

# PGRI PUBLIC GAMING

JULY/AUGUST 2019

I N T E R N A T I O N A L

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## Mobilizing a defense against illegal iLottery

### Connecting with Stakeholders



Lynne Roiter,  
CEO, Loto-Québec



Andreas  
Kötter, CEO,  
Westdeutsche  
Lotterie

### Aligning Strengths to Serve Customers and Players

Renato Ascoli and IGT  
Executive Team



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• Evgeniy Vlasenko, MSL Lottery in Ukraine • EL Congress Antwerp 2019





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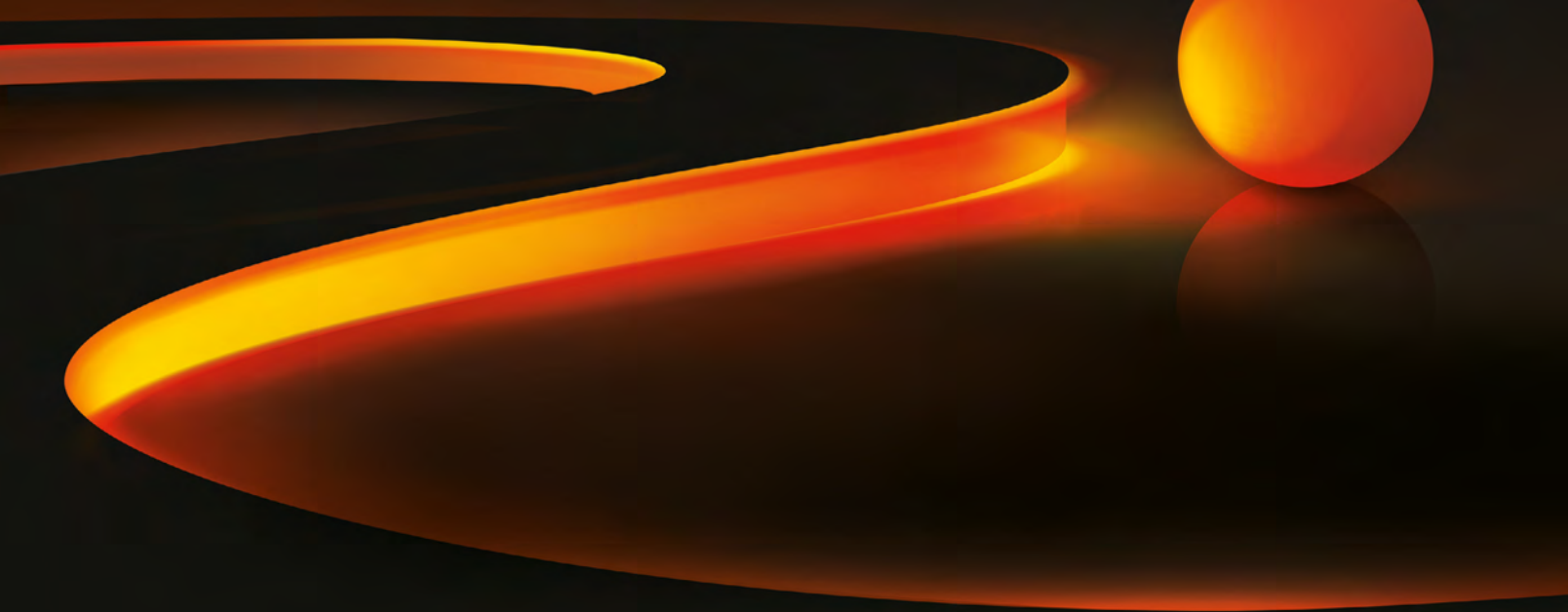
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An abstract, flowing, ribbon-like shape in shades of orange and yellow, curving across the middle of the page. To its right is a glowing orange sphere, also with a gradient, resting on a dark surface that reflects its light.

i shapes  
the  
future

i want to be ahead of the game  
i want to thrive and conquer  
i want intense experiences  
i want solutions that fit into my world  
i am your player, are you ready for me?

Modernizing lotteries in a digital world

***intralot***



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# From the Publisher

It's human nature to feel like our own problems, our personality, our life situations are unique. Likewise, we feel our gaming and consumer culture, our political environment, the priorities of our stakeholders, etc. are unique. And of course, they are to an extent. **Evgeniy Vlasenko** is the vice president of MSL, the Ukraine lottery, and, to be sure, the circumstances in the Ukraine probably are quite different from almost anywhere in the world (see interview page 20). More interesting, though, is to consider the commonalities, how the most fundamental issues our industry faces are universal throughout the world. The intrusion of secondary bet-on-the-outcome of lotteries, for instance, affects jurisdictions stretching from Europe to Canada to Australia. Presently, the U.S. does seem to be effectively preventing this secondary "synthetic" lottery model from disrupting its market-place. But even in the U.S., we need to be sensitive to the profound impacts that operators who exploit loopholes in regulatory laws have on us now, and especially in the future. The ingenuity and resources of these operators when it comes to evading the laws is abundant. And the disruption wrought by these operators has nothing to do with "innovation" any more than Al Capone could be described as an innovator in the distribution of alcohol. As **Andreas Kötter**, the chair of the illegal lotteries and betting committee for the WLA, explains, the global community needs to recognize our commonalities and work together to combat these threats to our common interests, and defend the interests of the stakeholders throughout the world who depend on lottery funding. This industry absolutely depends on the integrity of regulatory structures to enforce the rule of law. That applies to all of us.

Government-lotteries throughout the world are dedicated to serving good causes and protecting the interests of society. But doesn't it seem like that fact is not always appreciated by the general media, the public, or even our stakeholders? I want to thank **Lynne Roiter** for allowing me to share her Annual Report Message which is such a great example of how we can communicate our accomplishments and clarify our mission. Of course, there is much to be proud of when it comes to the performance of Loto-Québec. But we all have

much to be proud of and should stretch to make sure our stakeholders understand that.

We are trying to connect with our colleagues all around the world by participating in their regional events as we are able. We hope this will enhance the perspective we bring to you. It's not so much about being "global" as it is about being relevant to each one of you, our readers. We look for the common threads and how different experiences, and different ways of responding to challenges and opportunities, might open our eyes to new and different ways of understanding our own businesses and circumstances. There are five regional lottery associations – NASPL (North America), EL (Europe), APLA (Asia-Pacific), Cibelae (Latin America), and African Lotteries. Last year we participated in the APLA conference in Singapore as well as EL Industry Days in Prague and NASPL Cleveland and NASPL Professional Development Seminar in Orlando. This year there was WLA/EL Marketing Seminar London, EL "Success of Chance" Congress in Antwerp, and then in early July we participated in the African Lotteries Association Congress in Casablanca. This issue includes interviews done at the EL Congress in late May (including Messrs. Kötter and Vlasenko and ten others beginning on page 33). A review of the African Lotteries event will be in the next issue.

The challenge to improve business process and performance is a never-ending opportunity. IGT's enterprise-wide integration began years ago. Our visit to the IGT Game Design and Manufacturing headquarters brought us inside the tent at an auspicious juncture when an ambitious vision is transforming into a concrete reality. Thank you to **Renato Ascoli, Wendy Montgomery, Dallas Orchard, and Marco Tasso** for sharing the insights and future-plans gleaned from their journey.

We also want to thank **Scientific Games** and **INTRALOT** and all our advertisers and editorial contributors for their invaluable contributions! These genuine thought-leadership pieces help us optimize our potential as we prepare for the future. These are exciting times indeed!

Keep up with us on a daily basis at our news website [www.PublicGaming.com](http://www.PublicGaming.com). E-mail

us to request to be on our e-newsletter distribution list. It's free, and it's not used for anything other than to send our industry e-newsletter three times a week.

We hope to see you all at the upcoming events:

- NASPL Professional Development Seminar, July 22-26, Phoenix, AZ. Visit [NASPL.org](http://NASPL.org) for more info.
- PGRI Lottery Expo: Mark your calendars for October 28 to 30. PGRI Lottery Expo will be held at the Park Lane Hotel on Central Park South in New York City. See [PublicGaming.org](http://PublicGaming.org) for complete information - hotel reservations, conference registration and program updates.
- Women's Initiative in Lottery Leadership (WILL) session October 30, led by lottery directors and special keynote speaker and sponsored by Scientific Games Corp. And launching the first scholarship funded by the Jumbo Interactive WILL grant. See page 10 for more info but also visit [www.WomenInLotteryLeadership.com](http://www.WomenInLotteryLeadership.com) for complete info.



Paul Jason, Publisher  
Public Gaming International Magazine







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# Women's Initiative in Lottery Leadership (WILL)

And Preview of PGRI Lottery Expo NYC



## Women's Initiative in Lottery Leadership (WILL)

We have started a tradition of holding a WILL session on the afternoon of the second day of PGRI conferences. Thank you to IGT for sponsoring the WILL session at PGRI SMART-Tech Florida last February, and to Lottery Directors/CEO's Rebecca Hargrove (TN), Gretchen Corbin (GA), Sue van der Merwe (Tabcorp Lotteries, Australia), May Scheve Reardon (MO), Lynne Roiter (Quebec), Sarah Taylor (IN), and Keynote Speaker Ann Simmons Nicholson, for leading a wonderful afternoon that was both inspiring and enlightening.

