and also outside the industry.

The speakers and panelists and program highlights included:

- **Rebecca Hargrove**, President & CEO Tennessee Education Lottery Corporation, Senior V.P. of the World Lottery Association, and Chair of WILL
- **Debbie Alford,** President & CEO Georgia Lottery Corporation
- Monica Kaufman Pearson, Renowned Television Broadcast Journalist Keynote Presentation: Navigating Biases
- Panel Discussion: Overcoming Challenges to Your Professional Career
- J. Veronica Biggins, Managing Partner Diversified Search
- Deborah Denechaud, Director of Sales, WSB-TV
- **Deborah Riley Draper,** Executive Director, Ogilvy & Mather Advertising Agency
- Theresa Wenzel, President, Atlanta Dream On Building an Inclusive Corporate Culture
- **Teresa Chapman,** District Manager for the Atlanta Market, Home Depot, Inc. The Value of Mentorship
- Christie Eickelman, Vice President of Global Marketing, Gaming Laboratories International,Founding Board Member of Global Gaming Women
- Jennifer Seymour, Vice President, Aurora Product Management, IGT, Inc.
- Wanda Young Wilson, Chief Operating Officer & General Counsel, Tennessee Education Lottery Corporation
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Congratulations to the newest members of the Lottery Industry Hall of Fame

The 68 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 2017.

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 LotteryIndustryHallofFame.com.

The Ceremony to induct the four North American industry leaders into the Lottery Hall of Fame was held on September 15 at the NASPL Convention in Portland Oregon. The induction ceremony inducting Marzia Matrogiacomo was held on October 16 at PGRI Lottery Expo in Atlanta Georgia.



Thomas Delacenserie, President & Chief Executive Officer, Kentucky Lottery Corporation

Tom Delacenserie began his lottery career seven-

teen years ago as a District Sales Manager with the Florida Lottery. He set continuous sales records in that role until 2005 when he was appointed Director of Sales. Following more years of state-wide sales growth, Tom was appointed Deputy Secretary of Sales and Marketing in 2012. Tom was then appointed to lead the Florida Lottery as Secretary/Director in 2015 and served until May, 2017, when he was selected to be CEO of the Kentucky Lottery Corporation.

Among Tom's achievements at the Florida Lottery: he increased lottery instant sales in the Winn-Dixie retail chain 60% in one year by implementing a menu board for instant tickets in all stores, reorganized district offices to increase sales and improve operational efficiencies, created sales motivation awards, re-structured both (Continued on p 47)



Alice Garland, Executive Director, North Carolina Education Lottery

During her 11-1/2 year tenure at the lottery,

Alice has served our industry in many ways, currently as second vice president of NASPL and vice chair of MUSL.

Her leadership has molded one of the industry's newest lotteries into one of the most successful in the United States. The NC Education Lottery's success at raising money for good causes can be attributed to Alice's stewardship in operating the lottery fairly, efficiently, with integrity, and with a focus on Responsible Gaming. With daily average sales of \$6.6 million, it's hard not to see how much North Carolinians enjoy their lottery. That popularity has helped the lottery increase its sales in each of its eleven years – to \$2.4 billion in FY2016 – and raise more than half a billion a year – more than \$5 billion over the course of eleven years.

For our industry, (Continued on p 47)



Marzia Mastrogiacomo, Senior Vice President Lotteries, Lottomatica S.p.A.

As Senior Vice President of Lotteries for

Lottomatica S.p.A., Marzia Mastrogiacomo is in charge of strategies, development, operations, marketing and profit-and-loss for the Lotto and instant Lottery ticket businesses. With Lottomatica since 2006, Marzia has over 10 years experience in the world of lotteries.

From 2007 to 2012, Marzia was business manager for Gratta e Vinci (Scratch tickets), which had become one of the biggest lottery games in the world, and for which the concession was renewed in 2010. In the following years, she was business manager for Lotto, developing sales potential through product innovation and processes, leading the company to renew the concession in 2016.

Before Lottomatica, from 2003 to 2006 Marzia was Director of Strategic Marketing and Business (Continued on p 47)



Charles McIntyre, Executive Director, New Hampshire Lottery

Charles McIntyre began his lottery career in

2003 when he was appointed Assistant Executive Director/General Counsel of the Massachusetts Lottery Commission. During his 7-year tenure, the Massachusetts Lottery experienced five of its best years, recording the highest gross and net per capita sales along with maintaining the lowest cost ratio in the US (>2% of sales).

In June 2010, Charles McIntyre was appointed to the position of Executive Director of the oldest modern lottery in the U.S. Within one year, the New Hampshire Lottery had gone from being the slowestgrowth lottery in the U.S. to being among the top-five in sales and net funding growth.

Charles is responsible for all phases of budget preparation, revenue forecasting, strategic planning, and metrics-driven performance at the New Hampshire Lottery, all while performing (Continued on p 47)



Paula Otto, Executive Director of the Virginia Lottery

Paula Otto has been one of the industry's lead-

ers since she originally joined the Virginia Lottery. In 1988, serving as the Director of Public Affairs on the team charged with establishing the Virginia Lottery, she helped establish the stellar reputation and public image of the Virginia Lottery. From those early days, the Virginia Lottery has enjoyed one of the strongest public profiles in the industry. Paula served as the Director of Public Affairs until 1997.

After a stint teaching at Virginia Commonwealth University from 1997 to 2008, Paula returned to lead the Lottery as its Executive Director. Her vision as the "Chief Gamer" of the Virginia Lottery is clear. She has brought a business-like discipline to the Lottery, recognizing its importance in the life of Virginians...providing funds for education as well as providing fun, responsible entertainment. She (Continued on p 47)



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The Internet of Experiences

Manolo Almagro, Managing Partner, Q Division

ike it or not, we live in a world that grows increasingly connected every day. The term "internet of things" is often used to describe the various types of personal devices we connect to the internet. of collecting data with Internet of Things - to the sharing and processing of our personal data between all of the connected devices to personalize and anticipate our every need and desire - this behavioral



Our mobile phones, the smart appliances in your smart home, Alexa or Google Home, smart cars, and the smart watch on your wrist are just the tip of the iceberg when it comes to today's connected lifestyle. It is this trend that will shape the next generation of consumer expectations for retail.

Gartner projects that by the end of 2017 there will be 8.4 billion connected devices collecting all kinds of data about us and our surroundings. In simple terms, that means that there will be approximately 1 billion more "things" than people living on the earth today. If we maintain this trajectory we should expect that number to hit 11.19 billion by the end of 2018 - and by 2020 the "internet of things" will outnumber humans 4 to 1.

It is safe bet to say, in the very near future, anything and everything that can be connected - will be connected to the internet. This trend - combined with advances in Artificial Intelligence, Natural Language Processing and Machine learning will be transformative in shifting from the concept sire - this behavioral shift will be known as the "Internet of Experiences"

To illustrate this concept, consider these future scenarios:

Your self-driving car will automatically access data on your personal calendar's "to do list" and

calculate the most efficient routes to for your next destinations, monitoring traffic conditions in order to alert you on the best time to leave your home. While in transit your car will keep tabs on biometric data (heart rate, emotional status) adjusting the environmental controls and music selections to keep you in happy and comfortable even in the worst traffic jams. Data monitored on across your family's mobile payment apps (ex. your order at the restaurant where you had lunch) will be shared with the smart fridge in your home, allowing it to select the best meal options for dinner based on your personal preferences, cross referencing the current contents of the fridge and your anticipated arrival time, then - either setting a pre-heat time for the smart oven, have it place a delivery order for groceries or to have the Domino's autonomous pizza delivery drone meet you when you arrive home.

Consumer Expectations: "Fast, Frictionless + Convenient"

Emerging technology trends are one of many key dimensions influencing consumers expectations of future retail experiences, another factor that exerts a major influence on how customers engage with retailers and brands are demographics.

Millennials represent the largest generations in US history, their behaviors and expectations have reshaped the economy; and have forced brands and retailers to rethink how they engage with them as this





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Target's new store in Herald Square NYC, features a smaller footprint and a curated product mix to appeal to the type of people that shop the store in that neighborhood

generation shifts into their prime spend-ing years.

Generation Z is the next largest segment of the population, consisting of people born in 1995 or later. This generation while still in its youth, makes up 25.9% of the United States population, and will be the largest percentage By 2020, where they will account for one-third of the U.S

All things being equal, it's easy to assume that Generation Z and Millennials have similar expectations and like to communicate in the same ways but there are key

differences in these generations that need to be addressed in order to remain relevant to them.

The type of relationships these generations have with technology is a fundamental difference. Millennials grew up in world that saw the invention of the things like social media, the iPhone and Snapchat - giving them the ability to adapt and learn how to use these new platforms - creating one of the most tech-savvy populations in the US, however - Gen Z grew up in world that has never known a time without these things, these kids were born in a world where this technology has always existed



- making them tech-innate. While both generations enjoy sharing things and authenticity in experiences, Gen Z tends to focus on creating or making things vs. Millennials who focus on sharing experiences. Gen Z expects efficiency and convenience whereas Millennials focus more on experiences, bargains and value when it comes to what they value at retail.

"Retail is dead, long live Retail!"

Amazon didn't kill retail, but it is forcing the industry to rethink itself and evolve to meet the shifts in customer expectations. Retailers and brands face a growing challenge of how to stay relevant with Millennials and Generation Z.

Smart retailers like Target and Nordstrom's

are testing smaller foot print stores, curating them with products that are local to store's neighborhood, or in the case of Nordstrom's - their "local" stores will carry no inventory and focus on experiences and concierge types of services. In 2018, the industry shows the number of newly designed store formats that are planed to be opened, will surpass the number of under performing stores that were closed.

Counter intuitively "E-commerce First" compa-

nies like Warby Parker and BirchBox are opening more and more physical stores. Using customer behavior analytics gathered from their-e[commerce sites and local geographic analytics sampled from various test markets with pop-up stores, these



kids were born in a world where Frank + Oak is a Montreal-based e-commerce apparel retailer that has opened physical store locations that this technology has always existed feature services such as on-site coffee baristas, bars and barbershops



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very year, millions of Americans gamble on sports. Whether betting on the Super Bowl or filling out a March Madness bracket, many adults see betting on sports as a harmless way to enhance their enjoyment of the games. Few realize, however, that apart from a few privileged states and types of sporting events, most of this friendly wagering is illegal. That prohibition does nothing to prevent criminal activity, while putting otherwise law-abiding citizens in conflict with law enforcement, sometimes with deadly consequences.

A little-known law enacted by Congress in 1992, the Professional and Amateur Sports Protection Act (PASPA), barred all but a handful of states from enacting laws to legalize sports gambling. As the name implies, PASPA's purpose was to protect sports from corruption. Some believed



increased gambling on games w o u l d

increase the likelihood of match-fixing. Yet, over the last 25 years, PASPA has failed to stop the spread of illegal sports gambling, prompted the rise of an enormous gambling black market, increased criminals' profits, prevented states from raising millions in tax revenue and enacting consumer protections, and made stopping corruption in sports more difficult.

Worst of all, PASPA represents a threat to our nation's federal structure by taking decision-making authority away from state capitals and placing it in Washington, D.C.

The United States Supreme Court will rule next year on whether or not PASPA unconstitutionally commandeers state legislatures, but Congress should not wait for the courts

Let States Regulate Sports Gambling Within Their Borders

Constitutional Principles At Stake In Supreme Court Case Christie v. NCAA

By Michelle Minton, Senior Fellow CEI (Competitive Enterprise Institute), cei.org

to fix the critical error it made. It should repeal PASPA and all other federal gambling laws that threaten state sovereignty.

Consumer Impact.

When Congress enacted PASPA, the nation's sports gambling market was estimated to be around \$40 billion a year. Today, illegal gambling on sports is estimated to be a \$140 to \$400 billion industry. In 2017, Americans illegally wagered more than \$10 billion on the NCAA Men's Basketball Championships alone.

By disallowing states from regulating the activity, PASPA has made it nearly impossible for law enforcement to protect those consumers who choose to gamble on sports. Not only does this leave consumers vulnerable, and allow criminal organizations to profit and thrive, it also makes corruption in sports more likely.

In Europe, where sports betting has been widely legalized, sports leagues work with the gambling industry to prevent and prosecute corruption and match-fixing. Because bookies are the first to notice the signs of a fixed game, due to anomalies in betting patterns, they have become the early warning system for the European sports leagues. Bookies alert leagues to possible corruption, allowing them to investigate and put a stop to it. In the United States, even bookies who want to alert the authorities cannot do so for fear of prosecution.

State Revenue Impact

Not only does PASPA put both consumers and sports at risk, it also costs states hundreds of millions of dollars in potential tax revenue that could be used toward public projects or services. New Jersey's Lawsuit

In 2012, New Jersey voters overwhelmingly approved a constitutional amendment to repeal the state's prohibition on sports betting at race tracks and casinos. In response, sports leagues, led by the National Collegiate Athletics Association (NCAA), sued New Jersey, arguing that this form of decriminalization amounted to a de facto authorization of sports gambling in violation of PASPA. The Third Circuit Court of Appeals agreed with the leagues' logic, but New Jersey appealed the decision, asserting that, while Congress may regulate individual behavior, it "lacks the power to directly compel the States to require or prohibit [certain] acts." As New Jersey argues in its case, by directly barring state legislatures from amending or repealing their own statutes, PASPA violates state sovereignty and directly conflicts with the U.S. Constitution's 10th Amendment.

In June 2017, the U.S. Supreme Court recognized potential merit in New Jersey's reasoning and agreed to review the matter. The court will schedule oral argument for the case, Christie v. NCAA, with a ruling expected by the summer of 2018. In addition to the policy consequences for sports betting, there are many important constitutional principles at stake in the case, including states' ability to decide upon a host of other controversial matters.

Constitutional Federalism

The 10th Amendment to the U.S. Constitution states that "powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." The Founders included this

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SALES@INSEINC.COM WWW.INSEINC.COM clause as a bulwark against the unchecked expansion of federal power, making it clear that Congress' authority extended only to those powers enumerated in the Constitution, with the rest reserved for the states. Thus, while Article I sanctions federal regulation of commerce between the states and with foreign governments, it reserves the power to regulate commerce within the states to state governments.

While the courts have expanded federal authority by broadly interpreting what constitutes interstate commerce, PASPA's prohibition against states legalizing intrastate sports betting pushes us toward a future in which the federal government functionally has no limits on its power. In particular, the Third Circuit's interpretation of PASPA—that it not only prevents states from authorizing sports gambling but also handcuffs state legislatures from modifying their own gambling laws—edges us dangerously close to becoming a nation of states that are little more than puppets of the federal government.

The Anti-Commandeering Doctrine

The "anti-commandeering doctrine," an integral feature of federalism, is one of the central arguments against PASPA. The doctrine, established over 175 years of judicial precedent, forbids Congress from compelling states to enact certain policies and from forcing state officials to implement federal law. Without this protection, Congress could compel states to do its bidding at no cost to itself and without regard for state finances, values, or priorities.

If the Third Circuit opinion stands, PASPA would not only prohibit legal sports betting throughout the nation, but also bar most state legislatures from amending their own laws regulating sports betting. As New Jersey argues, this would allow Congress to commandeer the states.

Government Accountability

Individual citizens communicate their will by voting for their representatives in government. The closer a government is to the voters, the more responsive it is to their concerns. Thus, states can be more responsive to the needs and wishes of their residents than Congress. Placing more decision-making power in Washington, D.C., as PASPA does, greatly dilutes voters' ability to influence policy. The Principle of Private Non-Delegation Democratic accountability requires the maintenance of the "non-delegation" principle articulated in Article I of the Constitution: "All legislative powers herein granted shall be vested in a Congress of the United States." Without this principle, members of Congress could pass along legislative powers to entities that are not answerable to citizens through the electoral process, thus insulating themselves from responsibility for policies that might prove unpopular.

With regard to PASPA, section 3703 vests "the Attorney General of the United States [or] a professional sports organization or amateur sports organization" with the authority to enjoin and sue states that allegedly violate the law when it sees fit. Essentially, this confers on sports leagues the power to decide what types of sports wagering they will or will not allow states to pursue.

The danger in allowing private entities like sports leagues to decide how and when to enforce PASPA is that their actions are driven by self-interest, potentially to the detriment of other private parties. For example, the leagues have chosen not to raise PASPA concerns about states allowing daily fantasy sports (DFS) gambling, which allows players to place wagers on the performance of specific athletes on a given day. DFS could arguably be defined as "sports gambling," but the leagues have not raised this concern, perhaps because member organizations—the National Basketball Association, National Hockey League, and Major League Baseball-maintain lucrative sponsorship contracts with DFS businesses.

The Equal Sovereignty Doctrine

As described by Congress, the purpose of PASPA was to address a "national problem" that "cannot be limited geographically." However, the law exempts from its prohibition sports gambling schemes and activities authorized and conducted within states prior to PASPA's enactment. Through this grandfather clause, PASPA essentially grants Nevada a monopoly on legal, singleevent sports gambling. As New Jersey has argued, this preferential treatment of Nevada and a few other states—Delaware, Montana, and Oregon—that had parlay sports betting, in which players place bets on multiple games at once, violates the equal sovereignty or "equal footing" doctrine. This doctrine holds that Congress may not discriminate among states when enacting policy.

Equal sovereignty derives from the guarantee of sovereign powers and sovereign immunity granted by the Constitution's 10th and 11th Amendments. Court precedent states that Congress may only enact laws that treat states unequally when it provides a rationale for why a particular "problem" requires laws that are disadvantageous to certain states.

PASPA's unequal application of its prohibition against legalizing sports gambling runs afoul of the equal sovereignty doctrine and should be struck down. It is possible that the Supreme Court could sever this section from the law, leaving the blanket prohibition in place and eliminating the grandfathering that allows these few states the limited ability to offer legal sports gambling. While such a ruling would ameliorate PASPA's equal sovereignty problem, it would amplify the law's conflict with the 10th Amendment.

Conclusion

PASPA is in direct conflict with our nation's founding principles of federalism, which ensures government's accountability to citizens.

