



Rollo REDBURN

Executive Director, Oklahoma Lottery,
President of the Board of MUSL
(Multi-State Lottery Association)

The MUSL Five-Year Growth Plan

Paul Jason:

What can you tell us about the five-year plan recently codified by the MUSL Board of Directors? What are some of the changes in focus or priorities?

Rollo Redburn:

Thank you for asking this, Paul. MUSL, like the rest of the lottery industry, is experiencing great opportunities and challenges. For many reasons faced by all organizations, it was time to take more formal action to ensure future successes. We felt that it was time to develop a relevant, living and breathing document to outline where the MUSL organization needed to go, and how to get there - a Strategic Plan.

MUSL leadership developed an outline to help the Board formulate a strategic intent for the organization. MUSL contracted with TPG Companies out of Des Moines, to facilitate multiple meetings of the Board to work on this new strategic intent. The goal: to establish a strategic plan that would lay the groundwork for the development and improvement of the MUSL organization over the next five years. Board members who could make the meetings met on more than one occasion with TPG professional consultants. These consultants facilitated passionate discussions about the subject matter. The plan that was developed describes the result as “One Vision – One Team – One Overarching Goal”.

The Board confirmed the Strategic Plan at the Denver Board meeting in June 2017. The Board is currently working on the Implementation Plan and should confirm the first step of that plan at the MUSL Board meeting during the PGRI conference in Atlanta. In developing the Strategic Plan, the Board started by reaffirming what matters the most. We looked at where we are now and where we want to go. We looked at things that might prevent us getting there and things that can help us get there. Finally, we defined what success would look like.



The Strategic Plan establishes a vision of where MUSL is going “To be the preeminent and most respected enterprise in the global lottery industry”.

MUSL's mission is “To provide Member Lotteries with world-class games to maximize profits responsibly for good causes.”

Rollo Redburn:

MUSL will do this adhering to core values of Integrity, Accountability, Transparency, Entertainment and Innovation. ***MUSL's established strategic intent is to “Double the Power!” – by June 30, 2022; to double gross gaming revenues to \$6 billion***

derived from multi-jurisdictional games offered or facilitated by MUSL. To achieve this strategic intent, the Board identified four Strategic Pillars: International Opportunities; Powerball and Other Games; Organization Excellence; and Industry Collaboration.

As I indicated, we have not completed the Implementation Plan. We are appointing Board members to a working group for each Strategic Pillar. The working groups will propose objectives. The objectives are the first step of the implementation plan. The Board will address these in October. My hope over the next few months is to do what I can to make sure that each MUSL Board member is participating to the extent that they can in Board business; that our communications with each other is pristine; and that MUSL continues to make progress in development of our plans and execution of our plans. Our success as an organization depends on our ability to be involved, communicate ideas and reach consensus.

Powerball is one of the most phenomenally successful brands in the world. And it continues to innovate to capture the imagination of its audience. What is MUSL doing to drive growth of Powerball over the next two, three, four years?

Rollo Redburn:

The Powerball Game Group will implement a new game feature, “Winner Take All”,

mid-April of 2018. In addition, as noted in our discussion about the Strategic Plan, “Powerball and Other Games” is one of the four Strategic Pillars of the Plan. The objectives developed by the working group and approved by the Board will establish what MUSL will do to drive Powerball future development and sales.

Powerball and Mega Millions are two different brands, two different games, which are owned and managed by two different sets of lottery directors. To what extent do MUSL/Powerball directors and MegaMillions Consortium directors collaborate to optimize the synergy in the market-place and achieve optimal overall performance of the two games?

Rollo Redburn:

Communication is key. We must keep talking and improve our collaboration over time. Notice that “Industry Collaboration” is also one of our Pillars. The goal of that working group is to identify opportunities to improve in this area and suggest the things we need to do to take advantage of the opportunities.