The next WILL session will be held the afternoon of Wednesday October 30 to immediately follow the PGRI Lottery Expo event at the Park Lane Hotel in New York City. Sponsor Scientific Games Corp., Rebecca Hargrove and colleagues are planning a very special event, including Keynote Speaker Frances Fragos Townsend. Ms. Townsend is the former Homeland Security Advisor to United States President George W. Bush, serving from 2004-2007. She has also served as Deputy Assistant to the President and Deputy National Security Advisor for Combating Terrorism. In 2008, Ms. Townsend joined CNN as a contributor, then moved to CBS where she is now a national security analyst and political commentator on TV. Ms. Townsend is also president of the Counter Extremism Project. We look forward to an exciting session!

## Introducing the first WILL Scholarship Grant:

Thank you to JUMBO Interactive for generously funding the WILL Scholarship program with a \$50,000 grant. The first recipient will receive an all-expense-paid trip including round-trip airfare and hotel to attend the WILL session in NYC on the afternoon of October 30. Additionally - hotel, breakfasts, lunches are all paid for the recipient to attend Lottery Expo on October 29 and 30 as well. The first recipient of the WILL Scholarship Grant will be announced on September 9.

## ... And Preview of PGRI Lottery Expo NYC

Visit [www.PublicGaming.org](http://www.PublicGaming.org) for complete information including registration, hotel accommodations, and program updates.

October 28, 29, 30

Open Night Reception Monday Oct. 28

Receptions and conference sessions Tuesday and Wednesday, Oct. 29 and 30

WILL (Women's Initiative in Lottery Leadership) afternoon of Wednesday Oct. 30  
Lunch on Tuesday and Wednesday

The Fabulous Park Lane NYC Hotel on Central Park South, New York City

### Keynote Speakers:

**Drew Svitko** Executive Director, Pennsylvania Lottery: Why iLottery expands


player-base and benefits retailers: Land-based retail sales grow *because* of iLottery growth.

**Charlie McIntyre**, Executive Director, New Hampshire: Unpacking the U.S. DoJ posture towards iLottery and sports-betting. iLottery as key to a sustainable success pathway forward.

Presentations and Panel Discussion including the directors of sports-betting states to provide update on progress and glimpse into the future

Presentations and Panel discussion on Retail Modernization which continues to be the surest pathway to lottery success. Lots of opportunity for improvement, and lots of solutions to make it happen.

## EL Congress Antwerp May 26-29, 2019

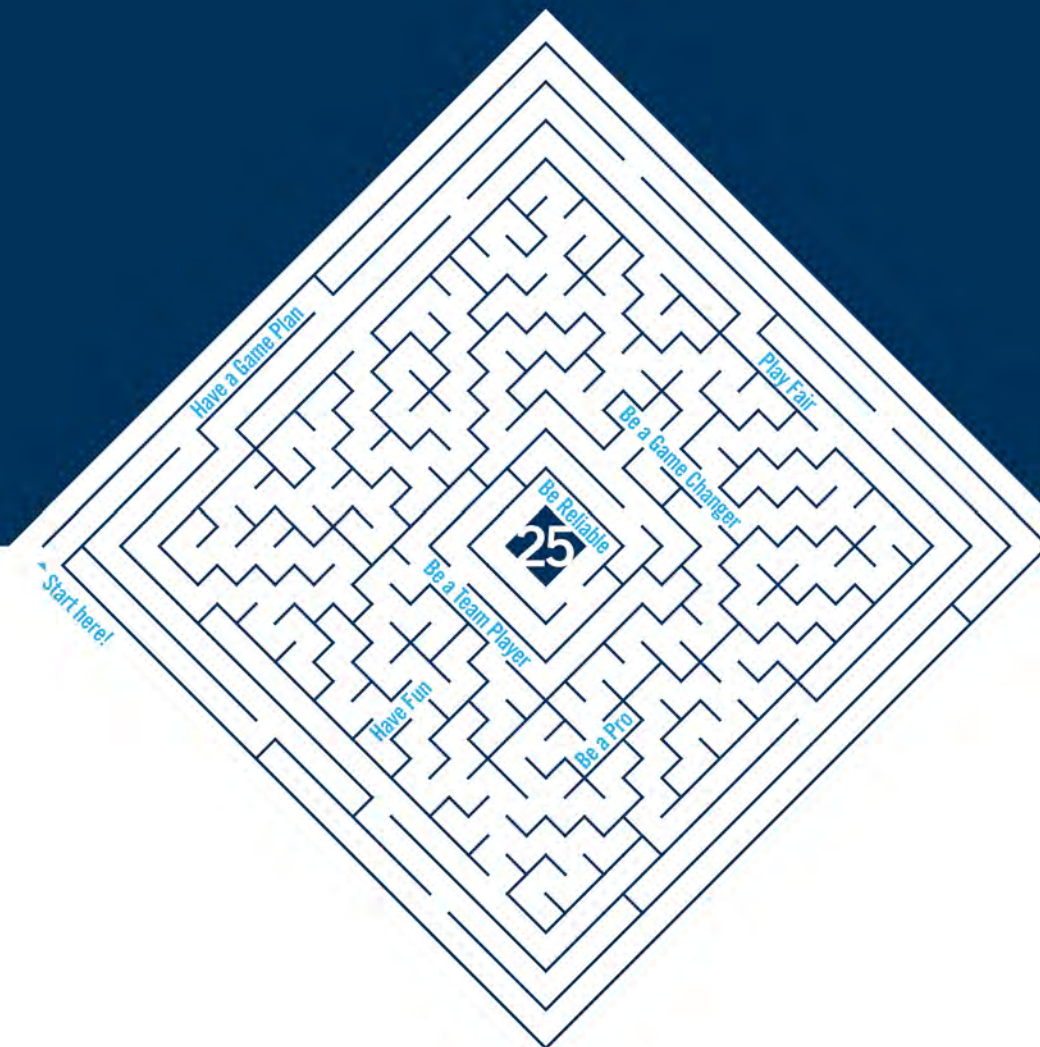
We had the great pleasure of participating in this event a few weeks ago. The EL Congress is a conference and trade show that is held every other year, this year in Antwerp, Belgium. Europe is a more mature gaming, gambling, and lottery market, with many if not most government-authorized lotteries operating in all the different game categories like sports-betting and all varieties of distribution channels like the internet. Opportunities, challenges, regulatory issues and such that eventually manifest everywhere in the world tend to appear first in the European markets. That's what makes this event so interesting and forward-looking. An example of these issues can be seen in the interview with Andreas Kötter which begins on page 12. PGRI interviewed industry leaders and those video-recordings are posted to PGRI-talks.com. Excerpts from those interviews are on four pages beginning on page 33. 





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## Andreas Kötter

Chief Executive Officer, Westdeutsche Lotterie GmbH & Co. OHG (WestLotto)  
Chair of the Illegal Lotteries and Betting Committee for the World Lottery Association (WLA)



# Mobilizing State Lotteries to Defend the Interests of their Stakeholders

### PGRI Introduction:

*Andreas Kötter delivered the keynote presentation, How to protect against illegal iLotteries, at PGRI SMART-Tech conference in Fort Lauderdale, Florida. Go to PGRItalks.com to see the video-recording of this talk to get the full understanding for how illegal iLottery operators got their start, how they captured millions of customers operating illegally before now attempting to convert this customer base over to the legally licensed and regulated sector. We met at the EL Congress Antwerp to discuss how the distributional landscape is changing faster than regulators can keep up with, how the traditional state lottery operator can adapt, and the once and future impact of illegal iLottery operators.*

**Paul Jason:** Why has it been such a challenge to create a regulatory framework in Germany that meets the requirements of the EU and German federal laws? Shouldn't all EU member states have the authority to determine regulatory policy?

**Andreas Kötter:** The trends towards liberalization create complications for regulators and challenges for state authorized lotteries which rely on enforcement of laws that protect the consumer and the stability of the market-place. The games-of-chance market-place is being disrupted by a wide variety of factors. Consumer shopping behaviour and player tastes and preferences are changing as new games and options for how and where to play are proliferating across the globe and across jurisdictional boundaries. There is genuine innovation to the games and channels of distribution. And there are the illegal operators who steal IP and brand-marks and call their actions "innovation." Rules and even definitions need to be updated to address issues that did not even

exist ten years ago. Without modernizing gambling regulation nationally as well as intensifying the exchange between regulators internationally, the different legislative bodies will continue establishing rules for their own jurisdiction that may not be helpful cross-border.

One of the foundational principles of the European Union is that all EU member states agree to a system of free-markets and open cross-border competition. For that reason, German and EU law in principle prohibit restraint of trade and monopoly practices. Because of the ancillary public policy objective of minimizing social costs and harm to the consumer, an exception to this rule was made for gambling amongst others, allowing member states to determine their own regulatory policy for gambling and lottery. But there are constraints to how this exception may be applied. Monopolistic practices must serve the interests of society, protect the consumer and preserve Public Order, and not be used as a means to channel economic benefit to a particular group,

even if that group is a worthy charitable cause. We must demonstrate that the application of monopoly practices to lottery gaming is necessary to protect the health and well-being of the consumer by reducing addiction and harmful behaviours.

**How have regulations been modified to allow for the operation of Social Welfare (also called "Society") lotteries?**

**A. Kötter:** WestLotto as well as the fifteen other lottery operators in Germany, are the exclusive operators within the borders of their own federal state-jurisdiction of large jackpot lotteries that may exceed € 2 million. The regulator decided that the games with larger jackpots should be operated only by the state operator to ensure integrity and minimize problem gaming. In contrast to this, Social Welfare lotteries are granted license to operate the lower jackpot games that must not exceed € 2 millions as long as they contribute to good causes and comply with other restrictions, including a fixed percentage of revenues that can be paid back in prizes to the players.