Regardless of whether one agrees with Congress' claim that it should protect the reputation of private sports leagues by preventing sports betting, the law has failed on all accounts. In 1991, the sports betting market in the United States was estimated at \$40 billion a year. Today, Americans spend nearly \$150 billion on illegal sports gambling. In addition to forcing law-abiding citizens to engage in unlawful behavior, the prohibition prevents states from enacting consumer protections, thwarts law enforcement from investigating and prosecuting illicit activity, and unlawfully blocks state lawmakers from acting on the will of their own residents.

Regardless of how the Supreme Court rules in Christie v. NCAA, Congress should act to repeal PASPA and all other federal gambling laws that threaten the sovereignty of the states and put representative government at risk.

Michelle Minton is the Competitive Enterprise Institute's fellow specializing in consumer policy, covering regulatory issues that include gambling, alcohol, and food.

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Scientific Games' SalesMaker[™] program is unlike any other retail sales development program in our industry.

Developed in conjunction with retail and convenience store experts, retailers that have implemented our SalesMaker program have seen an average increase of over 15% in sales. That's because our SalesMaker program goes beyond just merchandising and product placement to include training and education backed by real numbers and real results.



Because Real Counts

All Systems

An Advanced New Gaming System is Powering Danske Spil

A nod to the launch of missiles and space vehicles, the phrase "all systems go" originated in the 1960s heyday of space flight. Decades later, in 2017 these words resonate the level of intensity at the moment Danske Spil hit the switch that rocketed its technology to a powerful, new gaming system.

After a year-long, complex conversion from the Lottery's old system, the launch of this advanced, next-generation gaming system for the national lottery in Denmark is a significant milestone as systems technology enters a new era of innovation. The new system, built by Scientific Games, supports retail, web, mobile – and yes, future – sales channels. The destination: balancing systems agility with the trustworthiness that remains so vital to a lottery's business.

Scientific Games customized the new systems technology for Danske Spil after winning the competitively bid contract from an incumbent supplier. The conversion from the Lottery's legacy system to the new system went live earlier this year. It supports Danske Spil's multi-channel environment which integrates sales across a network of 3,200-retailers, including 5,000 supermarket in-lane point-of-sales, as well as mobile and internet. current retail, web, and mobile channels. And it is an integral component of Danske Spil's business plan for the coming years. The new gaming system positions the Lottery to respond quickly to changes in the marketplace, and offers the flexibility to add future sales channels. Scientific Games will provide 24-

hour a day systems' operations from its fully redundant European centralized data centers.

"We knew that we were looking for a flexible, channel-agnostic system for our Lottery. Our strategy for the lottery market is aggressive and progressive, and a new system is a core part of that strategy," says Susanne Mørch Koch, Chief Executive Officer, Danske Spil.

"We need our technology platforms to be scalable, so that we can ramp up or down and add hardware components that would not require replacing the entire system," she adds. "This has been a must-have requirement for our new lottery solution."

> Following the successful 'go live', the system has been enhanced to support the newest version of VikingLotto, a popular multi-jurisdictional draw game in the Nordic and Baltic regions of Europe which launched in May 2017. Scientific Games also supplies instant games to Danske Spil.

"Danske Spil is a leading innovator in

Mission Accomplished

The conversion to a new gaming system in the Nordic country of 5.6 million people significantly advances the Lottery's

the European lottery market. There is an incredible level of excitement and collaboration surrounding this conversion, as we expand our support to Danske Spil beyond supplying instant games, and welcome the Lottery to the Scientific Games' Lottery Systems family," says Pat McHugh, Scientific Games' Senior Vice President, Global Lottery Systems.

Scientific Games aligned with the Lottery's business goals to deliver its most advanced, open architecture system with a flexible, scalable system that will support the Danske Spil's growth plans.

Essential Expertise

Danske Spil was founded in 1948, and its first game – a 1x2TOTO game with 12 football matches – launched a year later. Today, players in Denmark enjoy a variety of entertaining games, including number games, instant games, and knowledge games as well as gaming machines. Net proceeds from the sale of games are distributed by the Danish Parliament for the benefit of Denmark's athletics programs, culture initiatives, and other public programs.

With technology integrated into every touchpoint of the lottery business, Scientific Games has firm roots in gaming systems globally, deepened by the acquisition of Bally Technologies in 2014. The company supplies systems to 28 European lotteries including Danske Spil, delivering a breadth of technology from lottery systems and retail terminals in Germany, to sports betting in Iceland, video lottery gaming in Greece, and instant game management systems in Italy and France.

"Consumers and retail are changing rapidly. Lotteries must innovate much faster and be much more agile, but balance trustworthiness," McHugh shares. "Our vision for balance is to separate the flexible, content-oriented components of the lottery system from the core transaction system components."

McHugh says that core transaction systems must also evolve to better support agility. Lotteries in the Nordic region, one of the most technologically innovative regions of the world, were the first to recognize this.

Innovating Systems Agility

Scientific Games built a new gaming system based on selfcontained systems component architecture, using industrystandard operating systems and databases, enabling scale-out performance upgrades, and providing the proven functionality of the company's dependable gaming systems. This next generation system was first deployed by Norsk Tipping in Norway.

"Our state-of-the-art, self-contained systems component architecture enables easy integration of legacy components as well as other third-party components our customers might request," McHugh says.

Supported by global technical operations and disaster recovery systems, the new modular, omni-channel system supports highly configurable draw games that help reduce the cost of introducing new games, predictive ordering, and single-ticket accounting for efficient instant game management and cross-channel sports betting. "Danske Spil now has an agile, automated solution that is easy to modify and future-proof to help facilitate the profitable growth of the Lottery's game portfolio. For the following years, we are looking for Scientific Games to develop as a strong strategic partner and agile operator in the daily business and operation of the system to further strengthen the competitive standing of Danske Spil," says Koch.

Systems Exploration

Scientific Games employs nearly 300 technologists in Vienna, Budapest and seven other European locations to specifically address European and international market requirements. In addition to the new gaming system in Denmark, Scientific Games' teams recently managed major technology conversions for lotteries in Arizona and Puerto Rico, with Maryland coming soon.

McHugh travels continuously, visiting with lotteries, meeting with Scientific Games technology teams, and planning years in advance so his global customers are ready for what's next.

Like a rocket, Scientific Games is not landing anytime soon. "We are taking an 'all systems go' approach to fueling the next great era of lottery growth with our technology," he says. "We're bringing it."



Turning Up the Volume on Sales

To fine-tune and drive incremental growth, the Georgia Lottery Corporation is focused on a program of retail sales and execution improvements.



ounded in 1992 to enhance educational funding, the Georgia Lottery Corporation (GLC) has since established itself as one of the world's most progressive lotteries, with more than \$19 billion returned to the state for Georgia's popular HOPE scholarship and pre-K education programs.

In a proactive effort to drive continuing growth, the GLC implemented a series of customized programs to support ongoing enhancement of its retail sales and execution, including:

- A series of training programs to help the successful sales force position new products and get the most from their sales calls
- Customized sales-growth programs especially for **corporate accounts** and **large retailer groups**
- **Corporate scorecards** and other automated reports for more effective chain account management.

Refining Sales Execution to Accelerate Growth

Topping your own performance can be a challenge for any lottery, especially one that's been setting sales and transfer records year after year. Where do you look to improve on previous records? As the second largest lottery in the U.S. in per capita sales and seventh in the world, the Georgia Lottery Corporation is continually looking for ways to improve, and the sales force is as involved as the marketing and operations teams in challenging itself to fine-tune.

At the start of 2016, GLC's Senior Vice President of Sales, Frank Taylor, reached out to IGT to share the plans that he and Statewide Sales Director, Derrick Shelton, developed to explore new strategic retail priorities in support of the Lottery's growth plans. This conversation led to a program to fuel growth through a variety of retail sales and execution efforts. "We asked IGT to share ideas around a set of services they'd



Above, left: Frank Taylor, Senior Vice President of Sales, the GLC.

designed to help with some areas of retail where we and other lotteries are looking for continual improvement," says Taylor.

"The Georgia Lottery Corporation is very open to new ideas and perspectives," says IGT's Nat Worley, Vice President, North American Marketing. "They have a vision for what they want to do, and they look to



A series of customized LaunchBox trainings delivered highly interactive learning and tailored activities to support an ambitious program of new-product launches implement world-class solutions in everything they do." The team in Georgia worked in partnership with IGT over the course of 2016 and 2017 to implement a tailored series of retail growth initiatives.

Customized Tools to Enhance Retail Sales and Execution

The first wave of initiatives centered on a multi-part program of targeted **sales training** to further enhance the GLC team's sales calls with their retailers.

"The Georgia Lottery Corporation had challenged itself with an aggressive schedule of three new-product launches in one year," notes IGT's Danielle Davis, Manager of Sales Enablement, who partnered with Taylor's team in Georgia to deliver many of the solutions. "It can be difficult to engage even an experienced sales force with that many product launches and make sure they have the information they need while still handling all of the other aspects of their day-today work."

To help ensure that reps were ready and excited to sell-in the new games and effectively train retailers, Allyson Taylor, Sales Trainer for the GLC, worked with IGT's Retail Sales and Execution Team to support sales reps using three customized versions of IGT's **LaunchBox program for new lottery-game launches**.

"The training incorporated highly interactive learning activities, so our reps were practicing their sales pitches and were ready to go out there, enthusiastic about the new products," says Allyson Taylor. "Collaboration with our marketing department ensured that the messages were consistent across our training and the tools."

The Michigan and Tennessee lotteries have since worked with IGT to deploy two new LaunchBox programs with their sales teams. "LaunchBox uses a modular approach, so we can provide as much or as little training and support as a customer wants, depending on their needs and the type of launch," notes IGT's Davis.

"Georgia already has a highly successful sales force, and part of their success comes from being receptive to new ways to make an already progressive lottery even more leading-edge," notes IGT's Nat Worley. The Lottery had been using IGT's Sales Wizard automation tool (formerly OnePlace) to give the sales force the ability to access retailerspecific sales and inventory data at a glance via a mobile device or web browser. However, reps had not received any recent, formal training on the tool to optimize its use.

The Lottery worked with IGT to develop and deliver **Sales Wizard training** tailored to the Georgia sales teams' specific goals. These included using the tool to improve the sell-in of best-selling Scratchers games, analyze the price-point mix, and work with retailers to further improve execution.

Sales Wizard includes service-history management tools, project management functions, and comprehensive reporting to give management insight into their employees' performance and areas of opportunity. Notes GLC's Frank Taylor: "The training not only helped to empower the sales force, it's also providing more key information to our sales managers." IGT has since delivered additional Sales Wizard Training and is working with Allyson Taylor of the Lottery to become a superuser and onsite trainer.

Customized Training on the Sales Wizard automation tool supports sales reps with specific goals such as selling-in games and analyzing the price-point mix, while providing a greater amount of actionable information to sales managers.

A One-Stop Shop for Knowledge Sharing to Improve Performance

One of the Georgia Lottery Corporation's priorities was to provide sales staff with a comprehensive, updated **sales handbook** that could be accessed digitally on iPads as well as in a physical format.

"We wanted to give our reps a one-stop shop for everything related to their work, from procedures such as returning instantticket books, to broader policies and our code of conduct, to HR-related information," says the GLC's Allyson Taylor, Sales Trainer. She worked with IGT to organize and streamline more than 500 pages of sales-related material into a concise, easy-to-use manual.

"This single tool helps to establish a more consistent approach at retail and ensure consistent knowledge capture and transfer to drive best practices and enhance our future performance," she notes. "It's also invaluable for onboarding, because it provides knowledge sharing not only about specific products but about our organization and the wider industry."





Tailored **iSpeak Training** draws on real issues from the field to improve sales skills.

For a central part of the overall training initiative, the Georgia team worked with IGT and third-party vendor iSpeak to develop customized **sales-skills training and coaching**. This award-winning approach, delivered by iSpeak, uses real-world examples from the field to further develop best-in-class sales forces through a mix of individual and group activities.

The training for lotteries can encompass a wide range of improvements, for example: creating a high standard and a common model

for preparing, selling, and executing at retail; clarifying team members' responsibilities and expectations; improving employee engagement; delivering leadership training for managers, and more.

"In the lottery industry, iSpeak works exclusively with IGT to provide training," notes Allyson Taylor. The Georgia team is now engaging in a second round of iSpeak training to build on the success of the first.

A Second Wave of Strategic Retail Initiatives

"One of Georgia's key requests was a **corporate scorecard**," says IGT's Melanie Washburn, Senior Marketing Manager. "The Lottery had been tracking corporate performance in a time-consuming manual report, with people typing numbers into more than 40 spread sheets."

Working on-site with the Lottery, IGT designed an automated corporate scorecard

for the Lottery's existing Business Intelligence system. With the Lottery now using the data from its BI systems to assist in retail execution, the corporate accounts staff spends dramatically less time preparing account updates manually.

The IGT team is in the process of delivering a tool that will help the Lottery track planogram performance and assist the reps and managers with other data needs.

"The more we can automate our manual reporting, the more time we have to focus on our other initiatives," says Bill James, Director of Corporate Accounts and Retail Development for the Georgia Lottery. "I was totally impressed with the depth and detail of the corporate scorecard. This will be a terrific tool to help move chain accounts in the right direction." The IGT team is also in



A Corporate Scorecard and other automated reports for chain account management and optimization have created a streamlined process that saves time while delivering more actionable information.

the process of delivering a tool that will help the Lottery track the performance of Scratchers game planograms,

which the Georgia Lottery uses primarily in chain retail locations.

In addition, the Lottery wanted to evaluate strategic sales-growth opportunities with its **chain accounts**. "One of the benefits of our collaboration with IGT's Retail Sales and Execution Team has been the opportunity to leverage existing relationships with retail associations, specifically in Texas, to facilitate discussions with our partner groups in Georgia," says the Lottery's SVP of



Above: The Georgia Lottery Corporation's experienced sales force takes part in a program of interactive learning activities and targeted sales training. Opposite page, bottom: Allyson Taylor, Sales Trainer for the GLC, conducting a store makeover at the Texaco Food Mart in Atlanta.

Sales, Frank Taylor. As a result, the GLC plans to develop both a co-op promotion and an in-lane scratch merchandiser pilot for corporate accounts based on similar deployments in Texas.

Another goal of Frank Taylor and Statewide Sales Director Derrick Shelton has been to continue to improve the Lottery's merchandising at retail, both to increase consistency across stores and to fulfill the requests of sales reps to improve stores that haven't previously qualified for special remerchandising initiatives.

"Now that our sales team has received the training to make more strategic use of our sales-force automation tool and be even more successful with new-product launches and communications, the groundwork is in place to execute the merchandising initiative," notes Taylor.



The GLC is now engaged in a strategic process to improve the consistency of **In-Store Merchandising** for both the lottery brand and its products.

The multi-step process involves delivering the right tools and information to enhance in-store merchandising. To better understand the retail environment beyond anecdotal conversations with sales reps and managers, the IGT team conducted a curb-to-counter **execution survey** to learn everything it could about the Lottery's retail network, enabling the team to analyze the data and understand the main pain points and the best place to begin making improvements across the network.

Together, a **merchandising standards tool** and **project execution training** will provide sales reps with a clear picture of the perfect store. "In previous execution surveys, one of our major findings has been that, often, what sales reps see is very subjective," explains IGT's Danielle Davis. Using the merchandising standards tool, the Georgia Lottery Corporation's sales reps will establish consistent standards for its retail point-of sale and merchandising execution. "As we all know, it's very easy over time to look at lottery from the sales rep perspective or the lottery perspective," says Davis. "But it's also possible to take a step back and look at it from a player's perspective, or more importantly, a non-player's. How do we engage people who never have played lottery? We are working with the Georgia Lottery to create these merchandising standards tools, and then move on to project execution."

Project execution will begin with "Fresh Eyes See More" training to help sales reps look at the data from the execution survey and define their goals moving forward. "We anticipate that some of the focus areas will include winner awareness, visibility of the ESMM screen, effective point-of-sale placement, and other kinds of tangible things that can improve how the Lottery brand and the GLC's products look in the Georgia retail environment," says Davis.

To address ongoing maintenance and execution, the team will implement a **retailer scorecard**, deployed through the Sales Wizard business application. Reps will fill out a perfect-store scorecard quarterly or every six months, and the ratings can be used as a coaching guide for managers.

"The Lottery's sales team, from Frank Taylor and Derrick Shelton to all of the sales reps, embrace every activity that drives excellence in field execution," observes Worley. "They adopt new tools enthusiastically, and their continuous improvement drives record sales and transfers."

The IGT Retail Sales and Execution Team works with lotteries to drive growth through three focus areas: Sales Tools & Training, Business Development, and Retail Sales Optimization. Talk with us to explore what's possible, from stand-alone, tactical solutions to multifaceted improvement programs. Contact Nat Worley at Nathanael.Worley@IGT.com or +1 (401) 392-7403.







PGRI Introduction:

It was fifteen years ago that INTRALOT won its first contract in the U.S. Since then it has won contracts for the terminal-games in Montana, Idaho, South Carolina, Washington DC, Vermont, Arkansas, Ohio, and New Mexico. And contracts have always been either renewed or, if a re-bid was required, INTRALOT won the re-bid. Congratulations for what is quite the enviable record!

John Donahue was appointed CEO of INTRALOT Inc. in May of this year. This appointment follows thirty years of lottery and gaming experience in the global market. His strengths combine strategic vision with product development and technology delivery, as well as operational and sales execution. Before coming to INTRALOT, John worked for 10 years as Managing Director of the International Systems Division at Scientific Games and previously as International Sales Director and Northern Europe Sales and **Operations Vice President for GTECH** (now IGT) and CEO of SIRIUS Gaming LLC.

John DONAHUE

Chief Executive Officer, INTRALOT Inc.

US Lotteries Position For Change And A New Era Of Growth And Prosperity

Paul Jason:

Much of your 30 years of experience has been outside of the United States. What is most striking to you about the differences between the U.S. and other markets in other parts of the world?

John Donahue:

There's a much longer tradition of playing the lottery in Europe than there is in the U.S. But the lottery has grown rapidly in the U.S. over the last few decades and has made very distinct contributions towards good causes in the country. It now feels like quite a prominent part of the games-of-chance sector and contemporary life and culture in the U.S., but it hardly existed even just fifty years ago. In addition, sports-betting is an entrenched part of the gaming and lottery culture in Europe. It became an important game category from the beginning of the modern off-line lotteries some eighty years ago, preceding Lottery as a way to fund youth sports programs in many countries, and has grown in popularity ever since, and now includes significant competition from offshore internet entities.