We have 47 independent lotteries operating in the US, Puerto Rico and the US Virgin Islands. Thirty-six of those are MUSL members and the remaining 11 are MegaMillions Consortium lotteries. The groups offer different multi-state games. They developed as separate games and controlling groups and operated independently for many years.

Cross-sell, allowing lotteries in either group to sell both games started in February of 2010. Since then, product decisions are made with some consideration and informal input from the other group, but not as much as we need to do. My hope is that we can improve that process.

What are some of the hoped-for outcomes of collaborative decision-making when it comes to coordinating the actions of the two different groups (i.e. PB and Mega) to optimize overall performance of the two games?

Rollo Redburn:

Effective collaboration might result in future developments for those two huge games providing a better market basket of products that every lottery has the ability to offer. Games that are too similar can work

against each other to some extent. A little more variety may be better. On the other hand, if one game is high and the other one is not, jackpot-seeking players will play the higher jackpot. When it gets hit, perhaps the other JP will be higher soon; a “rotating JP” carousel. There is a lot of discussion about the development of these games. There is no consensus about the kind of results that better collaboration might provide, but we have several different opinions (imagine that!). The result that we all want is to improve our product offerings to our players and firm up the consistency and growth in the profits for our good causes.

Coordinating a national brand-building, messaging, advertising, promotions, etc. strategy would seem to have compelling potential to increase sales. Unfortunately, it is also fraught with formidable obstacles. Thirty-six different lotteries have thirty-six different agendas, different statutes that proscribe how the games can be marketed, different gaming cultures, etc. all of which make it hard to develop a one-size-fits-all campaign. Is that the bottom line – states will continue to manage marketing, advertising, and promotion which means MUSL will not likely be in a position to coordinate a nation-wide marketing strategy?

Rollo Redburn:

You have provided a comprehensive assessment of the situation, including some accurate statements about state requirements. But, they do not prevent MUSL from coordinating a nation-wide marketing strategy.

I confess I do not have all of the answers, but I do know that this is a possibility, and one we have had some success with in the past. We will keep discussing this until we come up with something that works for the MUSL membership. The marketing geniuses that comprise some of the MUSL membership and the brilliant minds working in the individual lotteries, including Oklahoma’s lottery, have been giving this issue some thought for years. An interesting comment and one that also represents part of the hurdle that must be crossed is the one that says “Whatever State A is doing to advertise Powerball doesn’t matter in my state. To reach our players, we need to advertise in our state and advertise in a way that will move our players and potential players to make a purchase.”

Whatever MUSL develops as a nation-wide marketing strategy must positively affect perception about the games, enhance the reputation of the industry and have a positive impact on the sales of most if not all of its members. That could consist of national advertising and promotional deals as well as development of sharable concepts and materials. Member Lotteries will continue to market the products in their jurisdictions as they deem effective and appropriate. That might include MUSL-developed materials and concepts as well as their own.

As you know, the MUSL Marketing and Promotions Committee developed, and the Powerball Game Group provided, promotions offered by Members wishing to use the promotion. Powerball has another one on the drawing board for the planned game change in 2018. All of these actions contribute towards improving MUSL’s skill in finding / developing such promotional opportunities and we plan to keep taking advantage of all the opportunities we can to enhance our game offerings and achieve our strategic initiatives. New ways to do this are being discussed.

Powerball is the flagship brand, but MUSL operates other very successful games as well. Is there a focus on driving growth in your other properties, and perhaps diversifying the game portfolio with new games?

Rollo Redburn:

The short answer is of course “yes”. For example, two significant upcoming game changes include Hot Lotto going away at the end of October, and a new Lotto * America game will start up mid-November. But there is also an element of “we need to wait and see”. This is another area where we have established a Strategic Pillar to address “Powerball and Other Games”. We will have a working group dedicated to creating strategic objectives to address this issue. We will address possible enhancements to other existing games and look into the possibilities for additional games, all as are deemed appropriate by the Board and the participating lotteries in those games.