**Does this system work well for the stakeholders of WestLotto?**

**A. Kötter:** Germany has a very long history with "Aktion Mensch" and "Fernsehloterie", its two major Social Welfare lotteries, which account for more than 10% of the revenue that the state lotteries do. That may seem like a large percentage, but that is the result of many

*Continued on page 14*



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decades of co-existence between monopoly lotteries like WestLotto and Social Welfare lotteries which are legally licensed to offer smaller jackpot games.

**Are Social Welfare lotteries subject to the same advertising and marketing restrictions as the official state lotteries?**

Lottery in principle is less dangerous to cause addictive and harmful play from a responsible gaming perspective than most other games-of-chance categories which have more flexibility when it comes to advertising and marketing. Restricting our ability to advertise and promote Lottery just smooths a path for other games-of-chance categories to increase market-share. We respectfully submit that society is

border sales” and “illegal” and “iLottery”. We agreed on a multi-state treaty that established terms and conditions for a wide variety of games, not only lotteries. The Interstate Treaty proscribes how the games-of-chance market-place is to be regulated and is now binding because it has been signed by all sixteen heads of the states. This Treaty is in effect until 30 June 2021. **The states still have autonomy over some aspects of the regulations?**

**A. Kötter:** Yes, of course. The Interstate Treaty addresses those matters which affect all of us in similar ways, and which we are all in agreement on how they should be addressed. We are all in agreement, for instance, that the rule of law should be enforced everywhere, and that if the law requires a license to operate, then unlicensed operators should be prevented from doing business. We are all in agreement that rules placing more restrictions on advertising of lottery products than other gaming products should be changed to be more logical and aligned with the goals of protecting the consumer from harm and addictive play. On the other hand, the public policy priorities of the sixteen states differ in many ways, and the regulatory structure will differ accordingly. The Interstate Treaty allows for these differences. For instance, some states decided to authorize their state lottery to sell scratch cards online, while others did not.

**Gray market operators seem to be confused over the meaning of “illegal.”**

**A. Kötter:** First, in countries where it is illegal to operate without a license then, by definition, the operator is illegal if they do not have a license. Second, they need to be licensed to operate in every jurisdiction where they operate. Illegals want to be classified as “legal” if they operate legally in one jurisdiction, even if they operate illegally in other jurisdictions. We consider them at least to be illegal if they operate illegally anywhere, means without the locally required license.

**But what about the aspect in which illegals do not have to comply with any of it because they operate outside of the jurisdictional borders. The restrictions placed on the legal operators effectively channels consumers over to the illegals. Why is that a good policy?**

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*“It is not the government policy to support illegals. But it may be the unintended consequence of the restrictions placed on legally licensed operators. Illegals are increasing their market share because they operate with fewer advertising and marketing restrictions and pay less in taxes, enabling them to spend more on advertising.”*

**A. Kötter:** No they are not. Social Welfare lotteries are granted more freedom in advertising. For example, they are allowed to advertise the good causes they raise money for.

**Insofar as the official state operator exists solely to serve good causes and protect the consumer, can we hope that those restrictions might someday be amended to allow for some flexibility to promote the large jackpot games?**

**A. Kötter:** Of course, we do hope for that, and we ask for that. We agree that

better served by channeling the consumer to less addictive or harmful games like Lottery than driving the consumer over to more harmful games. But we also respect the authority of regulators to make that decision.

**Has the intrusion of “bet-on-the-outcome-of-lottery” operators like Lottoland and Tipp 24 caused regulators to reconsider those restrictions? After all, these gray-area operators violate those advertising restrictions, hijacking revenues from legally licensed operators and the good causes they support in Germany.**

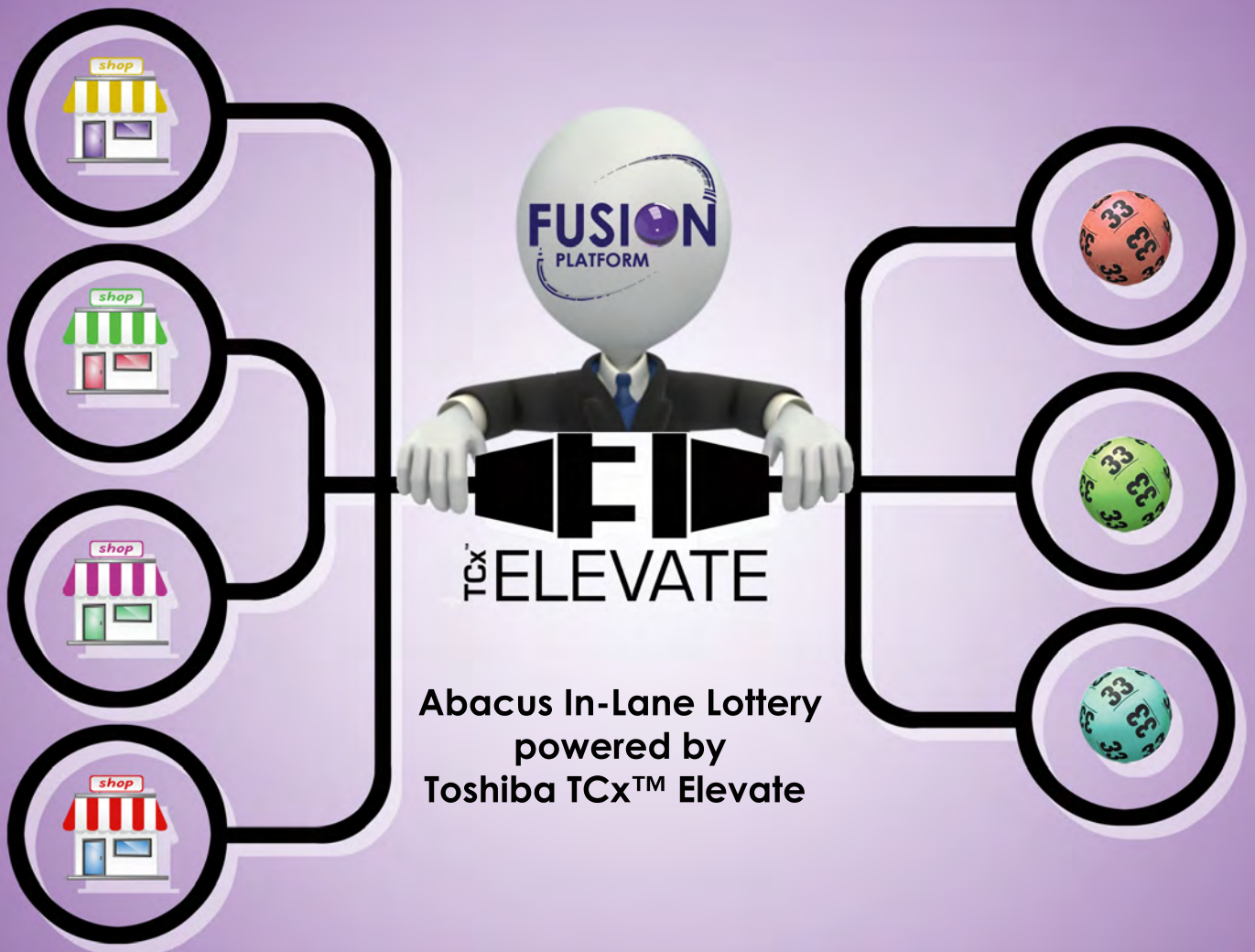
**A. Kötter:** Regulatory authority over this issue resides with each individual state, not at the federal level. The sixteen German states realize, though, that it is in everyone’s interest to work together to combat unlicensed activities like the bet-on-the-outcome-of-the-lottery model. We all realize that we need to have one agreement to get the basic rules, guidelines, and principles to be as precise and detailed as possible, and for those to be applied consistently throughout all sixteen states. There can be no ambiguities in the definitions of things like “cross-

*Continued on page 16*





# ABACUS and TOSHIBA working together to provide the gateway of choice connecting lotteries to the BIG BOX retailers



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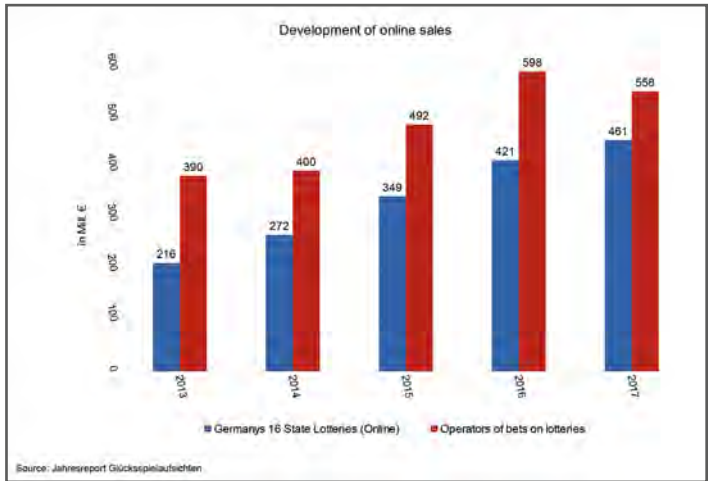
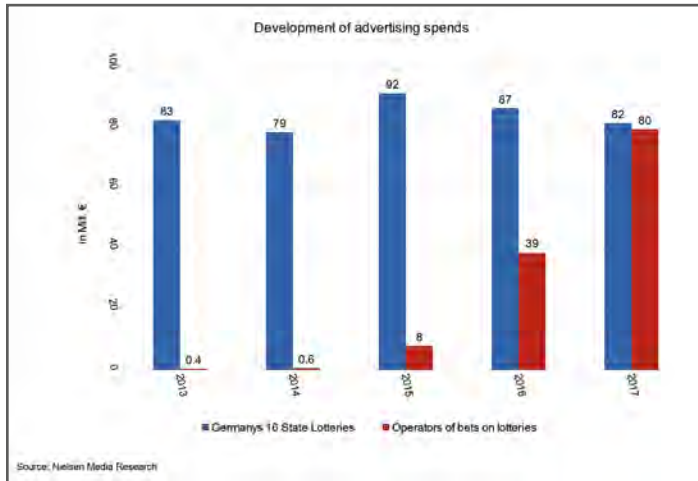
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**TOSHIBA**

\*Source: RBR London, June 2018. RBR defines Grocery to include Supermarkets, Hypermarkets, Convenience Stores, and Drug Stores.