You came into the industry in 1987, just when lotteries were beginning to convert to technology-driven platforms that connect to a central system.

J. Donahue:

One of the transformational impacts of this change in Europe is that lotteries could now

sell tickets right up to the time of the draw. Prior to this, they had to stop selling on Thursday in order to have time to process the tickets for a Saturday night draw. Most U.S. lotteries skipped an entire generation of this "off-line" technology and moved right into the modern era of online communications and central-based systems.

Over half the lottery revenues in the U.S. come from Instant tickets. It is much less than that in Europe. What are U.S. lotteries doing differently than their European colleagues to generate such better results in Instants?

J. Donahue:

I believe there are many reasons for this. Culture, payout, branding, impulse, placement, etc. For one thing, the prize-payout and price point percentage for Instants in the U.S. has crept up more than it has for the Draw-games. Draw or numbers games have evolved differently than Instants. Intralot is addressing this gap through both our fast play products, expanding the retail base, progressive jackpot products and a focus on improving the draw-based category.

In addition, U.S. lotteries involve their commercial partners in more aspects of the business than do their European colleagues. International lotteries tend to buy the technology and operate themselves – and this is fine, in the US commercial partners are enlisted to help drive performance and endresults. Contracts are designed to drive alignment so that the commercial partners can earn more money with the achievement of performance or sales objectives. We are encouraged to bring them new ideas for games and strategies to increase sales, and to drive improvements in business process to enhance efficiency and effectiveness – and more skin in the game.

There are pros and cons to both approaches. But one of the benefits of the U.S. model is that it brings in the global brain-trust of their commercial partners to help drive sales. I think the sales growth in the U.S. Instants category is testament to the benefit of applying the global experience that commercial companies bring to bear.

In addition, many European lotteries have additional products such as sports-betting, electronic games, and other products that U.S. lotteries do not offer. The more diversified the gaming portfolio, the more competition there is for spend and mindshare to promote each category - not to mention competition externally. If all you have are draw-games and Instants, then you of course focus all your resources on each of those categories and sales channels. But if you have sports-betting, VLTs, iLottery, and other games, then it may be a perfectly logical business decision to diversify your investment to develop all categories, and not focus as much on Instants.

Our goal at INTRALOT is to extract insights from the different ways business operates all around the world and apply best-practices to optimize the opportunities everywhere we operate. The transfer of best-practices certainly runs in all directions – not just between International, Europe and the U.S. but also between mature gaming markets and emerging markets.

How quickly is the monopoly model of state lotteries eroding?

J. Donahue:

Well, much more quickly in Europe than in the U.S. Internet gaming, online sports-betting, the expansion of electronic gaming, have transformed the European games-of-chance market-place. The explosion of alternatives to traditional lottery for recreational gamers completely reshapes our approach to business. Lottery may have a monopoly in its traditional game categories, but easy consumer access to multiple gaming options is challenging the relevance of that monopoly. Add to the mix the impact of gray-market operators. The tax rate these companies pay is a tiny fraction of what government-lotteries pay to good causes. Their higher margins provide capital for

"The explosion of alternatives to traditional lottery for recreational gamers completely reshapes our approach to business."

aggressive marketing campaigns, for new product development and more sophisticated product delivery infrastructure, and for higher prize-payouts. It is necessary to have strong regulation enforcement to avoid illegal competition in order to preserve the contribution to the society and operate within responsible gaming frameworks. On our side we are doing everything possible to offer technologies that help in that direction through a product and services development roadmap that increases competitiveness for licensed operators and monitoring capabilities for the regulators.

But these companies operate illegally, right?

J. Donahue:

They are often-times operating legally

according to the laws of the markets where their headquarters are located - they are legally licensed in an EU country like Malta or Gibraltar. They contend that the license to operate in one EU jurisdictions entitles them to operate in all EU markets as with other non-lottery products. The courts continue to receive challenges to "State monopoly thinking" when it comes to lotteries, and whether or how to enforce regulatory laws. In the mean-time, the gray market operators are taking more and more of the market. That poses a challenge for all operators in the games-of-chance market-place, especially government lotteries which are required to comply with the highest and most inflexible standards. In fact, those standards are typically quite lopsided, restricting lotteries in ways that others in the games-of-chance industry are not. In Germany, for example, restrictions on lotteries' ability to advertise are not applied equally to the other sectors, and laws regulating sports-betting are not really enforced.

As stakeholders in the government lottery industry, we all want to ensure that shapers of public policy are informed of the facts, appreciate the role that state lotteries perform in the support of charitable causes, and make decisions that serve the interests of society. At the same time, we also need to address the realities of what we are facing right now in the market-place. We need to do everything we can to continue to engage current players, attract new players, and position ourselves for long-term success in a highly competitive market-place.

Thankfully, the U.S. regulatory system seems to work well, doesn't it?

J. Donahue:

Yes. We are blessed with a relatively stable regulatory environment in the U.S. However, with the spread of online technologies it will be far easier to lose market share via illegal/offshore activities in areas in which Federal total bans apply today. If the federal prohibition against sports-betting is lifted, hopefully state lotteries will be able to offer those gaming products, in a regulated and responsible way that will benefit State coffers, good causes, and professional

associations. Lotteries offer sports betting in most other jurisdictions around the world.

INTRALOT has excelled at integrating sports-betting products into the portfolio and distribution networks of traditional lottery operators ... to the point where over 40% of your revenues come from sports-betting. If or when prohibition is lifted, should U.S. lotteries pursue the sports-betting business?

J. Donahue:

Absolutely. Good causes will be well-served by the revenues generated in the massive gaming space of sports-betting. There are lots of different sports-betting game-styles, suited for all channels but especially retail. There are lots of different ways to implement sports-betting. It is a more complicated and technologically sophisticated product category. Sports-betting is one area where collaboration between lotteries to share the investment in central systems, distribution, and consumer-facing infrastructure would make a lot of sense. For example, in Germany we subcontract one system that connects to and supports all sixteen state systems from all three primary vendors. U.S. lotteries could operate much more cost-effectively by collaborating to implement a similar system for sports-betting. But INTRALOT is also known for PMA-style outsourcing of the operation as well, giving us an advantage in the US of both trust and skill - and we are lottery focused so we want US lotteries to have a share of the sports segment in the US.

Is there much cross-over between sports-betting and lottery players?

J. Donahue:

Typically they are two different audiences with sport-betting appealing to younger, sports-loving audiences. This is precisely the argument about expanding by diversifying the client base and adding consumers. Regarding cross-selling now: one, the sportsbetting player will often add a lottery ticket to her basket if it is made available; two, play styles do evolve over time. The twentysomething who may have had lots of time to hang out with his buddies and talk about sports and engage in sports betting finds himself in his thirties with family and responsibilities and less time. The appetite for recreational gaming is still there but the time to indulge is not. It is important for lottery to be on the radar when the sportsbetter comes of age and there is a little more money and lot less time.

"The most important reason for Lottery to offer sportsbetting is that a strong and credible network of retailers is in place."

The most important reason for Lottery to offer sports-betting is that a strong and credible network of retailers is in place. Then we must take into account that we are moving into a highly social gaming environment. The successful operators will have the widest variety of games in their portfolio. Friends will gather at home or in a bar or gaming venue of the future. You know that at least some of them will be betting on sports. The sports product has also evolved offering bets on events within the event, etc. The growth for lotteries could be north of 35% depending on how much we claw back from other illegal channels existing today.

Too, keep in mind that all other ancillary programs, Responsible Gaming and Loyalty Programs and all manner of CRM interactions, work best when the lottery operator is the destination of choice for all the player's recreational gaming activities. The operator interaction with the player is then driven by a comprehensive 360 degree view which produces the most rewarding relationship for both the operator and the player. This has been the central logic behind developing the omni-channel solutions off-course, so the same technologies can serve many verticals and create economies of scale and reduce capex.

INTRALOT has identified CRM (Customer Relationship Management) as a key competitive differentiator. The future belongs to the Amazons of the world who excel at CRM. Should registration be mandatory like it is in Norway and now Sweden?

J. Donahue:

Registration is the first step towards the truly dynamic interactive relationship, and the foundation for an effective CRM program. But I don't think anyone wants it to be mandatory. The Finland model in which it is voluntary but the players are incentivized to register is probably the better way to go.

To your point, though, Norsk Tipping and Svenska Spel clearly benefit by the direct relationship they have with 100% of their players. Sweden saw a slight dip in sales when they implemented required registration a couple years ago. That was a very dramatic step they took. But sales bounced back, they are growing again, and they are better positioned than ever to hold onto their players in the face of increased competition. The Sweden experience is testament to the great power of these technologies. In the long-run, lotteries absolutely need to find ways to engage their players in the kind of CRM-based interactive relationship that is only enabled by player registration.

That is why INTRALOT has made CRM a cornerstone to its player-centric strategy. Adding other options such as in-lane technologies and self-service terminals, we aim at expanding the customer touch-points network while cashless capabilities in our new multipurpose terminals complement the new digital shopping experience which is essential for serving our mission to modernize Lotteries for sustainable growth.



£7.8 Million – The Costs Of RG (Responsible Gaming) Mistakes

By Laura Da Silva Gomes, Silverfish CSR

ttempts to improve the image of gambling are being washed away in a tide of bad press - and lotteries are in danger of being swept along too. Regulators along with the public are increasing their demands on operators to behave ethically. We now have an example of what it costs not to ensure that the responsible gaming basics are in place ... £7.8 million. Indeed, 888 was fined by the UK Gambling Commission for failing vulnerable customers by letting self-excluded players play or by not detecting signs of problem gambling.

Would you be confident that your organization would not have faced a similar fine if investigated in the same way? Regulators do observe and learn from each other, so expect similar measures closer to home.

Companies that are brave enough to make Corporate Social Responsibility a central pillar of their growth strategy could make major strides towards changing this negative

perception and finding new ways to grow by having a positive impact.

The UK Gambling Commission's annual report shows public perception of gambling at its most negative in almost a decade. Lotteries may not be responsible for this shift but they could well be affected if they do not take preemptive action. This all stems from an underlying perception of gambling as a way for people to lose money. From the long odds on lotteries to the old cliché that

"the house always wins," there is a notion that people are more likely to lose than gain from playing.

Gambling companies are often keen to make a point of explaining in depth how they comply with regulation in various markets, but ultimately this is a way of asking for praise for simply meeting the minimum requirements of the regulatory model under which they comply. Factor in some highly questionable advertising across the board and an insistence on barely-clothed models at industry shows and it is clear that the industry has an image problem. This could make the sector more vulnerable to overly-strict regulation, which could have a knock-on effect of limiting lotteries' ability to raise money for worthwhile causes. The more negative the public perception of a service or product, the more scope governments have to limit the supply.

Gambling companies' standard defense

is that they do not offer dangerous products, but a form of entertainment. I do not however tend to see that notion reflected in how many of these businesses function. Too often it feels there is a desire to comply with what is legal (if so), rather than to do what is ethical.

Lotteries, of course, are different from private operators. They are businesses created to raise money for charitable, social, cultural and civic projects and this puts them at a clear advantage, one on which they can build a responsible and sustainable business that serves society. This is where corporate social responsibility (CSR) comes in.

There are huge opportunities for lotteries to embrace CSR. A serious embrace of CSR is not, however, about simply starting a new Responsible Gambling initiative, putting out press releases on the projects supported by Lottery, or ensuring that advertising does not offend. It is looking across an entire business



Continued on p 39



The Hitchhikers Guide To iLottery

Sotiris Sklavounos

Senior Manager for Digital Products at INTRALOT As more Lottery operators are launching, or thinking of launching, an iLottery operation, one question stands more important: "How can I launch iLottery that will engage my customers, increase

simple technology project for the launch

of a lottery-selling tickets e-shop, and

operators believing this is the case, will

face execution and operation difficul-

ties. The launch of an iLottery solution should be considered as a digital trans-

formation project that will affect a

significant number of the Lottery's

business processes and operations, start-

ing from those associated with making

current games available online, all the

way to those involving customer engage-

ment and retention, and ultimately retail

So what are the most important aspects for a successful iLottery

1. State of the art front-end channels A well-designed collection of front-end channels is the iLottery spearhead.

Nowadays the majority of users already access lottery portals through smart-

phones, therefore the primary focus

should be on the mobile channel using a native app and optimized mobile web

portal followed by a responsive web

The key points for all front-end channels should be simplicity, superb customer experiences, modern UIs, and delivery of

personalized and context-aware content.

At minimum, their list of features should include draw results, statistics, a ticket checker, store finder functionality, e-playslip creation, a shopping cart,

Player Account Management, and Wallet

Management. As such, Lotteries should

modernization as a whole.

launch?

portal.

my revenues and ultimately be an online success?"

To begin, let's clarify that iLottery is much more than a



not be hesitant to completely change their pre-iLottery online presence in order to launch a proper app and portal that adhere to these key points.

> I N T R A L O T Canvas[™] addresses the need for such front-end channel presence. It is an

integrated content management platform allowing for centralized management and control of content distribution for multiple game verticals across all sales channels and customer touchpoints.

The platform has been designed to work as a multi-tool consisting of advanced content management, marketing and game offering personalization features, all of which can be utilized through its advanced and intuitive UI. When combined with INTRALOT Mobile,



The INTRALOT Mobile Lottery native app offers an intuitive, modern UI that delivers a superb personalized customer experience.


OPAL: Helping drive engagement and retention rates with an intelligent push notification and campaign management platform.

the collection of native mobile applications for iOS and Android devices, as well as the optimized web portal for mobiles, the solution enables Lotteries to offer a full gaming experience online.

2. Customer Relationship and Value Management

In the everyday operation of a store (brick and mortar or online), the main focus of the shop owner is to convert visitors to buyers and keep them happy post-sale so that they return. The same principle also applies to an iLottery operation. Ideally, the Lottery shall have a dedicated Customer Value Management (CVM) team that will strive to perform all customer base activities that drive conversions, maximize the lifetime value of the customers and reduce churn. The CVM arsenal will most definitely include intelligent, realtime customer segmentation, targeted bonuses and promotions, as well as a loyalty mechanism which could also be an extension of any existing player's club.

INTRALOT has developed Player Pulse, an award-winning Player Account

Management and CRM product that meets all Lottery growing demands for an effective CVM operation.

Here, player account management is redefined under the concept of a single account and a universal wallet with embedded WLA¹ and international principles and standards for responsible gaming, as well as intelligent fraud detection and aversion. On the marketing side, Player Pulse drives customer value through advanced segmentation, loyalty, bonus and promotion functionalities, centralized management and real-time reports.

3. Player Retention and Engagement

Player retention and engagement is another area that can make the difference between iLottery success or failure, and can certainly be affected by a CVM strategy. Unfortunately, retention figures do not favor Lotteries; according to mobile marketing experts Leanplum, the retention rate² of a mobile user drops from 21 per cent on the first day of use to a mere 1.89 per cent by day 90. Nevertheless, there are actions that the Lottery can, and must, do in order to increase retention and engagement. These include fun/side games and other gamification features such as leaderboards, prizes and badges that may attract players to the iLottery portals/ apps on a more frequent basis. The most powerful weapon in the Lottery's arsenal for increasing retention and engagement however, is mobile app push notifications. Carefully designed and executed push notification campaigns bearing rich, interactive content can improve retention rates by up to 20% (according to the same Leanplum study) and thus boost player engagement.

INTRALOT offers a large set of Instant Win Games with stunning graphics and exciting mechanics, along with a customized set of gamification elements that can be used by Lotteries to enhance their iLottery proposition. In addition,

¹ World Lottery Association

² Retention rate is defined as the percentage of users that return to the app after the first use

INTRALOT Mobile native apps are already integrated with the OPAL Push Notification and Campaign Management System that enables Lotteries to design and implement rich push notification campaigns based on actual application analytics and user segmentation.

4. Digital Marketing Operation

One of the most profound evolutions in the Lottery operation should be that of the marketing department. Digital marketing requires a shift away from more traditional, long-term, proven and wide-audience methods to fast and continuous practices, almost on a one-on-one level of personalization, with immediate response and feedback mechanisms. Methods and tools like analytics evaluation, search engine optimization, content marketing, social media and inbound marketing, as well as pay-per-click and affiliate marketing will be used round the clock. These are only some examples, however what this evolution essentially calls for is both the business operation and the marketers' competencies to progress.

Aligned with this new marketing era, INTRALOT's online/mobile products are already SEO optimized and fully integrated with Google Analytics in order to assist in optimal digital marketing campaign executions. Furthermore, INTRALOT can offer Lotteries consultancy services focusing on successful digital marketing operations.

5. Retail transformation

Probably, the most overlooked item during an iLottery launch is the need for a retail digital transformation.

Lotteries must take into account that the player registering for the iLottery product is most likely the same individual that visited -and will continue to visitthe retail store in order to play. At the same time, it is imperative that retailers



INTRALOT Player Pulse: Meeting all Lottery growing demands for an effective CVM operation

do not feel disengaged from the iLottery operation by fearing it will cannibalize in-store revenue.

The new retail operations must identify the iLottery customers, enable seamless registration and Know-Your-Customer (KYC) processes, allow e-playslip submission for iLottery customers that do not want to pay online, and reward their loyalty. In addition, Lotteries must empower, engage and incentivize retailers based on their performance in the new, omnichannel, player service arena.

INTRALOT's innovative portfolio of retail solutions is the building block of this retail transformation.

Ranging from countertop to floor-based self-service terminals, the portfolio contains innovative solutions for 24/7 e-playslip submission, universal player identity and flexible voucher payment methods, making sure that the player always remains at the center. Moreover, with Retailer Pulse, INTRALOT's next generation retailer CRM platform, Lotteries are able to reshape their retail ecosystem and achieve genuine digital transformation of their business.

Concluding, and borrowing from Douglas Adams, in their endeavor to launch a successful iLottery operation, Lotteries will find that the answer to life, universe and everything about iLottery, is definitely INTRALOT.