The outcome of lottery games is by definition random. The fact that actions of the player have zero influence on the outcome is a benefit in many ways, but it also limits the variety

TATTS, TABCORP MERGER UPDATE

The proposed merger between Tatts Group Ltd. and Tabcorp Holdings Ltd. is progressing as both parties announced their intentions to release FY17 financial results in August. The Scheme Booklet for the proposed deal is expected to be made available to Tatts' shareholders in September, with a shareholder vote on the matter scheduled for October.

The merger, expected to be completed by year-end, must pass regulatory approvals. Tatts has joined as a party and, with Tabcorp, will oppose applications brought by the Australian Competition and Consumer Commission (ACCC) and CrownBet Pty Ltd (CrownBet) for judicial review of the Australian Competition Tribunal's decision to authorize the merger. The Full Court of the Federal Court of Australia will hear both applications on August 28-29.

The effect of the ACCC and CrownBet applications is that the deadline by which conditions relating to the proposed deal must be satisfied or waived will automatically extend to December 31.

Rollo Redburn

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of new gaming concepts that can be developed. Does MUSL have new games in the pipeline that might appeal to the next generation of consumers, some of whom were raised in a world of highly interactive Mobile games?

Rollo Redburn:

As you know, there are multiple vendors around the US and the world improving these offerings almost daily. Whether video, or mobile, or more player-interactive, the governing authority in each jurisdiction addresses the legality of these platforms / concepts. Some of these game concepts are allowed in only a minority of Member Lotteries due to local regulations or restrictions, and for that reason it can sometimes be difficult to adequately dive into. The Board keeps an open door regarding conversations about what is possible. Whatever surfaces as viable options may be more of a long-term solution. ■

Stéphane Pallez

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new initiatives. This initiative was started by three women of the company who now manage the network. It is open to men as well as women. They have organized several events and are very active at proposing changes and new initiatives within FDJ.

Cultural change at FDJ is driven by everyone, not just the CEO, ExComm, and Board of Directors.

Stéphane Pallez:

Yes. That is the goal. We want everyone to embrace the spirit of inclusiveness, diversity, and equal opportunity. The commitment and passion of the CEO and top executives is crucial, but real progress is driven by deep-rooted cultural change which happens only when you have a critical mass of employees, including men, who lead the way. Our strategic plan and agreement to meet certain objectives that reflect progress is an important catalyst, a jumping-off point. But it is the initiative and engagement of FDJ employees who make the difference, and ultimately enable us to accomplish our goals for helping women achieve their full potential.

Men who aspire to be enlightened and progressive leaders become champions of gender equality. It is vital that everyone be a part of the cultural transformation for progress to be achieved.

What do you regard as the top priority for WILL (Women's Initiative in Lottery Leadership)?

Stéphane Pallez:

WILL is a collaborative effort of lottery industry leaders who believe in gender equality, and empowering women and helping women achieve their full potential. I think the first objective is to raise awareness and understanding, and garner the broadest base of support for the mission of WILL. Gender equality should be a fundamental policy for the entire global lottery industry. I think we are progressing towards that. We have tremendous support from all the top female lottery CEOs and executives in the world. There is also support from male

leadership as well. President of the World Lottery Association Jean-Luc Moner-Banet, and President of the European Lotteries Association Hansjörg Höltkemeier both attended the first WILL reception at the EL Congress in Krakow.

Thank you for organizing and hosting this fabulous networking event! Everyone thoroughly enjoyed the first WILL reception, and value the time spent with you and the friendships they made there.

Stéphane Pallez:

It served an important purpose in bringing us all together. Networking and communication will be vital to make WILL be the vibrant and impactful organization that it should be. It was wonderful to meet and visit with colleagues who share a passion for making the world a better place by building an organization that serves the goal of helping women succeed in business. This first step is very important to understand the needs and our common grounds. The next steps will include creating more formal structures for facilitating interaction, the development of mentoring relationships, and the ongoing collaboration needed to channel the energies of WILL members towards the most productive purposes. ■



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