**A. Kötter:** Exactly. It is not the government policy to support illegals. But it may be the unintended consequence of the restrictions placed on legally licensed operators. Illegals are increasing their market share because they operate with fewer advertising and marketing restrictions and pay less in taxes, enabling them to spend more on advertising. And since their operation itself is not even legal, they might not comply with Responsible Gaming requirements that legal operators comply with. There is no requirement for them to avoid overly aggressive appeals to gamble.

**Isn't it the case that Germany is culturally and politically even more committed than most to idealistic principles of freedom of the internet as well as free-market competition? So tactics successfully applied in other jurisdictions, like IP blocking, are more difficult to get approved in Germany?**

**A. Kötter:** In addition to that, the German system of jurisprudence, our court system, adheres to rigid procedural standards that serve a very good purpose but can lengthen the time it takes to litigate a case.

**So, by the time you win in court, the illegals will have figured out a different way to evade enforcement and continue to go about their business.?**

**A. Kötter:** Or they close down their entity in Gibraltar and move to Malta. Or vice versa. Or move to a jurisdiction that has even fewer regulatory requirements and even lower taxes. It is difficult, but we are making progress, one step at a time. The

digital world has created complications when it comes to controlling cross-border commerce and advertising.

**Now, operators like Zeal Networks and Lottoland are attempting to re-shape their business model to be accepted in the legally licensed, regulated sector.**

**A. Kötter:** Tipp24, which is now a division of Zeal Networks, got its start in Germany as an online re-seller of lottery tickets. They operated legally, purchasing the lottery ticket from the authorized state operator. Then, the online selling of lottery products was changed in 2008. Tipp24 moved to London and implemented the first bet-on-the-outcome-of-the-lottery model. The millions of customers who were buying from them when they were selling the legally authorized product could see no difference in the way the product was packaged and sold and so continue to buy from them even today. Zeal Networks has now assembled a family of online companies, some of which operate with legal license and others which operate in at least some jurisdictions without proper local license. Zeal Networks now bought the biggest German reseller and announced to transfer the clients of Tipp24 back into the legal system. This is a big success for all stakeholders and may result in the conversion of millions of illegally acquired customers into legally authorized revenue streams.

Lottoland started its bet-on-lottery operation in 2013 and is still acting without a local license in the German market. We hope that our efforts will also lead them into a legal system in Germany.

**What can be done to stop illegal iLottery?**

**A. Kötter:** Currently, we have filed 45 legal actions against illegal operators. But while this is being litigated, illegal operators are spending as much on advertising to capture the online market in Germany than the state authorized lotteries spend altogether on advertising. Together, the state lotteries spend just over € 80 million to advertise all our products for all the land-based and all channels of distribution. The illegals spend the same amount but with all their resources focused on the online players. Combine that with the fact that they hardly pay taxes or contribute the same as state lotteries to good causes in the consumption country, so they can offer bonuses and other enticements to attract new players. The result is that illegal operators now have a bigger market-share of the online channel than legal operators.

And they are further leveraging their brand

*“Our concern is not so much about short-term financial impacts on the business as in the long-term sustainability of regulatory models that protect the consumer as well as the stability of the markets. It is challenging because our adversaries disrupt the market-place not with innovation but with tactics that exploit loopholes in laws and regulations.”*



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and their operating assets by developing a B2B strategy in addition to their B2C business. Of course, the increased volume further enhances their liquidity, increases cash-flow to fund prize payouts and reduce insurance costs, thereby increasing profitability and the funds to expand market-share even faster.

**You are chair of the Illegal Lotteries and Betting Committee for the World Lottery Association. What is the global outlook on illegal lotteries?**

**A. Kötter:** The problem of combatting illegal lotteries is global. It is cross-border and affects everyone everywhere. That is why the WLA has taken up the job of trying to support its members in their own efforts. The first step is to build awareness and understanding of the nature of the problem, the implications it has for traditional authorized lotteries, and the need to protect the interests of our stakeholders.

In this as in all aspects of business, we need to keep the consumer at the center of our attention. Our concern is not so much about short-term financial impacts on the business as in the long-term sustainability of regulatory models that protect the consumer as well as the stability of the markets. It is challenging because our adversaries disrupt the market-place not with innovation but with tactics that exploit loopholes in laws and regulations. The good news is that our goals are genuinely aligned with the state and the general public to defend the interests of society, protect the consumer, and support worthy causes. But the mandate to make our voices heard is more urgent than ever because there is no end to the ingenuity of illegals and their ability to find new ways to evade the laws.

**The bet-on-the-outcome-of-the-lottery is an especially egregious example of no innovation, just a theft of the Lottery's intellectual property.**

**A. Kötter:** We are the ones who are innovating and creating new products, new services, new ways to deliver more value

to the consumer. Of course we expect the rule of law to be enforced over against those who violate it, and will fight to defend our IP, the integrity of our brand, and the interests of our stakeholders. But we need to drive innovation to make sure the products we create continue to delight the players, and make them available in all the different ways, through all the channels, that the modern consumer expects. We need to hold ourselves accountable to the same metrics that measure performance as other business sectors do. For instance, if we see that only 10% of our revenues come from the online channel, we can probably know that our methods of online sales can be improved to meet a higher standard of consumer expectations.

In the end, no amount of regulatory protection can replace the need to create games that players love, make them available to play on all the new trade-styles and channels of distribution, and exceed consumer expectations in every category of performance.

# Loto-Québec Annual Report Message

Lynne Roiter, President and Chief Executive Officer

For a fourth year in a row, we achieved gross and net revenue growth, thanks to the good performance of all of our businesses and tight control over expenses. In fact, our total sales were up \$ 84.9 million (+ 3.1%) when compared to preceding year. Our consolidated net income surpassed last year's by \$ 72.7 million (+ 5.4%); is \$ 147.4 million more (+ 11.7%) than our budget target. For their part, our total expenses were down \$ 22.0 million (-2.3%) compared to 2017-2018 which themselves were in lower than the preceding year.

The lottery sector had a remarkable year, mainly because of the record number of Lotto-Max jackpots but instant lotteries also continued to grow, as did our event betting. The casino sector also obtained good results, notably thanks to the success of the different thematics allowing visitors to enjoy our entertainment offer in a variety of ways.

Our online gambling site, lotoquebec.com, continued its growth, posting revenues 23.2% higher when compared to the previous year. In 2017-2018, we developed a portal facilitating navigation between our different product lines - whether it's lottery games event betting or casino - which has greatly contributed to this growth, thus increasing our market share. As for the VLT sector, it presents a fairly stable income. The lottery video network in bars, however, showed a slight decline. This is more pronounced in the areas where we have removed video lottery machines (VLTs). The gaming halls on the other hand, saw an increase.

It should be noted that new accounting standards changed the presentation of our financial statements for lotteries, bingo and Kinzo. The prizes awarded are now deducted from sales, as was already the case for casinos and video lotteries; this does not affect gross profit or net income. Figures from previous years have been adjusted to for comparison purposes.

## The pursuit of a winning strategy

To achieve these good results, we continued the approach from our 2017-2020 strategic plan. We remained customer centric, intensified our gaming-entertainment position-



ing, maintained a responsible marketing approach and continued to improve the way we do business to foster convergence, agility and efficiency.

## A customer centric year

We have once again made many winners in all of our gaming sectors. We paid a record of 129 prizes of \$1 million or more in the lottery sector. The lottery payment centers in our 4 casinos and 2 gaming halls received an increasing number of winners, which shows that they enjoy this local service.

A full year of festivities has been planned to celebrate the 25th anniversary of the Casino de Montréal, our first casino, which opened on October 9, 1993. Customers were entitled to several surprises as thanks for their loyalty. We also adapted some of our products to meet the expectations of consumers; the image of certain lotteries, including Winner for Life, has been updated and our event-betting offer has been improved.

## Entertainment put forward

Several initiatives have helped to accentuate our positioning focused on entertainment. Among those are the thematic activities we

have in our casinos and gaming halls. They allow visitors to entertain themselves in multiple ways, be it at one of our restaurants or bars, attending a show or taking advantage of our diverse game offering.