Sotiris Sklavounos is Senior Manager for Digital Products at INTRALOT, responsible for the strategy and product management of INTRALOT's digital portfolio. With an extensive working experience of more than 20 years in product management and innovation, prior to his current role, he has undertaken senior management roles in multinational Telecom companies in the area of applications, content and innovation.

(Responsible Gaming) Mistakes

at how decisions are made, to ultimately ensure that everything a company does has a wider benefit to society. When adopted across an entire business, CSR can improve public perception of a company, address jackpot fatigue by providing another reason to play, promote innovation by encouraging employees to create new solutions for issues such as responsible gambling, and ultimately ensure a company's long-term future.

Of course, there is always resistance to change. Companies have protested that this concept is particularly hard to define, something that can only work in certain markets, or under certain circumstances, or they point to charitable work they already do.

In this industry, CSR should be seen as not what a company does with the money it earns, but how it earns this money. If a company uses its advertising to promote gaming responsibly, finding unique and unusual ways to engage with their consumers, they will be able to improve their public image. This in turn can help tackle matters such as Responsible Gaming - if players are informed in a creative way, the message that playing should only be an entertainment and never an investment becomes a part of the way one buys the product. Additionally, although people play to win, when they lose, they will know that at least they contributed to doing good for society.

Creativity in the gambling industry is too often seen as grabbing customers' attention



with eye-catching, controversial, or simply repetitive advertising. What if people look beyond these tried, tested and tired ways of connecting to customers and think about how the industry can use its considerable resources to grow business by doing good?

A key example of the concept behind growing a business by doing good comes from Sol de Janeiro, a company that sells various sun creams. The company launched a program to train tattoo artists in Brazil how to spot tell-tale blemishes and discolored marks on customers' skin that may indicate a person has skin cancer. Considering the high prevalence of skin cancer in such a sunny climate, it could be argued that the market for sun cream can be expanded by educating people on the importance of protection. By training the tattoo artists, Sol de Janeiro taps into a huge network that it can use to raise awareness of risks related to skin cancer, and indirectly, of their products to their key audience: young, influential people - often those that have a wide presence on key communications channels.

Lotteries could take inspiration from the sun cream company in this case. National lotteries operate huge retail networks and often have expansive online presences. How could lotteries leverage the power of these networks to grow by doing good rather than to grow and to do good?

Differentiation is increasingly important in an industry where national lotteries often feel they are being forced to compete against private operators that may cannibalize their revenue. But lottery operators have

> an in-built advantage, in that their revenue is used for charitable, social or civic causes. Embracing CSR can help these companies build on this key differentiator. These concepts may be new to many companies but that's why Silverfish CSR has moved into this sector - there is a huge opportunity to grow by doing good, and we are here to help.

> For more information: info@ silverfish.fr

One-stop-shop platform on CSR and RG: www.digit-alRG.com

For video examples: http://www.silverfish.fr/ social-responsibility



Strategic Innovation: Charting A Course Between Disruption And Stability

MARCH 27-29 2018 Miam.

Visit PublicGaming.Org for dates and program details.

Beyond the Pie Chart

In everything from organizational growth to the delivery of products and innovation to customers, IGT is making diversity and inclusion a priority.

he spirit of fun is something shared by people all over the world. And when you're in the business of creating games for people everywhere, the more diverse you are, the more you can reflect the customers and players you serve.

For IGT, diversity and inclusion are equally driven by the desire to create a fair, inclusive culture in which all employees feel valued, respected, and engaged. Such a culture supports ongoing success by strengthening a group's collective ability to compete. "We need the very best minds, reflective of the broad diversity of our communities, to address challenges and lead our industry into the future," says Rebecca Hargrove, President & CEO, Tennessee Lottery, and Senior Vice President, WLA. What's more, a recent study by McKinsey & Company a found a significant correlation between higher diversity in leadership and better financial performance by an organization¹.

For all of these reasons, IGT prioritizes diversity and inclusion, recognizing its impact on everything from customer buying decisions to the ability to attract and retain talent. "It goes to our mindsets, how we innovate and create our products, and more," says Anthony Martinelli, a graphic designer who is among the four new voices recently appointed to IGT's Executive Diversity and Inclusion Council.

Formed in 2016, the initial Council was composed of executive members, indicative of the commitment of those who are involved in directing corporate policy and thought-leadership. In September of this year, the Council expanded its membership to include a group of emerging leaders who bring a cross-generational perspective from different vantage points within the company's business units and global footprint.

Vivian Hunt, Dennis Layton, and Sara Prince, "Diversity Matters." McKinsey & Company, 2 February, 2015.

The Council is only one component of the organization's larger diversity and inclusion initiative, which is set to expand in the new year as IGT welcomes Kim Barker Lee (pictured below) as its first Vice President of Diversity and Inclusion. Most recently, as Vice President of Legal and Regulatory Compliance at Northstar Illinois, Lee created an awardwinning supplier diversity program that far exceeded the organization's goals. Lee will lead IGT's Office of Diversity and Inclusion, chair the Council, and partner with its members to enact the policies and practices to support this ongoing mission.

A Clear Vision

As she prepares to take on the new leadership role, Lee brings clarity to terms that are sometimes interpreted in different ways by different audiences. "Diversity has traditionally focused on numbers," says Lee. "When people ask about the diversity of the organization, they typically want a pie chart, and that chart lists

races and gender. Diversity is so much deeper than that.

"Diversity is the total mix of people. Not just race or age, but ethnic heritage, mental and physical ability, gender identity, religion, how we think, our character traits. These are all a part of diversity. And inclusion is how the organization embraces diversity. It's having a workplace and a culture that allow for an appreciation of individuality, and this blends well with the mission of the company."

The most successful businesses look beyond basic statistics and demographics, and invest in knowing and understanding their evolving customer base at a cultural level. Businesses thrive when there is recognition that diversity is an asset, a workforce mirrors its customer base, and all views are valued equally."

-Hugo López, Director, California State Lottery

"Our people differentiate IGT and make us successful," says Mario Di Loreto, Excecutive Vice President, People & Transformation, and member of the Council. "Their talents, diverse cultures, backgrounds, ideas, and viewpoints drive the creativity that enables us to continue to deliver innovative products and solutions to our customers."

Diversity and inclusion also mean looking at every area of the business. Echoing Martinelli's observation, Lee adds: "It's important that our efforts aren't limited to HR issues. As we know from running lotteries, diversity and inclusion are important to the business at every level, from our advertising campaigns, to how retailers are onboarded, to everything we do."

One of the goals IGT has been building into its plan are specific metrics around diversity and inclusion that are linked to business objectives. "We're not talking about it in a vacuum," says Lee. "It's important to link diversity and inclusion to how we grow as an organization and how we help our customers grow."

Emerging Leaders Join IGT's Executive Diversity & Inclusion Council

Out of more than 60 self-nominations from passionate and talented employees who want to impact the wider community, four Emerging Leaders were recently appointed to join the senior IGT leaders on the company's Executive Diversity and Inclusion Council. They will lend their perspectives and ideas to help IGT continue to foster diversity and inclusion throughout the company.

IGT's first diversity and inclusion initiatives included hosting focus groups on women in leadership, unconscious-bias training for management, and the creation of management objectives relating to increasing the number of underrepresented candidates for job opportunities. The Council will build on that work by creating a global Strategic Plan for Diversity and Inclusion.

In September, 2017, the Council welcomed its newest members (pictured above, clockwise from top left): Darnell Johnson, Senior Manager, Product Management; April Schmidt, External Art Coordinator for Ignite Studio; Anthony Martinelli, Graphic Designer; and Frederik Andreacchio, Recurring Revenue Manager, Commercial Gaming.









POLLARD banknote limited

Understand Your Customer: Leveraging Loyalty to Engage Players

Consumers expect loyalty.

There are over 3.8 billion individual loyalty memberships in the United States, but only 46 percent of current memberships are active, and only 28 percent of members have ever redeemed a single point or reward.¹ So, while consumers may expect loyalty, what they are getting isn't meaningful enough to keep them engaged.

These facts translate into the lottery world as well. Loyalty programs in the lottery market today range from sophisticated second-chance platforms to full-fledged rewards programs. The current structure of these programs requires players to accumulate points over a long period of time; a practice that is counterintuitive to the principles of instant gratification synonymous with lottery. The statistics above underscore the significant opportunity for lotteries to further leverage loyalty programs in order to drive meaningful long-term engagement.

Today's consumer uses and disposes of products and services at an

unprecedented rate. In order to engage and retain a consumer's attention, loyalty programs have to be capable of adapting to changing player needs. Since the lottery industry only shares an indirect connection with its players, having a solution that allows lotteries to gather transactional data helps form a single rich player profile. This rich player profile will allow lotteries to gain a deeper understanding of their players and provide impactful loyalty programs that are more than just second-chance draws and points systems.

PLAY**DN**®

Pollard Banknote saw a need for an intuitive multi-channel engagement solution for the lottery industry, and so PlayOn[™] was born. PlayOn[™]'s highlyconfigurable platform offers a way to build a robust player profile by tracking consumer behavior and translating this data into actionable insights that drive market performance. Providing players with what they want when they want it, and adapting to those needs as they change, means PlayOn[™] is loyalty 'done right.'

THE KANSAS LOTTERY PROGRAM These capabilities are what led the Kansas Lottery to launch PlayOn[™] in January 2017. The platform now forms the cornerstone of the Lottery's marketing strategy.

In April 2017, the Lottery launched a segmentation campaign through PlayOn[™] to boost engagement. The campaign targeted players that had not submitted tickets by incenting them with double points for ticket submissions. By the end of the campaign, the Lottery reported a double-digit player participation rate—an impressive figure for loyalty industry standards.

In a more recent campaign, the Kansas Lottery employed PlayOn[™] to execute an instant ticket promotion for its *Ultimate Cash* game titled "The Hunt for the Last Top Prize." The promotion offered double points to any PlayOn[™] member who purchased and scanned the *Ultimate Cash* ticket into PlayOn[™] during the specific

There are over 3.8 billion individual loyalty memberships in the United States, but only 46 percent of current memberships are active, and only 28 percent of members have ever redeemed a single point or reward.

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Providing players with what they want when they want it, and adapting to those needs as they change, means PlayOn[™] is loyalty 'done right.'

time period. As a result, the Lottery's *Ultimate Cash* ticket experienced a sales spike of 44 percent two weeks into the promotion. This success reflects a lottery's ability to harness player analytics to drive ticket sales for specific games.

The Kansas Lottery PlayOn[™] program continues to be successful on a larger scale. A recent program overview revealed that there has been a 28 percent increase in new membership acquisition, and an 80 percent engagement rate, meaning that players are not simply signing up, but actively using the platform on a weekly basis. This engagement has also driven an increase in spend per player by 26 percent.

The Kansas Lottery story highlights the role that loyalty 'done right' plays in future-proofing the industry. Loyalty programs are a valuable tool for lotteries as they explore the digital ecosystem and its evolution, from digital games and apps all the way through to iLottery.

The End Of The Gas Station Means New Possibilities For Lottery Retail



It's not unreasonable to expect a complete revolution of the transportation industry within the next few yearsand that revolution will reshape the lottery retail landscape along with it.

The gas station fill-up has long been one of the most reliable occasions for lotteries to engage customers. The NACS, a C-store and fuel industry organization that tracks convenience store retail data, reported that nearly a quarter of all drivers reported purchasing lottery tickets occasionally or regularly when they enter a gas station, and with 250 million cars on the road in the US alone, this translates into a large portion of the lottery retail footprint. Gas stations have been a mainstay of the lottery retail network even as drivers began paying their fuel bills with credit cards directly at the pump. "Play at the Pump" technology is helping keep pace with that change in consumer behavior, but such innovations won't be enough for what's to come.

What's coming is a transportation revolution led by the rise of electric and self-driving technology. The last time something like this occurred, it took less than two decades for cars to replace horse-drawn carriages. Today, with over 40 companies in California already testing and developing these technologies,



Electric cars have already taken hold in many car markets, including in the US. France recently even announced a ban all



internal combustion vehicles by the year 2040. Existing gas stations have started adding electric charging stations to service the growing number of electric cars, but many think the need for centralized charging stations will be far less than traditional gas stations. A recent report from Nissan argued that home charging stations will outnumber gas stations in some markets within the next four years. This would represent a significant shift in consumer behavior and a major threat to existing gas stations

and convenience stores.

What this would mean for lottery retail is clear: significantly fewer customers at gas or charging stations and decreased sales for traditional lottery retailers.

However, to simply speculate that gas station-based sales will decrease in the coming years would ignore another fast-approaching, even more disruptive technological shift: the growing viability of self-driving technology. The technology that enables a car to safely pilot itself on a busy public road from one place to another already exists, and we should expect it to become commonplace in the coming years.

As a recent article in Forbes Magazine pointed out, a self-driving car could easily drive itself to a nearby gas or charging station in the middle of the night while its owner sleeps at home. This would mean that in the not-so-distant future, the busiest time for local gas stations could be 2:00am rather than any normal waking hour. More importantly for lottery retailers, it means that the bulk of all sales at these stations will be conducted without any physical human presence.

To explore this projection even further, one should not overlook the very real possibility that driverless technology will fundamentally change the way we purchase and use personal vehicles. If cars no longer need drivers, it may no longer be necessary for individuals to own cars at all. Cars could be jointly owned among multiple households. Similarly, new business models could make car ownership unnecessary, as our daily transportation needs could be covered more cost effectively by on-demand autonomous fleets. If this sounds outlandish, think again. A recent report by RethinkX, an industry think tank that analyzes technology-driven disruptions, projected that by the year 2030, 95% percent of all passenger travel in the United States will not be done with individually owned vehicles, as is the case today, but with "transportation-as-a-service" models. In other words, people would hail driverless



vehicles for their day-to-day needs—much in the way we might imagine a driverless taxi service—as a more cost effective replacement to normal car ownership. This would be a highly disruptive transition, and given that some countries are already giving the legislative green light to autonomous driving technology, this change might be upon us sooner than even the fastest projections.

For the lottery industry, all roads lead to the same place: an electric or driverless future with a drastically reduced ability to engage with customers through traditional means. Without confronting this reality and building the foundation for a new retail network, lotteries will be relegated to a fraction of their current retail footprint.

This doesn't mean, of course, that the lottery will vanish with the gas station. There are ways to adapt, and the key to finding them will be to imagine how day-to-day life will look after a transition to electric and self-driving cars. For one thing, people would still spend time in the car, but they would spend decidedly less time actually driving-if they ever drive at all. The freedom to direct our attention to matters other than driving creates new possibilities for entertainment and advertising models that integrate directly into transportationas-service vehicles. Modern cars already include large, centrally located screens for managing car features and navigation. Some even include TV for back-seat riders (which is what we will all be, sometime in the not-so-distant future). Imagine these trends merging to create an immersive retail environment surrounding us within the vehicle-new forms of POS and online shopping portals, media content, messaging and entertainment of all different varieties, product advertising, and experience-enhancing consumer touch-points that haven't been invented yet. The possibilities for in-car lottery retail could range from traditional numbers games designed to pass the time while we're riding to work, to novel and elaborate long-play games to complement the fun and excitement of road trips.

We do not know exactly how these trends will manifest and change the course of our daily lives. We do know, however, that gas stations and lottery retail are headed for a major shakeup. Innovative lottery leaders are already figuring out how to turn these trends into positive outcomes for their stakeholders!

INTERNET OF THINGS Continued from p 20

brands have built successful retail experiences that are grounded in customer data and analytics.

You can't out Amazon, Amazon.

The best case scenario for retailers and brands is to focus on creating best in class customer focused experiences. Amazon is a formidable foe and trying to out maneuver the e-commerce juggernaut is a fools errand (unless you are Google or Walmart)

As a brand, it's critical to formulate some type of strategy on how to work with Amazon. As a retailer there are two essential parts to being successful:

Focus on the creating the types of experiences that play to the strengths of your stores physical location. Ex. multi-sensory storytelling, concierge class customer service, locally curated merchandising

Get to know your customers intimately and really understand what they want. Ex. Build genuine and thoughtful relationships with your customers using data from compiled for online shopping behaviors, personal profiles. Create hyperpersonalized offers and services. Manolo Almagro leads Q Division, (its namesake is the infamous Q division, the fictional department of MI-6, dedicated to developing tools + weapons for special agents to use to gain every advantage on their enemies in the James Bond Movies)

Q division is a global consultancy dedicated to brands + retailers; developing tools, strategies and technology to help them gain every advantage on their competition. Offering best in class Internet of experiences, connected commerce solutions, data-driven innovation strategies and emerging technology. Q Division supports it clients with proof of concept prototypes, field tests and large scale, enterprise class technology deployments.

In 2017 Manolo was recognized by AVIXA (aka InfoComm) as an Emerging Trends Fellow for Digital Signage, and he holds the official title of subject matter expert in Emerging Retail Tech for curated experiences for CES, NRF, ISE, DSE, Euroshop, InfoComm, and the Mobile World Congress in Barcelona - among his technical achievements, Manolo is a named inventor on digital signage software patent #6038545



The new Warby Parker store on Melrose Ave in Los Angeles caters to their local millennial clientele with a green-screen room equipped to create sharable videos with their selections suitable for use on social media.

Partnerships: The Importance Of Third Party Service Providers In A Changing Lottery Landscape

Tim Yahya

Country Manager USA & Canada

Abacus Solutions



Retail is changing. The way shoppers behave, their demands and expectations are changing. Retailers are changing to meet those demands and expectations. This was summarised in the opening statement of a recent Market Report issued by PCMS, the global EPoS software and services organisation. It said:

"Retail has changed more in the last 10 years than in the preceding 50, and the rate of this change continues to accelerate. Today, multiple buying channels are not only desired, but expected, and this expectation is being driven by the consumer.

The future of retail is unified commerce; seamless customer encounters in-store, online and mobile devices – as well as through channels we have yet to encounter."

If when you read that statement you were not thinking about your lottery's distribution channels and the customer experience of your players, try reading it again with that in mind.

It would be easy to dismiss the statement, since it acknowledges "online and mobile devices" as important and those are platforms many U.S. lotteries are not permitted to utilise to their full potential. But to dismiss the statement on that basis would be to ignore the two most important



aspects; "multiple buying channels are not only desired but expected", and "channels we have yet to encounter". These are important because they deal with the present and the future. Shoppers expect multiple buying channels today. And we don't yet know what they will want in the future.

So how can a lottery quickly and easily adapt to meet the current and future demands of its players? The answer lies in partnerships.

There is a partnership model in the lottery

business now, but does it give lotteries and vendors the agility to adapt to new developments in retail quickly? It's a model which has worked for years, it has many positives, but does it work as well now as it did 10 years ago before the rapid changes in retail began?

Partnerships may be formed with specialist 'Best of Breed' organisations, leveraging the



research and development and the investment in technology those companies have made. One of the limitations of using a model with complete exclusivity to a single vendor, from a very small group of vendors, is the difficulty it brings to smaller, perhaps more innovative companies to bring their products to market. Smaller companies are usually more nimble than large corporates, innovation is key to their success, often it's essential for their survival. They tend to have very focused development priorities and are usually formed by experts.

So while a one-stop-shop approach may be very appealing, it perhaps limits a lottery in the range of services it can both avail itself of, and offer to retailers and players. If a small, focused company, dedicated to the product or service it offers can partner with a lottery there can be enormous benefits to all involved.

Those benefits will be many-fold, new products, innovation, revenue, re-engaged players, new players; or with more back-office focused services this could be increased efficiency, reduced costs, faster processes. An area which is easy to over-look is entrepreneurialism. All commercial organisations have to be entrepreneurial to some extent, if they are not they don't survive. But if you want to see raw, unencumbered entrepreneurialism look at a small company. They have it in spates, and when combined with the enthusiasm and energy these companies

Thomas Delacenserie (continued p 16)

headquarters and field sales management positions, implemented advertising efficiencies that resulted in savings of \$300,000 annually, and introduced the lottery products category to Wal-Mart, which was an industry first. The Florida Lottery set sales records in all but two of his seventeen years at the Florida Lottery, culminating in the record year of \$6 billion in sales in FY2016.

Following a distinguished career with the Florida Lottery, Tom was appointed to the position of President and CEO of the Kentucky Lottery in June, 2017. Tom is a champion of multi-state lottery collaboration, especially for the purpose of opening up the 'big-box' multi-state corporate retail chain store channel of distribution. Tom is now enthusiastic about applying his years of experience in his new role with the Kentucky Lottery.

Before joining the lottery industry, Tom was a sales executive with Pfizer Consumer Products for fifteen years and then eight years with Parfums de Coeur/Prince Matchabelli. Tom has applied this consumer marketing experience to the task of forging relationships with major multi-state U.S. retailers, a first for U.S. lotteries.

Tom holds a Bachelor of Arts degree from the University of Wisconsin.

Marzia Mastrogiacomo (continued p 16)

Development for retail market services with Poste Italiane (Italian Post) S.p.A., where she directed the development of innovative public services built by leveraging the different corporate assets.

From 2000 to 2003 she worked at Diners Club – Citigroup, first as Head of Marketing in Italy and then as Marketing Director for Europe, in particular by coordinating activities of strategy and product development for the Business Cards and Individuals markets in 7 countries. Marzia began her career at Procter & Gamble, where she spent five years in various positions in Marketing and Market research departments, working with such brands as Olay, Max Factor and Infasil. Ms. Mastrogiacomo has a degree in Statistical and Actuarial Sciences from La Sapienza University in Rome.

Alice Garland

(continued p 16)

Alice has become a trailblazer in adopting new technologies that keep our games relevant. In North Carolina, lottery players can buy tickets at traditional retailers, they can buy draw tickets online, and they can even play jackpot games at the gas pump. The NC Lottery Players' Club has attracted as members one of every 10 persons of playing age in North Carolina. They've created through digital channels a base of loyal customers and brand advocates of more than 830,000 people. By embracing change, Alice has positioned the lottery for success, and her foresight offers valuable lessons to follow.

Her highest service comes from Alice's clarion call for lotteries to elevate their commitment to Responsible Gaming. Due to her leadership, U.S. lotteries are sharing their RG best practices and committing themselves to continuous improvement. Last year, the National Council on Problem Gambling honored Alice with its top award for advocacy. She was the first lottery or gaming industry professional to ever receive this honor. Alice's success as a leader clearly begins with her principle of just doing the right thing. Responsible Gaming distinguishes the N.C. Education Lottery and ensures they meet their mission in raising money for good causes while protecting the interests of those who play the lottery. That's what will make our industry sustainable.

Paula Otto

(continued p 16)

is a disciplined innovator, willing to explore new ways and approaches, but always within the legislative and Responsible Gaming frameworks that govern the Virginia Lottery. Under her direction, the Lottery has grown steadily and continues to be one of the industry's leading lotteries, both in terms of funds generated for its beneficiary, and in terms of ensuring that it maintains its relevance to a new generation of players.

Paula has also played a lead role in the wider lottery industry in the U.S., including a 3-year term as the Lead Director of the Mega Millions consortium. During this critical time in the industry, she carefully managed and protected the core principles of the group, ensuring that the game maintained its brand equity and sales strength within the industry. Paula currently serves on the NASPL Executive Committee.

In 2014, Paula received the Thomas Jefferson Award for Excellence in Public Relations from the Richmond Public Relations Society of America, which is the group's highest honor. She has also been an enthusiastic and thoughtful participant and speaker at industry conferences. Paula received her undergraduate degree in Journalism from West Virginia University and earned a Master of Arts in Public Communication from American University.

Charles McIntyre (continued p 16)

to the highest standards of ethical business practices. He regularly speaks with the public, government officials, and the media at events and public hearings. He has fostered and continues to maintain excellent relationships with both branches of the New Hampshire State Legislature, and has testified as an expert on gambling before state boards, legislative bodies, municipalities, and the U.S. Congress.

Charles has been an outspoken advocate for preservation of regulatory policies that protect the interests of state lotteries. His contributions include meetings with members of the U.S. Congress to inform them about the impact of regulatory policy on state lotteries. Charles presently serves as First Vice President of NASPL (North American Association of State & Provincial Lotteries), Chair of the NASPL Government Relations Committee, and Chair of the Powerball Product Group.

Before serving as a leader in the lottery industry, Charles served for five years as an attorney in private practice, and seven years as a senior state prosecutor which included being Assistant District Attorney Norfolk County Massachusetts, Director of the Special Investigations Unit, and Chief Prosecutor for narcotics and organized crime related offenses.

Charles holds a Bachelor of Arts degree in History from Connecticut College and a Juris Doctorate from the Suffolk University Law School.

Managing An Off-Line Business In An Online World

Art Kiuttu

Senior Vice President Lottery & Gaming Solutions

Lazlo326

s the U.S. Lottery industry entered the new century, digital formats, gaming systems and the internet became the primary source for entertainment for younger consumers. Research indicated that younger audiences were less likely to engage in lottery offerings. Two schools of thought emerged: Some believe younger players will become engaged in lottery games as they age, following the purchase behaviors of earlier generations. Others believe that lottery will not appeal to younger audiences raised on digital games, even as they grow out of their twenties and into the age when previous generations discovered the fun of playing the lottery. They believe that new game styles, new promotional strategies, and new distribution platforms will be required to attract the next generation of players, the first generation of "digital natives" who were playing digital games on smart-phones before they could talk.

Lottery needs to:

- Develop meaningful and engaging game content
- Broaden the player base by appealing to new audiences
- Deliver game content via new product delivery systems

• Develop cooperative programs to build business relationships with existing retailers, and attract new distribution partners • Increase retail touch-points by developing programs that augment the retailers' business model and support their business priorities

• Invest in new technology while managing operational costs

• Find ways to increase profit for good causes

New and existing vendors are developing solutions to accomplish these goals. Lazlo's Mobile CryptoImaging[™] (CI), for instance, is a patent-pending technology that allows



Lazlo to transform a lottery wager into a highly secure, anonymous, trackable and redeemable digital ticket on mobile phones.

Lottery instant sales have increased. However, higher payout strategies deployed to drive sales have often resulted in lower profits. Further, they sometimes attract unwanted attention from lawmakers who think that higher margins create higher profits. The actual result is that higher margins have not brought in new consumer groups, the number of lottery players has remained flat, and the consistent but modest YoY sales growth is driven by the same number of players spending more on lottery. This is not a recipe for long-term, sustainable, and responsible sales growth.

The focus on Instant games has overshadowed efforts to grow sales from more profitable draw games. Despite matrix changes to

Powerball, the cross-promotion efforts between Mega Millions and

Powerball, and the addition of multi-state games such as Lucky for Life, the more profitable draw games category has seen very modest sales growth over the last twenty years.

Retail Challenges

For years, the industry has attempted to grow its retail base to help improve product distribution and grow sales. Like the lottery, retailers have been strapped with their own challenges. The c-store channel is seeing a decline in consumer traffic as younger audiences are not frequenting their stores like older audiences. Additionally, c-stores with gas offer pay at the pump with debit and credit cards making consumers less likely to visit the inside of the store. This provides fewer opportunities to sell higher profit grocery items. And the production of vehicles with better fuel economy has resulted to fewer trips to gas stations. These dynamics are affecting store traffic counts. NACS reports that overall, 2016 c-store inside and outside sales were down nearly \$24 billion in the US.

The addition of self-service equipment in the grocery store channel has helped product

sales and distribution. However, the lottery industry still misses the opportunity to sell its products at many of these consumer touch points.. Recently, there have been initiatives to offer in-lane solutions (lottery sales at the registers) to make retail transactions easier for clerks to handle and provide better retail transaction information for products being actively promoted by retailers? We need to change the perception of lottery from that of low margin, high-risk, labor intensive product to that of store traffic-generator which drives residual sales and profits that far exceed lottery revenues and has the unique power to engage and entertain a bored shopper!

US MOBILE USE

MORE THAN 95% OF 18 - 34 AGE CONSUMERS USE MOBILE PHONES

| | US SMARTPHONE PENETRATION BY AGE | | | | | | | |
|----|----------------------------------|-------|-------|-------|-------|-------|-------|-------|
| | AGE | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| 0{ | 0-11 | 28.7% | 35.3% | 41.0% | 45.0% | 47.1% | 48 9% | 49.7% |
| | 12 17 | 71.0% | 78.5% | 84.0% | 89.0% | 91.0% | 92.0% | 92.9% |
| | 18 24 | 85,2% | 90.1% | 94.9% | 98-0% | 98.4% | 99-0% | 99.4% |
| | 25.34 | 84.0% | 90.2% | 95-2% | 97.0% | 97.1% | 97.0% | 97.1% |
| | 35.44 | 81,6% | 87.7% | 92.0% | 94.0% | 94.8% | 95 8% | 96.5% |
| | 45.54 | 65.9% | 75.8% | 82-8% | 88-3% | 92.8% | 95-9% | 96.2% |
| | 55.64 | 59.1% | 67.6% | 75 7% | 80.9% | 85-5% | 89.5% | 93.0% |
| | 65+ | 36.6% | 40.7% | 44.4% | 49.6% | 52 8% | 56.1% | 57.3% |
| | TOTAL | 67.6% | 73.8% | 79.0% | 82.7% | 84.8% | 86.3% | 87.3% |

the retailer's back-office financial systems. However, Integration into the retailer's POS to sell lottery products in-lane often requires hardware and software support from retailers who may not see lottery/POS integration as a business priority

Self-service vending equipment in grocery stores requires a cash transaction and does not tender change, leading to issues for many consumers. Lotteries are addressing this issue by enabling self-service terminals to accept credit and/or debit cards and some have agreed to absorb banking fees for lottery transactions. This solution may benefit consumers, but passes an increased cost for banking fees to the lottery. Consumers continue to be reluctant to provide personal information required by registration processes for online and/or cashless purchases and lottery play.

Lotteries are succeeding at engaging support from retailers who see the value lottery products bring to their business. Too many retailers, though, continue to think of lottery products as a convenience item for their customers more than a profit-generator and traffic-drover for their store. Retailers who offer lottery products simply because the competition does and are not enthusiastic promoters of the product. Retailers upsell customers a Red Bull or Pepsi. Grocery stores offers coupons for products and food items. How often do we see lottery

Consumer Research

Research studies have identified several consumer issues ranging from confusion and intimidation with the broad variety and complexity of game offerings to the lack of an engaging lottery games offer. As stated by consumers in a recent research study, "you expect me to read this 8-page pamphlet to learn how to play?" Younger audiences are also less likely to play lottery games and believe lottery is something their parents and grandparents do.

Research studies discussing barriers to play with younger audiences show that younger consumers prefer choice, engagement, offerings that are more relevant to their lifestyle, and they want content delivered on their mobile devices.

The hart below shows mobile phone usage from 2014 and projects mobile phone usage through 2020. The chart also shows that more than 95% of younger consumers (18 – 34) use a smartphone. Wired Magazine reports that younger consumers consume media on an average of 9.5 hours per day and 92% of consumers use a mobile device while consuming other forms of media.

The world continues to change, and Lottery is challenged to keep up. Costly promotions, second chance drawings, informational mobile apps, play for fun games and licensed content have been developed but have done little to help engage new audiences.

Engagement with many apps are also troublesome for many consumers. An article published by Cision in August 2017 cited that nearly 90% of mobile app users are concerned about the security of their information and are uncomfortable providing personal and financial information during the app onboarding process. The Cision article was written prior to the recent Equifax breach.

Lazlo is a mobile content delivery powered Mobile CryptoImaging[™] (CI) platform that transforms a lottery wager into a highly secure, anonymous, trackable and redeemable digital ticket on mobile phones. Lazlo's mobile solution has been developed to address many issues that have been plaguing the lottery industry for years.

Lazlo Unique Features:

• No player registration is required

• Compatible with all Apple and Android devices

• All tickets are produced digitally and stored on the player's mobile device.

• There are no paper tickets to inventory, handle or manage

• Provides popular content that is fun and entertaining

• Players can select games before visiting the retailer

• Retailer and brand offers are digitally provided as rewards to lottery players

• Players receive automatic entries into experiential prize drawings

• Winners are notified of winnings via their mobile device

• Single scan sales and single scan validations are quick and easy

• Provides offers and coupons that fosters in-store promotion and product sales for retailers

• Winning tickets can be converted to a retailer digital gift card that can be

redeemed at the retailer. Players can also select from dozens of other digital gift cards from merchants such as Amazon, Home Depot, Target, etc.

• Lottery transactions can be integrated in the retailers' POS

• Transactions can be integrated into multi-register retailers' POS making it a great candidate for a paperless in-lane solution

• New retailers are easily added without high-cost equipment, counter space and dedicated lines

• Real-time sales and consumer data help measure performance and provides valuable information for decision making

• The platform is very flexible and additional content can be easily uploaded to keep content fresh

• All transactions are 100% secure

How it works

The consumer downloads the app from the lottery's app or from a participating retailer app. Playing is completely anonymous which means that consumers are not required to register, or provide personal or financial information to play.

The consumer selects the game(s) they want to play. Game choices can be made prior to visiting the retailer. Lazlo provides colorful, digital games that can include branded Powerball, Mega Millions, in-state lotto, pick games, keno and/or scratch games.

To add entertainment and engage younger audiences, players can elect to reveal their numbers from a wide variety of videos or graphic images that are the most relevant to their likes and lifestyles. For example, video options may include cute animals, a skateboard video or a new movie trailer. If the player selects an entertaining video, their quick pick numbers are embedded into the video and revealed when the player views the video. Players also have the option to select their own numbers.

Why is video content important for attracting new audiences? That's simple nearly 5 billion videos are viewed every day! 1.3 billion people view videos on YouTube alone every day! YouTube reaches more 18 to 49 year-old consumers than any cable network in the US. YouTube views have increased by more than 60% each year. In today's media universe, video has the power to completely transform a brand and even entire markets.

Once selected, the games are placed in the mobile shopping cart. To complete checkout, the transaction must be tendered within the retailer's physical location. The retailer scans a single barcode from the player's mobile device and collects payment. The ticket(s) and/or tickets with embedded videos are uploaded to the player's mobile device.

The digital solution can be integrated into single-register stores and in-lane grocery stores. Imagine offering a cost-effective solution that enables the lottery to expand products into in-lane locations, new trade styles or small retailers that could not be considered in the past.

The player may receive a digital rendered value-added coupon for their favorite food item or beverage. For example, the player purchases a \$1 Monster Pick 3 ticket they may receive \$1 digital coupon off the purchase off a Monster beverage. A win for the player who now offsets the cost of their ticket and win for the retailer who benefits from the sale of an additional item in the store.

The player is also automatically entered in to a drawing for a chance to win an experiential prize. The player could enter a drawing for an all-expense paid trip to Hollywood to be an extra during the filming of a blockbuster movie or select the drawing for a chance for front row seats at a runway fashion show in New York City, etc.

If the player's ticket wins a prize, the system automatically notifies the player they have won. Imagine, no numbers to check. The player is given a choice of how they want to collect their prize.

The player can bring their winning ticket back to the retailer and the retailer scans the ticket barcode from the player's mobile device to validate the ticket and pays the player. Prizes over the established pay limit will be validated and paid by the Lottery.

The player is given the option to convert their \$50 prize to a \$50 (or greater value) retailer digital gift card or a digital gift card from dozens of popular merchants. Merchant gift cards can be claimed without visiting the retailer.

Real-Time Analytics

Historically, measuring the performance of marketing efforts has been difficult for everyone, including the lottery industry. Many lotteries use market research to gauge consumer approval, game performance indicators, and understand who is playing their games. Since instant game sales are measured based on ticket pack activation, what happens at retail is a mystery. Unless post research is conducted, it's difficult to understand who is buying the game(s). Draw games provide game sales analytics, but lack valuable consumer demographic information.

Lazlo can provide real-time consumer purchase data in an easy to use and easy to understand dashboard format. Imagine knowing who is purchasing your games, frequency of play and what time of day purchases are made for each product.

Technical Overview

Lazlo tickets are highly encrypted wager and PIN information embedded in customized, high-definition imagery, generated at the time of purchase. Players remain private and retain the bearer nature of the digital ticket. Multiple layers of security using advanced encryption technologies ensure complete confidence in issuance and validation.

Today, lotteries are facing challenges and are seeking solutions to grow sales and profits for good-causes responsibly. These range from finding new, more profitable games, to expanding the retailer base to cultivating new player segments. As the lottery's player base continues to age, it is becoming increasingly important to find ways to engage broader audiences and provide engaging game content in a way that is more acceptable and comfortable for them to consume. The current lottery retailer base is stagnant and the lottery's value proposition does not always support lottery retailer business objectives.