In ongoing aim to answer customer needs, we also launched products introducing out of the ordinary features, including the Box Bingo, which combines a board games with lotteries. Casino game lovers are not left out, with landing of new initiatives, like the Live Casino. This allows you to play table games online and chat in real time with live dealers. We have also launched keno games on the site lotoquebec.com.

To renew the customer base in the bingo market, we set up a bingo pilot project electronic, bingo +. Offered in four bingo halls, it promotes socialization and proposes new forms of Entertainment. It is to be noting that all bingo profits go to the benefit of none for profit organizations.

We have infused entertainment into our sponsorship program by providing festival-goers with fun experiences. We have also maintained our partnerships with players in the fields of video games and innovation. An always for us, a constant priority in

*Continued on page 37*





# UPDATE on MSL Lottery in Ukraine

A study in overcoming adversity in a market disrupted by political & economic turmoil.



By Evgeniy Vlasenko

Vice President, MSL, LLC, Ukraine

## PGRI Introduction:

Paul Jason visited with Mr. Vlasenko at the EL Congress in Antwerp to get an update on the progress made over the last three years since our last discussion.



ДЕРЖАВНІ  
ЛОТЕРЕЇ

*Ukraine is the largest country in Europe by land mass, and has a population of 43 million. MSL is the state lottery operator in Ukraine. It was launched in 1970 to raise funds for the development of sports in the Soviet Union. That mission changed when the Ukraine became independent in 1991. MSL was originally an abbreviation for "Molod Sportloto", but is now the brand name.*

*After Ukraine gained independence in 1991, there was a period of time when government regulatory structures were not fully intact. There were no regulations and private operators were free to start lotteries, sell tickets and take in money, then close without paying out prizes. Public trust in lotteries was destroyed. In the year 2000, a regulatory system was implemented. Even so, and even though MSL always operated with integrity, the entire industry was tainted and it was very difficult for MSL to reestablish public trust and confidence. But they succeeded, step by step, in re-establishing consumer confidence that its operations are totally transparent and prize monies are paid out promptly and the games always operated with integrity. The business of lottery relies not just on the confidence of the consumer. Retail and advertising partners also need to be confident that the time and resources allocated to lottery will generate a positive ROI for them, and that the lottery operator will be a good business partner in every way.*

*Before the political and military turbulence which began in 2014, when Russia annexed Crimea and turned eastern Ukraine into a war zone, the market was growing considerably. MSL sales were increasing at an annual rate of 50-80% between 2010 and 2013. Total revenue in 2013 was over 2.5 billion UAH (approx. \$150 million euro today but twice that before the devaluation of the Ukrainian currency in 2015). Among classic lotteries, bingo ranks first at 30% of revenues, scratch cards second at 24% and growing fast, and Lotto third at 6%. Sports-betting and toto is 40% and is the fastest growing category. Only 18% of the population in Ukraine plays the lottery at least once a year. That compares to 70% in the UK. Illegal online gambling is vast. There are more than 270 sites accessible to the Ukrainian customers. They are not properly regulated or taxed.*

*95% of MSL's sales are at land-based stores. Transitioning from a state-owned economy to a capitalist system is a big transition. It is not just a matter of installing modern business practices and models. The cultural adaptation as well as economic and logistical transformation is not so easily accomplished. Of course, Ukraine is over twenty five years into the process. The cultural transformation has largely been accomplished and so now it is largely a matter of executing on fundamental business plans to develop new games, categories and distribution channels.*

*Evgeniy Vlasenko has led MSL since 2011.*

**Paul Jason: How have things changed since our last interview of September 2016?**

**Evgeniy Vlasenko:** We live in a challenging and dynamic world. European markets of traditional lotteries are under pressure from non-licensed operators, especially in the online world. Specifically to the Ukraine is that in addition to unlicensed operators on the internet, non-licensed outlets that offer VLT-like games are mushrooming in brick and mortar venues. They may not be classified as slot machines, but they deliver all the same functionality and player experience – so, in reality they are slot machines, which are illegal. And because the lottery market has been contracting over the last 5 years in Ukraine under the pressure of non-licensed gambling, we have to spend more and more of our limited resources, and time and effort, not for development of the market but to protect the business and defend the principles which the WLA and EL member lotteries stand for.

**Have Russian intrusions and interference with Ukraine diminished over the last three years?**

**E. Vlasenko:** The Crimea peninsula was annexed by and is still occupied by Russia, and some Eastern Ukraine territories are still occupied. There is no active warfare that is reported in the international press, but people continue to die on the front line. So, unfortunately, very little has changed. In addition, trade wars continue which create new economic challenges for everyone. The additional risks posed by trade wars and unrest interfere with investment into the economy including the lottery sector.

*Continued on page 45*



# NASPL

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# IGT: Aligning Strengths to Serve Customers and Players

A recent visit to the IGT campus in Reno, Nevada, reveals how the company has integrated people, resources, and functions to fulfill its Customer First mission and keep players at the center of innovation.

## PUBLIC GAMING **INTERVIEWS**



### **Renato Ascoli**

**Chief Executive Officer, North America**, is responsible for product development, manufacturing, marketing, and delivery of IGT's gaming, digital, and lottery offerings. He served as CEO, North America Gaming and Interactive, following the merger of GTECH S.p.A. and IGT in April of 2015, until June of 2018, when the company combined its North America lottery and gaming business units.



### **Wendy Montgomery**

**Senior Vice President, Global Brand, Marketing, and Communications**, oversees IGT's global brand, marketing, trade shows, and external communications, including Responsible Gaming and Corporate Social Responsibility. She joined IGT in 2018 as Senior Vice President, Global Lottery Marketing, bringing 13 years of lottery-customer experience from Ontario Lottery and Gaming (OLG), where she was Senior Vice President Lottery and iGaming.



### **Dallas Orchard**

**Senior Vice President and Chief Product Officer, Gaming**, leads IGT's gaming product development and business strategy, with a global staff of 700-plus people across multiple game development functions in Reno, Las Vegas, Moncton, Graz, Beijing, and Belgrade. He began his career in the industry 15 years ago in marketing at the Hard Rock Hotel and Casino before moving to the gaming-machine manufacturer side of the business, first with Ainsworth, and then with Aristocrat before joining IGT in 2015.



### **Marco Tasso**

**Senior Vice President, Global Manufacturing and North American Operations**, is responsible for ensuring manufacturing excellence for IGT products and a high standard of industry operations. Prior to this appointment, he served as Senior Vice President, Global Lottery Marketing, in IGT's North America Lottery division. He previously served as CEO of Northstar, the private manager for the Illinois Lottery, following six years with Italy's Lottomatica Group as Vice President of Lottery and Services.



## PGRI Introduction:

*The merger between IGT and GTECH nearly five years ago brought together two strong, established gaming brands with complementary businesses, little overlap in product categories, and incredible synergies of talent, manufacturing, and production assets.*

*Since the merger, the company has worked to align and advance as one IGT, drawing on strengths and deep resources from all parts of the business to support customers in pursuing what's new and what's next in Lottery, Casino Gaming, Digital, and Sports Betting.*

*Steady progress has made the IGT of today a different company from even three or four years ago, as I experienced when I visited the company's 41-acre campus in Reno, Nevada. The facility is home to two of IGT's international game-design studios and 165,000 square feet of manufacturing floor, used for the production of lottery and gaming equipment that is shipped all over the world.*

*Touring the Reno campus was a thrilling adventure. It threw the entire business of gaming into fresh perspective to see the production line abuzz with slot machines and lottery self-service vending machines, and hear the game designers excitedly describe their creative process. You could feel the energy and passion of the people who make it all happen.*

*That is the backdrop to the conversation that follows with executives Renato Ascoli, Wendy Montgomery, Dallas Orchard, and Marco Tasso. We discussed how IGT is harnessing synergies across its people, resources, and functions in support of the company's Customer First, player-centric mission.*

**Paul Jason:** Tell us about where you are now in the journey that has transformed IGT since the merger.

**Renato Ascoli:** IGT's mission is to create products that captivate audiences in a consumer marketplace filled with recreational and entertainment options. Our teams all aspire to make a positive impact on the industry and to benefit our customers in particular. This mission gives us an opportunity to break down departmental silos and bring people together. I think of lottery and gaming as two different peaks belonging to the same mountain range, coming together at the base where so much of the underlying fundamental dynamics are shared.

deliver a seamless and connected player journey across multiple game categories and multiple channels of distribution. Integration of all the player's gaming activity then enhances the effectiveness of the Program Account Manager for the benefit of the player and the operator, by enhancing the player experience and enabling the smooth introduction of new games. Through all the touchpoints that IGT enables for our operators and their players, the data points that we're able to analyze are endless. Through the use of our back-office solutions, we are able to construct analytical models which assist in the prediction of player preferences and behavior from one game content



Susan and Paul Jason are joined by IGT's Michelle Schenk, Director, Global Communications, and Cari Blomquist, Vice President Core Studio, to begin the tour of the company's 41-acre facility in Reno, Nevada.



First, there are all the back-office activities supporting the technologies and operations that make everything possible. Sharing these not only accrues economic efficiencies and cost-savings, it produces a more effective user interface for the player, enabling the operator to

vertical or type to another, and even some additional models to anticipate when a game will fall out of favor with the player base. With this information, IGT is able to provide a roadmap to our customers which will allow them to keep the product offering to their players relevant and fresh.