Lazlo's mobile digital bearer instrument solution addresses these and other concerns the industry faces. Lazlo provides exciting game content, attracts new audiences and delivers products in a manner that is easy, safe and secure for both consumers and retailers.



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 (PGRItalks.com) to see their presentations from PGRI conferences.



International Game Technology PLC IGT.com

A global leader in lottery and gaming, IGT is uniquely positioned to modernize play by leveraging a substantial investment in innovation and a wealth of premium content, player insights, 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 interactive 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 our customers 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 enable our customers to drive profit growth and deliver 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.

Interactive - 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.

Marco Sala, Chief Executive Officer, International Game Technology PLC Michael Chambrello, Chief Executive Officer, North America Lottery Renato Ascoli, Chief Executive Officer, North America Gaming/Interactive Walter Bugno, Chief Executive Officer, International Fabio Cairoli, Chief Executive Officer, Italy

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diamondgame.com

Diamond Game designs, produces, and services games, gaming systems, and tickets for various North American Lotteries and alternative gaming markets.

Diamond Game's mission is to provide innovative solutions to lotteries seeking retailers and revenue growth. To deliver on that mission, the patented LT-3 suite of ITVMs was created with lottery needs at the forefront. The LT-3 allows lotteries to expand their retailer base into less traditional and age-regulated social establishments, such as bars, taverns, bingo halls, and social clubs. The LT-3 is currently deployed in 5 North American lottery jurisdictions.

Diamond Game's newest suite of products is NexPlay[™]. NexPlay[™] represents an exciting next step for self-service player activated terminals, as it includes all of the LT-3 functionality, but goes further by offering multi-game features, integration into existing lottery draw games, ticket checking animation, optional cashless payment capabilities, optional age verification functionality, downloadable content, and optional player recognition for loyalty rewards and responsible gaming features.

The LT-3 ITVM and the NexPlay[™] suite of products feature secure ticket validation and fraud prevention and a sophisticated accounting and sales tracking system. The footprints of the terminals are significantly smaller than standard ITVMs and SSTs, thus allowing one or more to fit easily in even small venues. Diamond Game's suite of products can be deployed in a variety of configurations based on unique lottery needs, helping generate significant new instant ticket, keno, and draw game revenue.

Diamond Game was established in 1994 and as of August 2017, Diamond Game is proud to be a subsidiary of Pollard Banknote Ltd., www.pollardbanknote.com. Pollard Banknote is a public company trading on the TSX under symbol PBL.

Diamond Game is a proud Associate Member of the WLA and NASPL.





Intralot.com

INTRALOT is a leading gaming solutions supplier and operator active in 55 regulated jurisdictions around the globe. With \$1.35 billion turnover and a global workforce of more than 5,200 employees in 2016, INTRALOT is a robust corporation uniquely positioned to offer to lottery and gaming organizations across geographies ground breaking, market-proven solutions and operational expertise. In the U.S., INTRALOT has 13 contracts that include online systems and services, warehousing and distribution of instant tickets and VLT/COAM monitoring. INTRALOT has also performed and currently supply lottery solutions for the last two new lottery start-ups in the U.S. (Arkansas and Wyoming).

INTRALOT offers an integrated portfolio of best-in-class gaming systems and product solutions & services addressing all gaming verticals (Lottery, Betting, and Interactive) and a suite of new products aiming to modernize lotteries through a process of digital transformation. Players can enjoy a seamless and personalized experience through exciting games and premium content across multiple delivery channels, both retail and interactive.

As member of the UN Global Compact, INTRALOT is a global corporate citizen committed to sustainable development, an active proponent of the principles of responsible gaming, possessing the WLA responsible gaming framework certificate, a member of the European Business Ethics Network and of the Transparency International Business Network.

INTRALOT is the first international vendor in the gaming sector that has been certified according to the WLA Security Control Standar, renewed in 2016. Moreover, the Company has been certified with the ISO 27001 for its Information Security Management System and maintains the ISO 20000-1 certification on IT Service Management.

INTRALOT contributes decisively to the future developments of the industry by being a member of all major lottery and gaming associations such as NASPL, WLA, EL, and Toto Association, the Hispanic Association that covers South America and the Iberian Peninsula, APLA, Gaming Standards Association, and Association of Gaming Equipment Manufacturers.

Linq3.com

Ling3's secure payments platform transforms existing unmanned POS devices into highly interactive access points for sale of lottery products. By leveraging existing hardware, securing transactional data and communications, lotteries have a unique opportunity to think outside the traditional sales terminals. The Linq3 solution works in partnership with existing lottery networks, allowing lotteries to efficiently reach a greater market, intersecting and interacting with players in a new way. In collaboration with state lotteries, their operators, and the nation's leading fuel pump and payment kiosk manufacturers, ATM providers, and the payment card industry, Ling3 has developed the secure protocol for lottery transactions on fuel pumps, ATM's, taxis and other innovative unmanned points of sale. Ling3 enables lotteries to achieve sales growth at a low cost through new sales channels that reaches new players and occasional players. The Linq3 solution promotes a new level of interactivity for the player and lottery. A dedicated web interface, 24/7 call center support, auto redemption of low tier prizes, and detailed state reporting and security compliance and responsible play features are just some of the benefits to the Linq3 platform. Optimized performance is achieved through state of the art processing and data security. It's secure, it's scalable, and it's ready to change the distributional landscape for lottery products.

Linq3 recognizes that security and integrity is of upmost importance to lotteries. Linq3 utilizes a state of the art multi-tiered security protocol that ensures transaction data is not compromised. Included in the system is a check and balance that employs internal and external (third party) redundancy and verification.

Linq3's technology consists of three fundamental features security, reliability and availability, and performance and scalability. Connectivity is provided over multiple carriers to ensure availability if one carrier should have an outage. The primary requirement for processing credit and debit transactions is PCI compliance. Linq3's PCI DSS (Payment Card Industry Data Security Standard) Tier 1 Status is the highest level attainable in the Payment Industry. Linq3 combines the key goals of the PCI Data Security Standard and its own internal standards to establish physical, network, and system software security ensuring end-to-end integrity of lottery transactions.



ScientificGames.com

As a global leader in the gaming and lottery industries, Scientific Games' mission is to empower our customers by creating the world's best gaming and lottery experiences. Our casino, digital and lottery games are designed to reach players wherever they are, whenever they want to play, and in any channel they choose: retail, casino or digital.

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 breakthrough technology that launched the world's very first secure instant lottery game in 1974, we are a trusted business partner to more than 1,500 customers around the globe.

Headquartered in Las Vegas, Nevada, with 8,400 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.

Success is a reflection of talent, and Scientific Games' history of success has been driven by our highly experienced professionals who are committed to excellence. Our lottery and gaming 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 using market research, analytics and consumer insights to gain a deep understanding of player demand and preferences. As a result, we continue to generate new ideas and innovative gaming solutions that provide players with exciting choices and experiences – and retailers with operational efficiencies. Scientific Games is committed to working closely with our customers, governments, regulators and industry associations to support player protection and responsible gaming.

Scientific Games leads the global lottery industry by driving performance with a proven portfolio of products, technology, and services featuring:

- Instant, draw and hybrid games
- Licensed brands
- Interactive games and promotions
- Loyalty programs + online rewards store
- iLottery (eDraw and eInstants)
- Sports betting
- Gaming systems technology
- Retail point-of-sale technology
- Mobile apps
- Internet platform + CRM
- Retail development programs
- Managed services



ABACUS Solutions International Group lotteryeverywhere.com

Lottery Everywhere by Abacus Abacus offers lotteries the opportunity to reach 100% of their potential players in-store with the Abacus In-Lane Solution. Implementation of the Abacus In-Lane Solution means that potential players are exposed to the opportunity to play lottery at every till point as they're checking out their shopping - unlike the current 5% of shoppers playing at a dedicated in-store terminal. Abacus manages the integration of the lottery's existing or new games into the retailers' EPoS systems from start to finish, making it easy and painless to implement. Abacus is the leading supplier of in-lane solutions with more than 25,000 lanes live in Europe.

ABACUS is unique, employing experts from both the lottery world and the payment processing industry. Our solutions have simplicity at their core, with impressive speed to market and high levels of lottery and payment industry compliant security.

Our solutions, games and technology work in partnership with lottery organisations, their suppliers and the retailers, enabling all parties to benefit from increased sales.

Our fully managed service offering includes:

- Lottery In-Lane, Self-Checkout, & Self-Serve
- E-commerce and Mobile solutions
- Abacus games including Bill Paid
- Retailer loyalty solutions, followon promotions & 2nd chance draws

Contact: Simon Butler, CEO Email: s.butler@abacus-bv.com Telephone: +44 1604 846777



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 a younger generation of players.

Lazlo[™] provides a digital content delivery platform powered by Mobile CryptoImaging[™] (CI), a patent pending technology that allows Lazlo to transform the existing paper lottery wager into a highly secure, trackable and redeemable digital ticket on mobile phones. All lottery transactions are anonymous and are tendered at lottery retail locations.

Lazlo converts plastic gift cards, consumer coupons and extra chance entries into digital products. The perfect solution that binds lottery, retailers and consumer package goods companies together.

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. vantiv. Entertainment Solutions

Vantiventertainment.com

Payment products and services for Lotteries that extend well beyond a physical location.

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.

"Cashless" has become a reality across the regulated gaming space, improving player convenience and operator efficiency. 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, and Scientific Games, along with world-class point of sale providers, Verifone and Ingenico.

Vantiv processes over \$1 trillion annually, across 21+ billion transactions and 800,000+ merchant locations. Our Vivid Data Engine[™] brings true science to the world of payments combining demographic, financial and lifestyle data to give you a view of your customer through a single lens made possible only by Vantiv.

vantiv® smarter / faster / easer / payments™



EquiLottery.com

The Millennial Draw Game

There's hardly an hour that goes by at a PGRI conference that the word Millennial isn't mentioned. And why? Because this generation remains elusive for most lottery products, especially the higher margin draw game category. How do we deliver games in this category to those who are looking for opportunities that aren't just retrofitted to their mobile devices, but instead organically designed to engage players where they already are?

Our research shows that Millennials are drawn to authenticity, unpredictability, more winning opportunities and relevancy in their daily lives. EquiLottery, a draw game based on the results of live horse racing, offers all of these things. And it's funny, we didn't design EquiLottery for Millennials, it just happens to be for Millennials. The authenticity that comes with this happy accident makes our hand that much stronger.

Join us as we create a new category in lottery gaming — live sports draw games. Visit our website at www.EquiLottery. com and read about our Millennial studies under the news feed. And for more information or to set up a customized consultation, contact Founder and CEO Brad Cummings at (502) 644-1454 or brad@equilottery.com.



GroverGaming.com

Grover Gaming, Inc. is a software and game development company specializing in Lottery Products, Charitable Gaming, and Software Licensing, with extensive experience in developing casino game content. Grover Gaming is proud to license premium games for a variety of gaming markets including Social and Real Money gaming. All content is created in-house, which includes game development, programming, and the production of art, sound, and math assets. This capability allows for a quick response to today's changing market demands.

Grover Gaming's content is available to license for Class II, Class III, Electronic Pull Tabs, Skill & Redemption, Social, Online and Charitable Gaming Markets. The company has experience in Lab Certification and offers 24/7 support for all of our licensed products. Grover Gaming's creative team is helping to drive the digital transformation of historically paper-based charitable gaming markets. With Grover Gaming's ability to create commercially successful games, backend systems, and global reporting sites, it is not surprising that we are the undisputed leader in the majority of digital pull-tab markets. And the production of customer focused, top-quality, game content is one of the cornerstones of Grover Gaming's ability to maximize the value of your existing systems.



Incomm.com

The ways consumers are purchasing and using gift cards is rapidly changing. Instead of just being bought seasonally for loved ones, gift cards are now also being bought for personal budgeting and self-use yearround. InComm helps retailers offer digital gift cards for a wide range of products, from music to ebooks to movie tickets to Lottery. These products never run out of stock, meaning retailers will always be able to provide consumers with the options they want while taking up minimal floor space.

Leveraging deep integrations into retailers' point-of-sale systems, InComm provides connectivity to a variety of service providers that allow consumers to conduct everyday business at more than 500,000 points of retail distribution. Whether those consumers are activating prepaid products, paying bills, enjoying real-time discounts through a membership card, purchasing digital goods in-store or adding funds to an online account, InComm is there to provide unique giftgifting opportunities, cater to on-the-go shoppers, deliver added value through loyalty programs and serve cash-based consumers. With 206 global patents, InComm is headquartered in Atlanta with a presence in more than 30 countries. Learn more at incomm.com.

Brooks Smith, CEO Phil Graves, President Scott Meyerhoff, COO Brian Parlotto, Executive VP Tony Fontaine, Vice President, Business Development

Jackbocket

Jackpocket.com

Jackpocket supports instant mobile play for official state lotteries, attracting a new audience, enabling U.S. lottery players to play online and be compliant with all state laws and regulations. Jackpocket is an out-of-the-box mobile solution for lotteries that requires only a lottery terminal to begin operations. There is no cost to the Lottery including set-up, maintenance, and licensing. All tickets ordered through Jackpocket are purchased at a licensed retailer using the existing paper ticket system. Users receive a high-resolution scan of the ticket along with a confirmation email that contains the user's verified identity and ticket information.

Geofencing ensures every play occurs within legal boundaries and Gaming Laboratories International (GLI) has audited the system's accuracy. Know Your Customer (KYC) and Anti-Money Laundering (AML) compliance ensures every Jackpocket player is identified and age verified before any play is allowed thus eliminating underage play through use of a fabricated or unchecked ID. The Jackpocket System maintains comprehensive audit trails providing full transparency.

With the Jackpocket app, players can find the nearest lottery retailer anywhere in the country using an in-app map for the purposes of buying tickets, purchasing goods, or even claiming a winning prize in the near future.



Mega Millions® Game Change Means Bigger Average Jackpots, More Millionaires In Lottery

he new and improved Mega Millions will include better odds at winning \$1 million -- and starting jackpots will more than double from \$15 million to \$40 million. Additionally, the new Mega Millions[®] game will feature faster-growing jackpots with minimum \$5 million rolls. The ticket price will increase to \$2 per play, while the cost of the Megaplier[®] will remain at an additional \$1 per play.

"We have a demand for innovation to keep fresh, entertaining lottery games and to deliver the attention-grabbing jackpots," said Mega Millions president Debbie D. Alford. "We're excited to deliver the opportunity to create more millionaires and also provide more opportunities to raise additional revenues for the respected causes lotteries benefit."

Will they top the record-breaking jackpot of \$656 million? Mega Millions, the lottery game available in 44 states and D.C., plans to offer larger jackpots and "create more millionaires," officials say, explaining that starting jackpots will increase from \$15 million to \$40 million, and jackpots will "grow faster" overall.

There will be higher secondary prizes and better chances to win \$1 million prizes. To support the new prize structure, the ticket price will change from \$1 to \$2 per play. Ticket sales for the updated game begin Oct. 28.

"We have a demand for innovation to keep fresh, entertaining lottery games and to deliver the attention-grabbing jackpots," said Mega Millions president Debbie D. Alford. "We're excited to deliver the opportunity to create more millionaires and also provide more opportunities to raise additional revenues for the respected causes lotteries benefit."

In the updated game, players will select five numbers from 1 to 70, and one Mega Ball number from 1 to 25. Players will have a 1 in 24 overall chance of winning any prize, and a 1 in 302,575,350 chance for the jumbo jackpot. The largest Mega Millions jackpot on record, incidentally, was \$656 million in 2012.









Clockwise from top: Debbie Alford, President & CEO, Georgia Lottery Corp.; Chair of Mega Millions; May Scheve Reardon, Executive Director, Missouri Lottery; Hugo Lopez, Executive Director, California Lottery; Carole Hedinger, New Jersey lottery and Mike Purcell, Deputy Secretary Sales, Florida Lottery; Debbie Alford, President & CEO, Georgia Lottery Corp.; Chair of Mega Millions; Aunt Edna; James Hutchinson, Sr. Vice President, Marketing & Product Development, Georgia Lottery Corp.; Connie Laverty O'Connor, Sr. Vice President, IGT

Progress Report On Lottoland And Its "Secondary Lottery" Model

PGRI Note: Some news items are published not because we support the actions or events or companies that are the subject of the stories, but because we feel our audience needs to be informed. That would be the case here ... PGRI does not support Lottoland or the business model and methods of operation that it represents.

Is Lottoland opening the flood-gates to illegal lotteries?

Ex-Ladbrokes Australia chief executive officer Dean Shannon is investing AUD10 million (US\$7.95 million) to promote a new online lottery product. Shannon is now just awaiting for the Aussie regulators to approve a license to operate a new online lottery and gambling business. Just six days ago, Australian casino operator Crown Resorts, launched an online lottery betting product to compete with Lottoland's expanding Aussie business. Should his venture in the online lottery becomes successful, Shannon reportedly plans to expand into the UK in the first half of 2018 and other countries afterwards.

Lottoland faces legal action to prevent them from operating in Western Australia

The proposed ban is in response to figures that show that Gilbralter-based Lottoland, in which people bet on the outcome lotteries worldwide, is rising in popularity. Lotterywest's sales slumped by \$60 million last financial year. That 7 per cent decline in Lotterywest sales is blamed on the rise of online sports betting and "synthetic lottery" or "secondary lottery" providers like Lottoland. Too, Western Australia has been in an economic downturn. Net funds given by Lotterywest to the community dropped \$16 million compared and prizes paid to players fell \$160 million.

Premier Mark McGowan said the State Government would draft legislation similar to South Australia, where it is an offence for Lottoland to sell products. He said online betting agencies like Lottoland were sucking money out of WA, money which would otherwise be going to help charity organisations and community groups. "South Australia has outlawed Lottoland — we're going to do that as well," he said. "All that Lottoland and those sorts of organisations do is suck money out of here, send it elsewhere and not give anything back. We have indicated publicly before that we're going to do this, so I'm keen to make sure it happens. The drafting process will take some time, but we're keen to protect Lotterywest."