# CROSSOVER ACTS

SOME RECENT CATEGORY-CROSSING GAMES



Then there's the increasing crossover potential. Think of Oregon or all the Canadian provinces, which operate both Lottery and VLTs. And nearly a dozen jurisdictions where we are working with the Lotteries to migrate casino brand licenses over to lottery – not just instant tickets, but also instant win and interactive reveal. And we are continuing to build our own library of successful proprietary brands, like Cleopatra and Double Diamonds, which adds value to the game content at a lower cost to the operator.

In any area, the input flows in both directions – marketing can learn about the considerations from a design, manufacturing, and operations point of view and, in turn, they can help integrate marketing into the design, game development, manufacturing, and operations for our products. We are well into this journey today, and we feel that we still have so much more potential to build out the role we play.

**Paul Jason:** How do you break down the departmental silos of a \$5 billion enterprise?

**Marco Tasso:** Keeping in mind that large enterprises like IGT do need to be organized into areas of expertise and specialization, we recognize that the real world does not adhere to the divisions of a corporate organizational chart.

The customer just expects great products and services. We see that the goal of optimizing value to the customer is best served by breaking down artificial barriers that stifle the free flow of ideas, creative energy, and solutions up and down the hierarchy and across functional disciplines. Take IGT manufacturing. It was world-class before I arrived and continues to set the highest standards. To ensure this quality, part of my role is to integrate marketing's focus on how we connect with customers and players. That's why we are continuing to instill IGT's customer-first, player-centric perspective into all areas of the company. We recognize that this perspective needs to be part of the discussion when the CFO is looking for ways to streamline the workforce, when the manufacturing head is assessing options to increase efficiency, when operations is restructuring its field



Left to Right: Pete Post, Senior Creative Director Core Studio, Cari Blomquist, Vice President Core Studio, and Kim Rogers Game Design Manager Core Studio with IGT's popular Cleopatra Gold slot machine, one of many Cleopatra-themed slot machines from IGT's vast game portfolio.

service, and when development is adding features or redesigning the product to make it more player-friendly or entertaining. The exciting thing is that this is what customers and our own people told us they wanted. We all need to know how and why our actions are serving a higher purpose. The 2,200 people working at the Reno Campus are more engaged and motivated for being more closely looped in to that customer-first, player-centric philosophy as full members of the team with a clear mission.



**Paul Jason:** We could feel that incredible energy and passion on the studio tour. To what extent do economies of scale unlock synergies and opportunities to share technologies and solutions across multiple game categories and business units?

**Renato Ascoli:** There are tremendous synergies across manufacturing and game design. Those synergies enable us to focus our resources on innovation and substantive improvements to the player experience, as opposed to producing an ever-increasing number of SKUs.



New IGT GameTouch™ 28 vending machines for the Minnesota Lottery (above) and GameTouch™ 20 vending machines for the Florida Lottery (right) on the production line at the Reno facility.

**Marco Tasso:** Integrating product design and manufacturing across all game categories has revealed even more opportunity for cross-fertilization than we initially realized. Ticket vending machines, slot machines, and now even sports betting kiosks – with the IGT PlayShot™ sports betting platform – share a surprising degree of features, component parts, and internal game logic and CPU functionality. Not just the cabinets, but barcode readers, printers, and other components serve similar or identical functions across the different game categories. Even the math model behind the instant ticket and a slot game is very similar. Clarifying these commonalities frees us up to focus on innovation that genuinely enhances the player experience.

It's been gratifying to discover so many intellectual-property and technological synergies. IGT was better at doing some things than GTECH, and GTECH better at other things. One company would be in need of a technological solution that the other happened to have. As a result, cross-fertilization has yielded incredible benefits in the form of a better end-product and faster time-to-market.

**Dallas Orchard:** Another opportunity to transfer ideas or solutions from one game category to the other relates to new ways of driving growth. For example, the growth of new casinos has slowed, and many casinos have not upgraded their games in many years. We are figuring out ways to layer new modules and modernizing technology onto the existing foundation, upgrading it to appeal to modern consumers. The ROI for these incremental improvements is greater and more demonstrable than the ROI for replacing the whole floor with new games. Now, we are exploring how to



apply these strategies to lottery, which has a mature retail footprint. Finding new ways to increase same-store sales – in addition to expanding points-of-sale – could be another productive pathway to increase overall sales.

**Wendy Montgomery:** The lottery industry has also been anticipating content convergence for years. While it has manifested itself in instant tickets, the biggest opportunity for convergence is in taking digital content and applying it to e-Instant and iLottery games, and many jurisdictions

## Susan and Paul's Excellent Adventure:

### EXPLORING IGT'S RENO DESIGN STUDIOS



There are two design studios at IGT's Reno campus, each with a different mission: **The Game Studio** is the source of brilliant games being produced for casino operators all around the world. Cari Blomquist, IGT Vice President Core Studio, demonstrated slot games in the early prototype stage as well as the redesign stage, and challenged Susan and Paul to try their luck. The discussion with her focused on evolving player tastes and preferences, how IGT enlists player feedback to design and refine its games, and how changing tastes create opportunities for innovating game design across lottery and gaming.

**The Premium Studio** works with some of today's most in-demand licensed brands, such as Sex in the City™, Adam Levine, and the most popular slot theme of all time – Wheel of Fortune® – a brand that IGT leverages across commercial casino and lottery-run entertainment experiences. This studio also develops in-house brands like Golden Goddess, Fort Knox and others, affording more latitude with marketing and cross-channel deployment.



do not have the regulatory environment to offer this yet. We're helping to drive the convergence in international markets, with lotteries expanding product lines and deploying VLTs as new ways to engage players in lottery. We expect that trend to continue, and as it does, it becomes even more important for our company to be integrated. Since joining IGT a year ago, I've taken on a global role in bringing our lottery and gaming marketing teams together to ensure synergy across IGT communications, and, just as importantly, to better support customers with their own marketing and roll-outs as needed.

**Paul Jason: How do you integrate all these different functional areas?**

**Renato Ascoli:** We're still evolving and will always pursue continuous improvement, but we're very excited about the juncture we've reached today. The first step in our journey was to impose discipline and structure to the organization.

**Dallas Orchard:** We have implemented processes that enable more effective functioning of a newly combined multi-billion-dollar enterprise. After four years, gaming product development is now a highly efficient, streamlined process that facilitates collaboration between all our design studios on four continents. Global communication is dynamic, and collaboration is much easier because we all think of the outcomes as being owned by the player. It's the focus on the player that unlocks the potential of each individual in each of the regional studios to produce games that meet the needs of all varieties of game preferences.

All the output from the studios undergoes relentless quality assurance as it is integrated with compliance, sales, marketing, distribution, and game design. The players are the product experts that bind the relationship between sales, game design, and development, which is why we leverage extensive player focus-group testing prior to releasing our games. My main job is to facilitate the feedback loop of information that flows back and forth between all these different functional areas, the whole process being designed to support collaboration and continuous improvement.

**Wendy Montgomery:** No part of the company is excluded from this effort to connect and communicate across the different areas of specialization, so that we're all pulling in the same direction and keeping the player as the central focus.

**Paul Jason: You've all mentioned players as a primary focus. How much do fundamental player tastes and preferences vary across gaming segments globally?**

**Renato Ascoli:**

Knowing the player is the key to creating great games and also to forging innovative pathways and solutions that meet the needs of the operator, the vendor, the retailer, and the player. Being in all game categories and all regulated gaming markets around the world gives IGT a unique perspective on player behavior. Take questions such as, Why do I play? or Why do I buy a ticket? What happens if I win? How do I want to be rewarded? What factors might incline me to play again? What is the cadence or rhythm that we might try to create that would complement the player's natural impulses?

As we look across the different gaming sectors, there are certainly many commonalities to these behavioral dynamics. Crossover is also happening in the B2B marketplace, in the way that games are delivered to the consumer. For instance, IGT was awarded the opportunity to deliver sports betting in Rhode Island, and we believe that the consumer and the operator will benefit from our ability to integrate the back-office infrastructure that enables the games to be accessed by the consumer.

**Paul Jason: And how about your direct customers – government lotteries, casinos, and other operators of games-of-chance? Are there mechanisms that facilitate direct and ongoing input from them?**

**Renato Ascoli:** The voice of our customers – the lottery and casino operators – informs every aspect of our business operations. We host Customer Advisory Boards (CABs), and every two years we invite our lottery and gaming customers to participate in an extensive satisfaction survey. We also host regular lottery customer workshops in both North America and the international markets, which give us the chance to focus together with lotteries on market research, retail initiatives, and instant game innovation. Above all, we want to hear both the



positive and the negative feedback. We learn from both, and we especially appreciate guidance and constructive criticism on ways to improve or enhance the value we deliver.

At many of these events, customers see our facilities, visit with the teams who make it all happen, and get a true feeling for the energy and passion of IGT people and our workplace culture. We make ourselves accountable and transparent, and I think our customers really enjoy getting to know our teams on a more personal basis. We strive to always exceed our customers' expectations, and our guiding light is the consumer, because if the products and services we provide excite and delight players, we know we are fulfilling our mission.