He said the legislation would cover Lottoland and organisations that were lottery related.

"Lotterywest is the best organisation of its type in Australia, probably the world," he said. "It returns a lot to the WA community and I want to make sure that keeps happening."

Lotterywest chief executive Susan Hunt added: "When Lotterywest does well, the community does well."

Australia – Northern Territory bans the Lottoland "Secondary Lottery" model

Australia's Northern Territory Government has voted to no longer allow betting on the outcome of Australian lotteries. Advising the Northern Territory Racing Commission, Attorney General Natasha Fyles said the move to ban NT licensed bookmakers from taking bets on the outcome of Australian-based lotteries had been forced by Lottoland's 'synthetic business practice' which had 'undercut' businesses in the region. This news is obviously a big blow to Lottoland, although bets on overseas lotteries such as giant Powerball draws make up the bulk of Lottoland's business in Australia which means that it will continue to do business in Australia.

Lottoland Australia offers Partnership Model to NewsAgents

Lottoland Australia offered a cut of online punts so they can benefit from the company's 600,000 Australia customer base, acquired just 18 months after it started operations in Australia. For newsagents that opt in to the proposed model, they will take a 10 per cent cut of every bet that customer goes on to make with Lottoland. When registering with Lottoland, punters will be asked to select their local newsagent. The chosen newsagent will then receive 10 per cent of all future online bets made by that punter. For all existing 600,000 customers, they will also have the opportunity to nominate their newsagent of choice.

In return for their cut, newsagents will be asked to advertise Lottoland in store via promotional materials, such as posters and flags. Advertising in-store will be limited to international lotteries, a market currently inaccessible for newsagents. No newsagent will be asked to promote a lottery that they sell tickets for in-store.

The Australian Lottery and Newsagents Association (ALNA) quickly rejected Lottoland's proposal,

calling it "as dodgy as its pretend lottery offer." Lottoland said it was still willing to work with Australian newsagents. "It's disappointing that the Australian Lottery and Newsagents Association were so quick to put up their fences and shut down any deal. This model is recognition that Lottoland and newsagents need to work together. [...] The offer stands and we are willing to talk [to] any newsagent nationwide about how we can make it work," Lottoland CEO Luke Brill said.

Pulse of the Industry

These news stories comprise a small fraction of the gaming and lottery news stories posted every^V day to PublicGaming.com. Too, these stories are the short versions. You can visit our news website and go to the "search" field at PublicGaming.com to pull up the complete story. Sign up for our free e-newsletter by just sending your e-mail address to sjason@publicgaming.com.

North American News

MUSL TERMINATES HOT LOTTO AND LAUNCHES LOTTO AMERICA

The Multi-State Lottery Association started Hot Lotto began 15 years. Its jackpot that started at \$1 million and kept growing until someone matched five numbers drawn from 1 to 47 and a "Hot Ball" number from 1 to 19. Like Hot Lotto, Lotto America will offer smaller payouts for matching fewer numbers.

PENNSYLVANIA BECOMES THE FOURTH STATE TO LEGALIZE ONLINE GAMBLING

The governor of Pennsylvania signed a bill legalizing Internet gambling throughout the state. This makes



Pennsylvania the fourth in the nation to allow online betting, and may smooth a path for more states to follow suit. Hopefully that will happen soon.

SCIENTIFIC GAMES CORPORATION PLANS TO REINCORPORATE INTO NEVADA

SCIENTIFIC GAMES WINS KANSAS LOTTERY'S 10-YEAR SYSTEMS CONTRACT

Scientific Games announced that the Company was awarded a new 10-year contract for lottery gaming systems and

related services by the Kansas Lottery ("the Lottery"), which may be renewed



by the Lottery for up to five years. Scientific Games' contract for full facility management services is structured to maximize the Kansas Lottery's profits, driven by the Company's advanced lottery system platform, innovative products, and marketing services. The systems implementation is planned for July 2018.

Terry Presta, Executive Director of the Kansas Lottery, said "Our new gaming system from Scientific Games aligns with the Kansas Lottery's goals and vision for the future, which places more emphasis on advanced technology to enhance the Kansas Lottery's overall performance. We selected Scientific Games as a technology business partner because we believe their technology solution can enhance our player insights, game innovation and retail operations, and ultimately help us maximize profits for our state beneficiaries in Kansas." The new technology launched by Scientific Games in Kansas will feature the Company's second deployment of WAVE X[™] lottery retail terminals, part

of its commerce-ready family of WAVE[™] terminals and AEGIS[®], the Company's open-architecture gaming system proven in many of the most progressive lotteries worldwide. At its core, AEGIS includes SciTrak Ultra[™], Scientific Games' instant games inventory management system, and OrderCast[™], the most accurate predictive ordering engine in the industry. In Kansas, Scientific Games will supply additional automated workflow from AEGIS and ensure tight back office integration and flexibility with automated licensing and paperless claims.

Scientific Games currently supplies the Kansas Lottery with instant games, as well as sales force management technology through its 2017 acquisition of Lapis Software Associates.

The Company provides games, technology, and services to more than 150 lotteries globally, including nearly every North American lottery.

SCIENTIFIC GAMES NAMES SHAWN DENNIS EVP & CHIEF MARKETING OFFICER

Shawn Dennis as EVP & Chief Marketing Officer will report directly to Chief Executive Officer and President Kevin Sheehan. A 25-year veteran of entertainment, consumer products and sports marketing industries, Dennis previously served as Global Head of Brand and Franchise for DreamWorks Animation and Chief Marketing Officer for American Girl, Dell and the National Football League.

As Chief Marketing Officer, Dennis will be responsible for elevating Scientific Games' global leadership brand position, promoting its powerful, integrated brands and increasing engagement with customers and players for the company's innovative content and technology in gaming, interactive and lottery. Dennis will use her brand franchise experience to capitalize on the incredibly exciting James Bond Experience across its portfolio of omni-channel products.

Dennis joins Scientific Games from DreamWorks Animation, where she served as the Global Head of Brand and Franchise Development. At DreamWorks she accelerated their industry leadership position by extending the life of iconic franchises through enhanced Consumer Products licensing, leveraging new customer engagement points such as DreamWorks Television, the worlds' largest YouTube tween and kids' channels.

SCIENTIFIC GAMES' NEW, **OMNI-CHANNEL LOTTERY System Launches for ATLANTIC LOTTERY IN** CANADA

The new system from Scientific Games is now "live", supporting traditional lottery retail sales, as well as mobile and internet gaming sales in the provinces of New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island. Supporting draw games, digital instant games, iBingo and sports wagers, the system features the Company's secure, cross-platform Player Account Management system which allows Atlantic Lottery players to purchase lottery products through a unified experience with one wallet.

MARCUS GLASPER APPOINTED AS ACTING DIRECTOR OF THE WASHINGTON LOTTERY TO REPLACE BILL HANSON WHO RESIGNED. GLASPER **IS CURRENTLY THE DEPUTY** DIRECTOR AT THE WASHINGTON **STATE DEPARTMENT OF R**EVENUE.

IGT AND **S**CIENTIFIC **GAMESCORPORATION SIGN CROSS-LICENSING AGREEMENT**

International Game Technology PLC and Scientific Games Corporation, holders of the two largest slot game feature patent portfolios in North America, today announced that they had signed a



patent cross-licensing agreement. Under the GT agreement, Scientific Games and IGT will be able to offer games

using patented game features from each other's portfolios, as well as those of other members of the IGT slot game features pool.

IGT Appoints Christopher **SPEARS AS SENIOR VICE PRESIDENT AND GENERAL** COUNSEL

International Game Technology PLC has announced that Christopher Spears is joining the Company to lead its legal team. As Senior Vice President and General Counsel, Spears will be responsible for overseeing all legal and corporate governance matters for the Company, and will report to IGT Executive Vice President and Chief Financial Officer Alberto Fornaro. Spears will replace Neil Abrams, who is retiring from the Company effective Dec. 31, 2017, and who has transitioned to the role of Senior Advisor to the CFO until his retirement.

IGT SIGNS SEVEN-YEAR CONTRACT EXTENSION WITH THE CALIFORNIA LOTTERY TO PROVIDE LEADING-EDGE TECHNOLOGY

International Game Technology PLC has agreed with the California Lottery to extend its existing contract for seven years, through October 31, 2026. An IGT customer since 1986, the California Lottery is the second largest lottery in the United States, generating approximately\$91.4 billion in sales, and contributing nearly \$31 billion to public education since its inception in 1985.

Under the extension, IGT will provide its industry-leading Aurora[™] system platform to the California Lottery, providing it with a comprehensive set of new tools and applications to support the Lottery's player and retailer base, and enhance the back-office suite. This new platform includes:

Aurora Navigator, a new user-friendly, backoffice suite that will provide the tools the California Lottery will require to manage its business and maximize productivity;

OpenRetail, a new retail solution software architecture that will enable the California Lottery to deploy a single terminal application across multiple types of retailer devices, reducing complexity and time to market, and creating new retailer expansion opportunities: and

Performance Wizard, a comprehensive, dashboard-driven solution for analytics and business intelligence.

The Company will continue to provide ongoi ng services to the Lottery such as support and maintenance of the central system, communications network, and more than 140,000 points-of-sale in over 22,000 retailer locations; field services; marketing and research services; consumables; and call center support.

BCLC AWARDS LOTTERY TERMINALS CONTRACT TO NOVOMATIC LOTTERY **SOLUTIONS**

BCLC has awarded Novomatic Lottery Solutions (NLS) the contract to replace its current lottery terminals. NLS was selected as the successful vendor after a thorough



procurement process, and a proof of ing lottery terminal devices, stand-alone

ticket checkers, printers and display units including the software needed to manage and operate this hardware. The new lottery terminals will better serve our players and our lottery retailers across B.C. The new equipment will provide retailers and players with a faster purchasing experience, enhanced functionality and a more userfriendly interface.

NLS' solution was determined as industry

leading and the best fit for BCLC's needs. This is a flexible solution that can be easily integrated within the business, and will serve the organization for years to come. Novomatic is a global leader in the gaming industry and a proven vendor for other areas of BCLC's business including Casino and eGaming.

This represents a significant business investment in BCLC's lottery retailers and demonstrates the important role our lottery retailers play in our overall lottery business. The value of the contract with NLS is approximately \$22 million.

POLLARD BANKNOTE ACQUISITION OF INNOVA GAMING GROUP COMPLETED

After giving effect to the Compulsory Acquisition, Pollard Banknote, through the Acquiror, owns 20,073,899 Common Shares, representing 100% of the issued and outstanding Common Shares.

EL (EUROPEAN LOTTERY ASSOCIATION) AND TENNESSEE LOTTERY WORK TOGETHER TO DEVELOP NEXT GEN OF INDUSTRY LEADERS

Dr. Arjan van 't Veer and Jutta Buyse from The European Lotteries, the umbrella organization of national lotteries operating games of chance for the public benefit, visited the Tennessee Education Lottery Corporation (TEL) recently for a panel discussion on the role and structure of the national organization. The panel was part of the Tennessee Lottery's "Emerging Leaders Program," designed to enrich and develop staff into industry leaders. Tennessee Lottery President



and CEO Rebecca Hargrove is shown here with Jutta, who received a symbolic check to highlight her leadership in the industry.

KY SENATOR FILES LEGISLATION TO ALLOW SPORTS BETTING AT RACETRACKS AND OFF-TRACK BETTING FACILITIES

Bill (BR 155) will be considered during the next regular legislative session. However, the final decision as to whether or not the bill is passed in Kentucky will have to rely on the U.S. Supreme Court, which is scheduled to hear a case from New Jersey challenging the law that prohibits sports wagering nationwide. "It is important that the General Assembly acts now to create regulations in anticipation of a ruling by the Supreme Court," Senator Carroll told KyForward. If the Supreme Court strikes down PASPA (the Professional and Amateur Sports Protection Act), sports wagering will be legal in Kentucky despite this bill. This bill regulates an industry that I believe is coming to Kentucky. We should take advantage of this opportunity while safeguarding our citizens."

POLLARD BANKNOTE: DIAMOND GAME AWARDED MISSOURI LOTTERY CONTRACT

Diamond Game Enterprises, Inc. has been awarded a contract to provide fraternal organization

Pull-Tabs, dispensers, and related



services to the Missouri Lottery. The threeyear contract will run until Sept. 30, 2020, with three optional one-year extensions. The total value of the contract, with extensions, is estimated at \$22.8 million U.S. dollars. Diamond Game's LT-3 Pull-Tab dispensers were first deployed in Missouri veteran and fraternal organizations in 2013 as part of a pilot program to return Lottery Pull-Tabs to the market. The Pull-Tab Dispenser program in Missouri serves as a key milestone for Diamond Game, as it became the first U.S. lottery to deploy the LT-3.

"We are very excited for the opportunity to continue our relationship with the Missouri

Lottery and to support the veteran and fraternal organizations in meeting their goals and objectives," stated Bill Breslo, Vice President of Sales & Marketing at Diamond Game.

"Allowing fraternal organizations to sell Pull-Tabs during the past few years has meant millions more in proceeds for public education," said May Scheve Reardon, Executive Director of the Missouri Lottery. "The fraternal organizations have also benefitted tremendously since the pilot program launched. We're pleased to continue our contract with Diamond Game to benefit players, fraternal organizations and education in the future."

The Missouri Lottery Pull-Tab program is one of six North American jurisdictions where Diamond Game has its LT-3 dispensers deployed. In the U.S., the Maryland Lottery and Michigan Lottery operate similar programs, in which Diamond Game's LT-3 benefits fraternal and/or veterans organizations in those states.

ALICE GARLAND TO RETIRE AS EXECUTIVE DIRECTOR OF N.C. EDUCATION LOTTERY

Alice Garland, who helped start the N.C. Education Lottery and has led its operations for the last seven years, plans to retire as executive director at the end of March. During Garland's time in the lottery's top post, lottery ticket sales have increased every year, growing from \$1.4 billion a

year in 2010 when she became executive director to \$2.4 billion a year in fiscal year 2017. The



amount of money raised annually for education has increased too, growing from \$432 million in 2010 to \$622.5 million last year. Garland joined the Education Lottery in December 2005 as its fifth employee and served as its deputy executive director for legislative and corporate communications during the lottery's first five years. She became interim executive director in August 2010 and was named executive director in January 2011. Nationally, Garland serves as the first vice president of NASPL and chairs the association's Responsible Gaming Committee. She also is vice president of the Multi-State Lottery Association, a nonprofit organization which operates the major jackpot game, Powerball, on behalf of its member lotteries, and serves on its Development Committee.

In September, Garland was one of five lottery professionals selected to join the Lottery Industry Hall of Fame this year. The Hall of Fame, founded in 2005, recognizes those who have done the most to promote excellence and integrity in the world lottery industry. Last year, Garland received national recognition for her leadership expanding responsible gaming efforts across the United States. The lottery commission has started a search for a new executive director with a goal of having Garland's successor in place before her retirement on March 31.

LOTTERIES BATTLE AGAINST DIS-INFORMATION CAMPAIGNS THAT UNDERMINE ILOTTERY

The Great Debate between brick-and-mortar retailers who sell lottery tickets and advocates of on-line lottery sales continues...unabated. Numerous states have been engaged in this argument for years, with store retailers insisting that on-line play would significantly reduce their profits and foot traffic while lottery officials contend that offering more ways to play results in more play – in all channels.

Now, in Massachusetts, these same battle lines are being drawn again. The state lottery is seeking authority from the legislature to offer its products, including scratch tickets, draw games, Keno, and others – to customers on-line through digital technology platforms. But Save Our Neighborhood Stores, an alliance of six retail associations, is contending that brick-and-mortar retailers who sell lottery tickets fuel the success of the Massachusetts Lottery and benefit from the foot traffic generated by players.

"The introduction of iLottery will decimate foot traffic in stores and present numerous other challenges to the already struggling business owners. Convenience stores are the heart of communities," the retailer coalition wrote in testimony prepared for the Joint Committee on Consumer Protection and Professional Licensure. "Convenience owners develop strong and unique ties to their customers and to their neighborhoods. However, the reality is that these retailers will not be able to sustain any more hits to their profits and dark, empty store fronts could soon replace our friendly, familiar neighborhood store."

Lottery officials insist that the retailers' claims are unfounded. On its website, the North American Association of State and Provincial Lotteries calls the retailer concern a myth:

"Although relatively new to the United States, online games are a staple in other countries, where they have increased public awareness and interest in lottery games as well as attracting new customers for all games. Offering games through digital channels can create new sales opportunities for retailers as well as lotteries. For example, online play 'gift" cards that are available only at retailers. Or rewarding online players with free ticket coupons that must be redeemed at retailers. ⁶Providing an online games option to players is a proven success in other countries and holds great promise in the United States to broaden the industry's customer base by attracting new - and younger - players to all lottery games."

LAST YEAR, A STUDY CONDUCTED BY DIGITAL GAMING GROUP IN MICHIGAN SHOWED THAT ON-LINE SALES OF LOTTERY PRODUCTS THERE WAS BENEFICIAL TO BRICK-AND-MORTAR RETAILERS.

'The Michigan Lottery launched its online lottery in the summer of 2014. Despite online sales growing to over \$8 million weekly, the state's brick-and-mortar lottery retailers still set new records for sales, profits, and retailer commissions," the report said. The study in Michigan mirrored findings in New Jersey, where on-line lottery sales has not cannibalized casinos, which had been a point of contention.

In summary, in those jurisdictions where both on-line and retail sales occur, average lottery spend increases.

LINK TO THE CAMELOT GLOBAL EXECUTIVE SUMMARY AND PRESENTATION OF ITS ILLINOIS LOTTERY PROPOSAL: HTTP://WWW. ILLINOISLOTTERY.COM/ CONTENT/DAM/ILL/ DOCUMENTS/SUBSECTIONS/ PUBLIC_HEARING_ PRESENTATION-8_14_17.PDF

World News

THE NEW VEIKKAUS, WHICH BEGAN ITS OPERATIONS BEGINNING OF2017, MAKES A GREAT START

Interim report T2/2017: Merging the operations to form the modern Veikkaus has required a great deal of the company's resources, but we have still managed to develop our financial result according to plan. The number of Veikkaus' registered loyal customers went up to over two million during the period under review.