**Paul Jason: In a sense, then, operators, players, and retailers are all a part of your product development team?**

**Renato Ascoli:** Yes, and the one thing we ask from them all is ruthless feedback. That's our mantra. I was appointed CEO four years ago, just in time to participate in the Gaming CAB for 2015, and frankly, with respect to our gaming customer relationships, IGT was not in a great place at that point. Management at that time was more focused on pursuing deals for replacing whole casino floors and central systems with new product. We shifted the strategic focus to be on innovation, producing great games and cabinets that appealed to a broader range of player tastes and preferences, and helping operators maximize their profits by partnering with us to pursue a player-first strategy. We communicated our vision to the CAB in 2015, and we asked them, our best customers, for guidance. Their answer was that IGT had lost its edge in the important category of video slot games. IGT had pioneered and focused on video – as opposed to standard



mechanical reels – as the future of casino gaming, had held a proprietary lead in the marketplace, and we were being told we'd lost that lead.

This was the introduction to my new role as head of IGT Gaming, and it was not the feedback I had hoped for. We immediately designed the plan to turn the business around by going back to the basics – first by enlisting guidance from customers and players, then executing a plan to restore IGT's reputation for being the market leader. We applied a principal that I call being "rationally inefficient," and that involves spending extra time and resources in the beta-test mode prior to launch. We implemented a disciplined program with uncompromising metrics, which had to be met prior to launching a new game or new cabinet. If the product didn't succeed in real-world market assessment, it was sent back to the studios to be re-worked and re-tested.

#### **Paul Jason: And what are the results over the past three years?**

**Renato Ascoli:** I am pleased to say that we've made meaningful progress in many of our product segments. In core video for example, our games routinely appear on the monthly Eilers-Fantini reports in leading positions, and the same is true of our Megatower and CrystalCurve cabinets. Our Scarab game, for example, held the #1 position in the Eilers-Fantini reports for several consecutive months – something that just was not happening a few years ago.

Also, IGT has also been awarded many of the major casino central systems contracts over the past 18 months, with Encore Boston, MGM Springfield, MGM National Harbor, Ocean Resort Casino, and others. Additionally, our customers are benefiting from our systems bonusing apps and

leveraging them to differentiate their casino floors and maximize the ROI of their IGT investments. For example, Station Casinos recently ran two, enterprise-wide player promotions through our systems technology and they were so pleased with the results that they elected to mention them on the company's quarterly earnings call. Together, GTech and IGT central systems technology create a powerful combination. And our work is never done. We are adding new features to differentiate us even further. For instance, mobile is now integrated and is becoming a big part of the land-based casino gaming player experience. We offer gaming customers mobile integration through IGT's Cardless Connect®, a revolutionary Bluetooth payment solution that allows players' smartphones to become their loyalty card. Players simply tap their phone to any gaming machine to card-in. And for lottery, our award-winning PlaySpot™ interactive, tethered wagering solution enables play on a mobile device while meeting legislative requirements in jurisdictions that prohibit online sales and play.

The important thing is that we have transformed our relationship with gaming customers. They have seen our commitment to doing it right, to taking all the right steps to produce and deliver what they asked for.

#### **Paul Jason: It seems like such a challenge for an organization to create a foundation for this kind of open-minded problem solving and integration.**

**Renato Ascoli:** We want everyone to have a clear picture of what it means to be a Customer First company, because having that common perspective reduces challenges. We're committed to sharing subject-matter expertise, ideas, and efficiencies to enable both IGT and our customers

to respond more quickly to changes in the market. The more we as a company are prepared to respond to the trends and changes, the more we can support customers in meeting those same demands.



Cari Blomquist demonstrates the Hex Breaker game on the CrystalCurve cabinet. Hex Breaker is one of many games created in IGT's Core Studio that introduces innovative game mechanics to add an exciting twist and entertain players in a new way.

Importantly, this approach extends to the role we can play in increasing sustainability within and beyond the industry. Just as the radical focus on quality control proved to be the right path, so too is IGT's genuine embrace of social responsibility, diversity and inclusion, and sustainability. Among many recent advances, the Reno chapter of WIN with IGT – our Women's Inclusion Network – launched in April of this year, and the Las Vegas chapter of the group, launched in 2018, was recently named "Diverse & Inclusive Team of the Year" by Women in Gaming. Five years into our journey since the merger, we're excited about the larger role we can play in protecting the environment and optimizing our workplace culture to support all our stakeholders' success. 

## **Integrating Sustainable Practices**

In alignment with IGT's commitment to operate responsibly, the company has made a significant investment in integrating sustainable, environmentally sensitive manufacturing, operations, and facilities management practices.

For example, the facility housing IGT Reno's 165,000 square feet of manufacturing space has been certified LEED Gold (Leadership in Energy and Environmental Design) until 2025, based on its leadership in energy and environment design. The plant is ISO 14001 certified, ensuring that IGT is

limiting its environmental footprint across manufacturing and operations.

"The process of earning ISO 14001 certification for Effective Environmental Management (EMS) includes the application of methods and standards that optimize performance in every aspect of the business," says Marco Tasso. "It causes us to think creatively and with an open mind about how we might do things differently to produce better outcomes. We are more efficient, effective, and productive today for applying the principles of sustainability and EMS."



# Women in Leadership

Lee Stuart, Management  
Consultant and editorial  
contributor for PGRI

Doing the right thing is  
Good for the Bottom  
Line, for Organizational  
Culture, for CSR, and  
for Brand Image

... Just to Name a Few

In the Stone Age of global business (we're talking last century here), companies focused on generating shareholder value with little concern for how they were perceived as "citizens." The people who ran those companies (yes, predominantly men) could maintain a singular focus on profit-making to the exclusion of other important factors that contribute to the well-being of society. Not always included in this picture were:

- Commitment to issues like gender equity, diversity, and inclusiveness
- Mentoring women for leadership roles
- Authentic stewardship of natural and human resources
- Alignment of operational actions with espoused values

Although these considerations were no doubt discussed during planning sessions and board retreats, and perhaps even elevated to "priority status," few substantive initiatives were implemented to ensure meaningful progress in these areas that are now recognized as key to a healthy society and to long-term success for organizations.

That epoch is over. Welcome to the new era with leaders who not only keep an eye on the bottom line, but also cultivate diversity in their organizations and demonstrate a strong commitment to Corporate Social Responsibility (CSR). Success in this new era is coming to those with robust organizational mechanisms to ensure women's professional growth and development that lead to more women in positions of influence and power. Mission statements now include a focus on values like inclusion, equity, diversity, stewardship, authenticity, and corporate citizenship. It is no longer enough to make a profit or to "not be evil" (Google code of conduct motto that was replaced with "Do the right thing" when Google morphed into "Alphabet" in the New Millennium) or even commit to producing the best quality products and services for the customer while adhering to the highest ethical standards and all the other platitudes that found their way into corporate mission statements. Financial performance is now accompanied by, indeed it is achieved by, doing the right things to align with a much broader range of societal values and expectations.

## The evidence is in and it's conclusive

- Recent statistics show gains (albeit insufficient gains) in the number of women in business leadership positions
- Research and analyses conclusively illustrate the positive impact of female leaders on organizational performance across numerous success metrics
- Mentoring and the identification and development of women and ethnic minority leaders is of critical importance
- Women are applying a profound influence on corporate social responsibility (CSR) initiatives

- Female leadership significantly enhances a brand's reputation

## Under-Representation of Women in Leadership

The proportion of women in organizational leadership positions is increasing, but haltingly, with one step back for every two steps forward. Despite recent gains, female executives continue to be under-represented in senior positions. Here is a sampling of relevant statistics:

- In 279 companies in North America, comprising 13 million employees, women occupy 23% of C-suite positions (reporting directly to a CEO) (study by LEAN IN)
- Among the world's 500 largest companies, 10.9% of senior executives are women (Weber Shandwick Gender Forward Pioneer Index)
- Among the bellwether Fortune 500 companies, 25 had women CEOs in 2018, a decrease from 32 the year before (Credit Suisse)
- Of the 234 companies that own nearly 2000 of the world's most recognized consumer brands, only 14 have a female CEO's and nine have zero women in senior leadership or board positions (27/7Wall St.)

Not only do these statistics reveal an intractable gender equity issue, they also represent wrongheaded business decisions. Why?

## The evidence that more women in senior leadership roles enhance organiza- tional performance is unde- niable. Examples abound:

- Companies with 24% female representa-



- tion in management positions experienced an annualized return of 22.8% over a five-year time horizon; those with 33% female representation in management experienced a 25.6% annual return. (Are we discerning a trend here?) The return for the average company during the period of study was 11 percent (Credit Suisse).
- Increasing female leadership from 0% to 30% is directly associated with a 15% increase in net margin (Peterson Institute for International Economics)
  - “We find clear evidence that companies with a higher proportion of women in decision-making roles continue to generate higher returns on equity while running more conservative balance sheets,” stated the Credit Suisse report. “Where women account for the majority in top management, the businesses show superior sales growth, high cash flow returns on investments, and lower leverage.”
  - A study of 353 Fortune 500 companies showed that organizations with a high representation of women in senior leadership positions had a 35 percent higher return on equity and 34 percent higher total shareholder return than male-dominated firms (Catalyst)
  - an analysis of 11,000 companies, those with female CEOs or board chairs had a 25 percent annualized return over an eight-year time horizon, compared with 11 percent for a contemporaneous index of firms (Nordea)
  - California, the top 25 companies with the highest percentage of women executives and board members experienced a 74% higher return on assets and equity than the broader pool of companies surveyed (University of California-Davis)

How do women so dramatically enhance business performance?