Turnover EUR 2 107.1 million (-0.5%*). Result EUR 665.7 million (-3.3%).

- The period under review got a great climax, as we passed the milestone of two million registered loyal customers. That represents about two thirds of the adult Finns engaging in gaming, says Veikkaus' President and CEO Olli Sarekoski.

At the end of the period, Veikkaus had a total of 2012 million registered loyal customers in its customer base. The share of identified gaming reached 40.3% during the period (+2.8 percentage points).

 Increasing identified gaming is one of Veikkaus' most important strategic goals.
It enables us to offer our customers even better, service-oriented customer experiences, together with all the tools necessary for responsible gaming, says Sarekoski.

The players have welcomed the renewed webstore that was opened in April, with the service already attracting over 550,000 players every week. After the extensive reform, we have focused on improving the user interfaces, services, and games. During the next phase of the reform, we will combine the two different game accounts, the Game Account and the Casino Account. At the same time, we will make the tools for gaming control uniform. The gaming control tools are a service where the players can follow and control their gaming.

Fintoto, Finland's Slot Machine Association, and Veikkaus gaming operations were merged on 1 January 2017.

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SCIENTIFIC GAMES TO ACQUIRE NYX GAMING GROUP

Scientific Games Corporation and NYX Gaming Group Limited announced that they have entered into a definitive agreement under which Scientific Games will acquire NYX, further strengthening Scientific Games' leadership position and ability to provide the broadest portfolio of content, technologies and digital products and services for its global Gaming and Lottery customers. Under the terms of the transaction, Scientific Games will acquire all of the outstanding ordinary shares of NYX for CAD\$2.40 per share, equivalent to an enterprise value of approximately CAD\$775 million, or approximately US\$631 million.

GERMANY STRUGGLES TO CLARIFY A NATION-WIDE TREATY ON INTERNET GAMBLING

Schleswig-Holstein, which broke ranks some years ago from its colleagues in the other 15 German "Lander", or states, by instituting its own online gambling laws, last week voted down the amendments to the Interstate Treaty on Gambling that were put into place in March.

Now the state is threatening to go it alone again because it feels that the treaty violates EU laws. It wants online casinos and poker to be legalised and regulated as well as sports-betting.

The amended Interstate Treaty needs approval from all 16 states to be implemented as planned in early 2018. Now the remaining 15 states will have to go it alone, start again, or negotiating with Schleswig-Holstein.

The Interstate Treaty has had problems since it was first instituted in 2012 and covers much more than online gaming. It also includes plans - already being implemented - for the sizeable reduction in the number of arcades and therefore slot machines in the street market

POLISH FINANCE MINISTRY CONTINUES CRACKDOWN ON ILLEGAL ONLINE GAMBLING

In December 2016, the local Government adopted an amendment to the Polish Gambling Act, which was signed by the country's president and came into force on April 1st, 2017. The new amendments were made to the Polish gambling legislation in order to change the regulatory and operating environment of the local online gambling industry. For a long time, iGaming operators have been offering their services to Polish players with little regulation. Now, the Government has decided to make the regulatory regime stricter, enforce the rules against unlicensed operators, and tax the licensed operators. A number of leading gambling companies have even decided to leave the local market and no longer offer their services to Polish players.

Bet365, William Hill, Pinnacle, Betfair,

Mr Green, and others have made a choice to voluntarily leave the country.

Under the provisions of the new piece of legislation, local Internet service providers will be urged to take the necessary actions against blacklisted operators within 48 hours after the company's name is added to the Illegal Domains Register. If Internet service provides fail to do so, the Polish Finance Ministry will impose \$64,500 fine for failing to comply with the new Gaming Act's provisions. **Currently, there are more than 970 blacklisted operators which have been suspended from offering their services in Poland.**

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EXPLOSIVE GROWTH OF BETTING OPTIONS CAUSING RESPONSIBLE GAMING CONCERNS ON THE PART OF POLICY-MAKERS IN THE UK

The online gambling industry in the UK has been expanding rapidly the past decade. Figures from the UK Gambling Commission revealed that online gaming and betting services generated £4.5 billion from October 2015 to September 2016, up from £817 million in 2009, when the regulator published its first report.

The UK gambling industry has been the subject of extensive media coverage this year. The Government's triennial gambling review will be focused on the controversial fixed-odds betting terminals, and evidence about their addictive nature and the consequences from their popularity among British gamblers has been a topic widely discussed in the media.

Concerns also were expressed that the iGaming sector had grown to a level that required stricter regulation, and record sanctions were imposed on operators who were believed to have violated rules. It did not take long before indications emerged relating to re-regulation of the field.

Recently, the Gambling Commission has imposed several fines, including seven-figure ones, on operators for failing to provide their customers with socially responsible services and for failing to promote these services in compliance with advertising codes. UK-facing operators are required to follow the principles set in the Advertising Standards Authority's CAP Code as well as in the UK Gambling Commission's Licence conditions and codes of practice.

The fact that the UK Gambling Commission has imposed fines on operators in a relatively short period of time and the extensive media coverage of the latest happenings in the industry are indications there will be a crackdown within the iGaming space.

NLS' GROWTH DRIVES MANAGEMENT CHANGES TO DELIVER CONTINUED SUCCESS

NOVOMATIC Lottery Solutions (NLS), a prominent full solution alternative vendor for international lottery markets, recently announced some key changes to senior management positions. These changes come after a very successful period marked by the start of long-term contractual agreements with the Greek lottery group OPAP, the Estonian lottery Eesti Loto, and others.

"NLS wants to be 100% sure that its customers receive the best possible service, and its technology continues to set the standard for the rest to follow while at the same time retaining the agility and creativity of a startup," said NLS CEO Frank Cecchini. To this end, the following changes have been made: We are very pleased and excited to announce that Sabina Berloffa has assumed the position of Chief Marketing Officer. Sabina brings over 20 years of marketing and executive management experience in leading start-ups and multinational companies. Before joining NLS, she acted as CMO at d&b audiotechnik GmbH in Germany, where she was among others responsible for global marketing and product management. Manuel Bauer, who joined NLS as Director of Research and Development in 2016, has taken on the role of Chief Technology Officer. Manuel will be responsible for helping the company meet its strategic goals and overseeing the various technical aspects of projects like OPAP and Eesti Loto, as well as ensuring that NLS technology remains an achievement for all others to aspire to. Before joining NLS, Manuel helped Bwin as enterprise architect.

As our new Chief Operating Officer, Johann Gisli Sigurdsson, previously NLS' Director of Business Development, will ensure that our existing customers as well as our new customers receive the high level of service they should expect from all their suppliers. Years of experience in the industry have taught Johann how to best match NLS' Icelandic culture of creativity and openness to our customers' needs for innovation and agility – working with Manuel and Sabina to deliver products and solutions that meet the never-ending challenges posed by external disruptors.

Finally, as of August 2017, we are happy to announce that Jakob Rothwangl assumed the role of Chief Financial Officer. Jakob comes to NLS from NOVOMATIC Americas where he successfully held the position of CFO since 2012, before which he was NOVOMATIC AG's Head of Group M&A. Jacob's extensive experience and proven success will be a cornerstone of NLS future in the industry.

As we make the transition from being a small start-up consisting of very smart engineers to a compact and agile organisation able to deliver state of the art products focused on addressing the needs of the industry; I am very confident that the changes and additions we have made will help us to continue to win new customers and help them meet the challenges posed by the future," Frank Cecchini added. The future is bright – EXPECT BETTER.

UK CHANCELLOR OF THE EXCHEQUER HAS REPORTEDLY BLOCKED GOVERNMENT ATTEMPTS TO CURB HIGH-STAKES GAMBLING MACHINES IN ORDER TO PRESERVE TAX REVENUES

Britain's ministry for culture, media and sports, which regulates the gambling industry, launched a consultation in October into the maximum wagers that should be allowed on gambling machines, including those known as fixed-odds betting terminals. These machines currently allow gamblers to bet as much as 100 pounds (\$130) every 20 seconds in electronic versions of casino games like roulette. Some British lawmakers have called for this to be reduced to 2 pounds.

FAKE ONLINE STORES SERVING AS FRONTS FOR GAMBLING PAYMENTS

Fake online stores offering household goods for sale have been used as a front for internet gambling payments, an investigation by Reuters has discovered. The sites purport to sell such items as fabric, DVD cases, maps, gift wrap, mechanical tape, badges, and flags. But in reality, the retail store is a façade to hide their actual purpose which is gambling, and to function as parts of a system to launder payments for the \$40 billion global online gambling industry.

The investigation's findings raise questions about how e-commerce is policed around the world. They also reveal a strategy that fraud specialists say regulators, credit card issuers, and banks have yet to address in any meaningful way. That strategy is "transaction laundering," when one online merchant processes payments on behalf of another. Credit card companies require online purchases to be coded so they can monitor what type of purchase is being processed and block it if it is illegal. The codes are called Merchant Category Codes. Gambling transactions receive the code 7995 and are subject to additional scrutiny. The fraudulent scheme discovered by Reuters involved websites that accepted payments for household items but did not deliver any products. Staff who answered helpdesk numbers on those sites said the outlets did not sell the product advertised, but that they were used to help process gambling payments, mostly for Americans.

Categorizing a gambling transaction as a purchase of something else is against the rules of card issuers, including Visa and Mastercard. The sham stores came to Reuters' attention in 2016, when an anonymous document posted on the internet pointed to three online outlets that

THIRD PARTY SERVICE PROVIDERS continued from p 46

thrive on, it's infectious.

An industry which has been changing at least as quickly as retail is the automobile sector. There are some enormous organisations active in that business, traditionally those companies would look internally for innovation, developing their own technology. In recent years though the explosion of tech companies has led those organisations to partner with much smaller companies, 'Best of Breed', in order to keep pace with innovation. At the 2015 Paris Motor Show it was announced that General Motors, Nissan and Volkswagen were experimenting with using data captured by their customer's vehicles using camera-based sensor systems provided by Mobileye with the intention of stealing a march over the likes of Google in the precision-mapping technology required for driverless cars. Those companies recognised that to stay relevant they had to bring in partners with very specific skills. In fact Mobileye was subsequently acquired by Intel, so they're not so small now!

Let's use Abacus as an example for the lottery industry. We are a small company. We are focused. We employ experts. We are frequently described as "Best of Breed" having enabled lottery sales on over 25,000 cash registers across more than 3,000 stores in Europe, it's a description we're proud of. With our Lottery Everywhere solution we use the concept of a "Universal Adaptor". This means that a lottery using any systems vendor can enable in-lane ticket sales through any retailer using a single connection to advertised products but did not deliver any.

ON-LINE GAMING DRIVES RECORD-SETTING Q2 IN DENMARK

Denmark's gambling market established revenue records in the second quarter of 2017 as locally licensed online casino operators achieved new highs. Danish-licensed operators generated gross revenues of DKK 1.462b (US \$234.5m) in the three months ending June 30, a year-over-year increase of nearly 4% and a record since the market was liberalized in 2012.

The increases were driven by a record-setting performance by Danish-licensed online

Lottery Everywhere. And a multi-state retailer using a single connection to Lottery Everywhere can connect to any Lottery host system. So those "multiple buying channels" that customers expect today can be delivered by lotteries today. A ticket can be sold from any cash register in the store, not just from

"Solutions like this tend to come from third-party partnershops, where thinking is unemcumbered by the notion of 'this is how it is done'."

the lottery terminal or vending machine.

Solutions like this tend to come from third-party partnerships, where thinking is often unencumbered by the notion of "this is how it is done". The big system vendors recognise the value of these partnerships, often finding smaller companies who can enhance the service they offer their clients. A number of key vendors like Intralot, Pollard and Scientific Games recognise the benefits of partnering with the likes of Abacus. It is casino operators, who reported combined Q2 revenue of DKK 458m, nearly 16% higher than the same period in 2016 and 10.3% higher than the first quarter of 2017. The casino gains occurred despite a decline in online poker revenues: DKK 33m in Q2, a drop from DKK 37.1m in the same period in 2016 and from DKK 34.9m in the first quarter of 2017. Denmark's regulated online poker market achieved its high point in Q1 2014, when Danish-licensed operators generated DKK 47m.

a tried and tested route for innovation in the industry and it works.

It is vital to the success of these partnerships that the 3rd party suppliers gain the support of bodies like NASPL and MUSL. Without it innovation is hampered. With the recent NASPL Standard API Initiative this support has been in evidence. NASPL recognised the value in bringing companies like Abacus, specialist in our sector, in to the working groups. MUSL made changes to 'Rule 2' which allows for ticket printing on white paper. And make no mistake, with the restrictions on internet and mobile play in the U.S. in-lane ticket sales represent an enormous opportunity for growth in lottery sales, and companies like abacus can enable those sales today.

While there appears to be an appetite for these partnerships there is one issue which will always present difficulties. That is the commercial models that exist in the industry between lotteries and suppliers/ vendors. There's no room to go in to much detail on this here, it's an article in itself, probably a series of articles. But for the benefits of partnerships with specialist, best of breed companies to truly be realised the industry may need to adopt new commercials models.

Even leaving aside the issues of commercial models, all of this takes time. And with change as rapid as is being experienced now, time is something of a luxury. But the value these relationships can bring can be tested, just as a product can be tested. Small tests or pilot studies not only tell you about consumer reaction to a new product they can also show you what it's like to work with your partner. It's the attitude of all great innovators, "Launch and Learn".



Caddyshack

WINNING NUMBERS

B

PRIZE

9

BRIPA

Scratch fairway on holes 1 through 9. Re a hole, WIN PRIZE shown for that hole. E

PRIZE

PRIZE

BOIE

PRIZE

PRIZE

RIZE



CADDYSHACK and all related characters and elements © & ™ Warner Bros. Entertainment Inc. (s17)

nsi

Match any of YOUR NUMBERS to either WINNING NUMBER, win prize shown. Reveal a - 5

symbol, win 5 TIMES that prize. Reveal a

WINNING

\$00.000

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WIN UP TO \$00,0001

SCIENTIFIC GAMES

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YOUR NUMBERS

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The Impact of PlayNow Games

Scientific Games is disrupting the industry's perceptions of terminal-generated instant play games with an innovative line of *PlayNow Games*[™] instant products, offering lotteries exciting and versatile options to engage with their players in new ways that can help drive revenues.

Creativity, flexibility make terminalgenerated instant games a strong add to product portfolios

Since launching this groundbreaking category with the Montana Lottery and Maryland Lottery nearly 15 years ago, Scientific Games has evolved its portfolio of *PlayNow Games* to respond to player insights and marketing analytics – and to bring the games to market more quickly.

"We've moved from the fairly basic assumption of our customers needing a larger payout than traditional draw games, to creating a varied and interesting mix in the game portfolio," says Leslie Badger, Vice President, Lottery Content for Scientific Games. "Our *PlayNow Games* are carefully engineered to be fun and engaging to ensure a compelling game experience for the player, while maintaining security. We can be super creative with instant wins or progressive payouts, different play styles and branded games."



"Our *PlayNow Games* are carefully engineered to be fun and engaging ... we can be super creative with instant wins or progressive payouts, different play styles and branded games."

> Leslie Badger, VP, Lottery Content, Scientific Games



Aligned with Scientific Games' global best practices for traditional instant games established across more than four decades, the *PlayNow Games* products with higher price points also offer bigger payouts and more opportunities to win on a single ticket to increase the game value. And thermal printing within the terminal or self-service kiosk produces easy-to-read games with visually appealing graphics.

PlayNow Games Offer Game Versatility

The real flexibility of *PlayNow Games* comes with its unique ability to accommodate smaller virtual ticket pools. This allows lotteries to quickly trial new games, themes or even retail locations without the time or cost commitment required by more traditional lottery products. These games can even be purchased from Keno retail locations, which have traditionally not been interested in offering pre-printed instant games.

"The versatile format of our *PlayNow Games* product line also empowers our lottery customers to extend the scope and reach of proprietary or licensed branded games. There may be certain brands that you want on the market for a very limited time frame, like a movie launch or a local food item," shares Badger. "Or you may want to test a new play style that may not fit within your typical instant game launch plan. This is a fantastic place to experiment with those concepts."

Several state lotteries have extended their branded games to the *PlayNow Games* instant product, including the Pennsylvania Lottery, which launched games themed with Scientific Games' popular *Gold Fish*[®] brand earlier this year.

"The Pennsylvania Lottery was able to launch *Gold Fish* as both a traditional instant game and a *PlayNow Games* terminalgenerated instant game," explains Badger. "This helped the Lottery quickly gain traction for the game with players across the state. In fact, they introduced it mid-year and it soon exceeded aggressive sales projections." The Pennsylvania Lottery is quickly on their way to becoming one of the top performing U.S. lotteries in this game category in terms of both total and per capita sales.

Badger says the trick is to keep the content fresh and compelling so these types of games become player favorites. The company's extensive library of over 130 licensed properties allows creative teams to combine unique content with compelling game mechanics that are unparalleled in the industry.

"Scientific Games works closely with our lottery customers to regularly update their *PlayNow Games* product inventory," said Badger."We see the most success happen when new games are added every month or two, replicating a schedule for traditional instant games. Given the way we designed the software architecture, our *PlayNow Games* can be planned, programmed and brought to market much quicker than typical draw games."

Coming Soon

With access to player insights and behaviors, Scientific Games continually refines and updates the games in its *PlayNow Games* product line. Technology, player feedback and analytics are propelling this game category toward a strong position in lottery product portfolios.

"I am excited by what we are planning with our customers for *PlayNow Games,*" said Badger. "Collaborating with our Digital Content Studio, we will soon be able to offer digital components to the games so we can extend the player's experience even more. And we're exploring how to personalize the game on demand, so players have access to highly-customized instant games.

"As the innovators in this style of play, we are uniquely positioned within the industry to create compelling new games for our customers that engage players, offer value and become a vital component of a lottery's overall game portfolio."

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95+ INNOVATION AWARDS

From 2012 to 2017, Scientific Games won more than 95 different awards for innovation, more than twice the number of awards that our competitors won *combined*.

That's because innovation isn't just a department at Scientific Games, it's a part of our culture. We are constantly looking for ways to improve the products and services we deliver so that they have a positive impact on our customers' bottom line. Real vision, real innovation, real results – that's Scientific Games.



Because Real Counts