## Attributes that make women more effective

Women instinctively employ more of the character attributes that generate success in the modern workplace. The male-dominated command-and-control enterprises of the 20th century have been succeeded by a diverse workforce that demands participation in organizational life in ways that were not even thought of 30-50 years ago.

Women leaders employ five of the nine most important leadership behaviors that lead to improved organizational performance more consistently than do men, including: people development, expectations and rewards, role modeling, inspiration, and participative decision-making (McKinsey).

Women also perform better than men in these leadership functions:

## Promoting a welcoming culture

- Demonstrating empathy
- Managing complexity
- Insisting on respect for the environment
- Operational ethics
- “Reading” people
- Engaging employees
- Providing meaningful performance feedback
- Giving recognition
- Placing people in roles for growth and development

Finally, women-led organizations are more likely to have fully developed diversity and inclusion programs, including awareness of bias and an appreciation of differences (University of North Carolina study).

## The Glass Cliff

An unfortunate side effect – or unintended consequence – of advancing women into senior leadership positions is the “glass cliff.” The glass cliff is a phenomenological cousin of the glass ceiling – the invisible barrier that has prevented more women from attaining executive positions. The glass cliff construct holds that women are elevated to positions of power when things are going badly, when circumstances are conspiring against a leader’s success, and when the prevailing thought becomes, “everyone else has failed, so let’s try something different.”

Women and ethnic minority leaders frequently enter “glass cliff” situations with their eyes wide open – with full awareness of the challenges that await them. But many choose to accept such positions because they sometimes feel it is their only (or best) opportunity to demonstrate what they can do as a leader.

There is a secondary, “doubling down” dynamic associated with the glass cliff. If a woman “fails” as a CEO, the likelihood that she will be given another equivalent opportunity is much lower than is true for male executives. Women leaders have gone over the cliff in recent years at the New York Times, at Yahoo, at Avon, and at Hewlett-Packard.

The glass cliff is bad-times-two:

1. The organization is in a precarious position? Bring in a woman!
2. We’re still not happy with the way things are going? Fire the woman (and, generally, replace her with a white male, marking a conscious or unconscious return to the status quo).

## Diverse Companies Attract Top Talent

In a highly competitive job market, organizations need any edge they can leverage to attract top talent. One of the most over-looked advantages is this: in companies with the best reputations in their industries, there are twice the number of women leaders as in peer organizations (Gender Forward Index). Further, more than two-thirds of job seekers examine workforce diversity when evaluating offers of employment (Glassdoor). Among women job seekers, 61% place a strong emphasis on an organization’s gender diversity in senior positions.

Two states have mandated gender diversity in leadership. In California, a state law requires prescribed numbers of women on the boards of publicly traded companies (the numbers escalate to account for the size of the board). New Jersey has followed the California model to guarantee equitable representation.

## Women Leaders = Success with Corporate Social Responsibility

Numerous studies have been conducted in the past several years that provide conclusive evidence: the more women an organization has in positions of governance (i.e. on boards of directors) and in executive staff positions, the better that organization’s performance is on critical CSR measures.

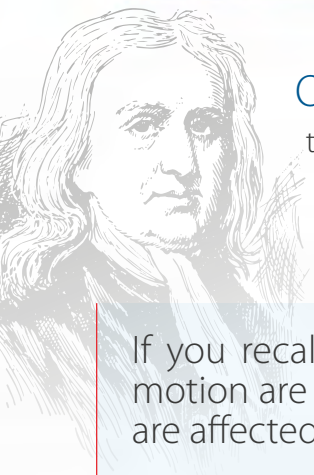
And a company’s CSR performance can formulate up to 40% of an organization’s overall reputation. That is a substantial figure and one that is likely to increase with the continued proliferation of consumer peer review platforms on social media, which fuel the “word on the street” about a company’s social actions and belief systems.

In an extensive study of corporate boards of directors in 2017, researchers Allison Cook and Christy Glass found that the presence of women directors positively influenced a firm’s performance record on a broad array of CSR measures. A report in 2018 by McKinsey & Co. found that organizations that placed in the top quartile for gender diversity outperformed peer companies by 21 percentage points. Researchers at Harvard Business School and Catalyst, a global research firm, concluded from their joint study that gender diversity in boardrooms is directly linked to effective CSR governance and best practices.

Many global enterprises have dedicated a portion of their CSR resources to women’s financial literacy programs. These training initiatives focus on managing household finances, developing entrepreneurial business

*Continued on page 44*

# Keeping Lotteries in Motion with **MOMENTUM**



Over 300 years ago, Sir Isaac Newton presented his three laws of motion. It's safe to say that in 1686 Newton could not have envisioned how his laws could be applied to the global lottery industry of 2019. However, in the fast-moving world of gaming, we can observe his principles in action every day.

If you recall, Newton's first two laws of motion are concerned with how objects are affected by outside forces:

- An object at rest will stay at rest unless acted upon by an outside force, and an object in motion will not change its velocity unless acted upon by an outside force.
- An object's velocity, or its rate of change in momentum, is directly proportional to the force applied.

Today, players and retailers expect change faster than ever before. That's where Newton's first law comes in. Lotteries need a technology provider willing to get the ball rolling through innovation. Then, as the second law states, generating the right velocity to keep pace with the industry requires a partner with the right technology and the ability to drive profits responsibly.

Scientific Games has staked its systems business on these principles. The company positions its portfolio of systems-based solutions, *Momentum*™, as a strategic way to continually push the industry forward.

"Our industry is in perpetual motion. *Momentum* exemplifies our ethos to keep advancing the industry through innovation," says Jennifer Welshons, Scientific Games' Senior Vice President, Marketing, Lottery. "We drive the industry forward by driving ourselves forward – they go hand in hand."

## Force = Mass Times Acceleration

The company has amassed a portfolio of performance-proven products through decades of innovation, as well as by acquiring

industry-leading companies such as Lapis Software and its business and retailer intelligence software and NYX Gaming, a world-leading digital gaming and sports betting provider.

Products are grouped into solutions that solve real-world lottery and retailer challenges and in some cases, obstacles. *Momentum* is made up of product suites that address seven areas of lotteries' business, including:

Lottery systems  
Retail solutions  
Back office and retailer intelligence  
Instant game management  
iLottery  
Sports  
Interactive

The *Momentum* portfolio integrates a complex network of systems and technology. For example, it improves retail performance with the *gem|Enterprise*™ suite, optimizes retailer shift accounting with the *SCIQ*®

intelligent instant game ecosystem, provides access to over 2,000 digital games and sports betting, and expands lottery experiences through interactive products. The approach allows more flexibility to meet customers' specific challenges.

Traditional lottery back office systems are typically tied to central gaming systems. However, since lotteries may have multiple suppliers providing draw, instant, sports and digital products, Scientific Games decoupled its back office system from its central gaming system.

*Momentum* helps lotteries connect to a variety of third-party technologies. Applications can be easily added to the system to create operational efficiencies, offer new content and ultimately drive sales.

"*Momentum* is architected for agile growth," says Kent Christensen, Scientific Games' Senior Director Development, Lottery Systems. "This makes it very easy for us to go into a lottery and set them up using basic configurations. If custom software is needed, we can develop and install it very rapidly on our platform."



The idea is that whatever the lottery – or retailer – needs, Scientific Games has a solution ready. “As an industry, we’re now connecting with lottery retailers and representatives who actually sell the product in the supply chain and helping solve their problems,” Christensen adds.

## Solutions to Prevent Inertia

The *SCiQ* ecosystem was developed specifically to capture big data to support lotteries with real-time information, address pain points at retail, and provide player conveniences and confidence to know exactly what they are purchasing. In addition to tracking tickets sold in real time, the *SCiQ* system amplifies the inventory controls, provides a major increase in the security of selling instant products, and modernizes how instant games are presented at retail to the player. Launching in market in spring 2018, *SCiQ* has already rolled out in hundreds of retail locations across 10 U.S. states and with major retailers including Walmart, Kroger, Circle K, 7-Eleven and Speedway.

*PlayCentral*® touchscreen self-service terminals modernize the experience of lottery vending. For its *PlayCentral 54* terminal, Scientific Games was named 2019 Supplier of the Year for Product by Walmart Services Division. The industry’s first low-profile, 54-inch lottery self-service machine in market, *PlayCentral 54* was custom innovated for Walmart Supercenters to sell instant and draw games and other lottery products.

The full-size *PlayCentral HD* continues to drive sales – and satisfaction of players and retailers. In June 2018, a large convenience store chain in Maryland started selling lottery exclusively through *PlayCentral HD* terminals. In just over a year since going totally self-service for lottery, the chain’s Maryland stores have seen their lottery sales increase 51%. In Connecticut, *PlayCentral HD* has been introduced in nearly 200 retailers and has seen rising sales from the machines averaging \$1,000 per week, per retailer, in May 2019. *PlayCentral HD* has added a convenience factor for players, who no longer have to purchase the game exclusively at the counter.

*Momentum* touches all types of games offered by lotteries. The global online gaming market is expected to increase to \$94.4 billion USD by 2024, according to a report released by Zion Market Research in September 2018. With the January 2018 acquisition of NYX Gaming, which included the world-leading digital *OpenBet* sportsbook, Scientific Games now has nine game development studios, a network of third-party suppliers globally to offer its customers an expansive portfolio of digital gaming content and expanded *OpenSport* full service, customizable sports betting solutions.



Enhanced  
Partnership

Scientific Games created the first secure instant scratch-off game in 1974, and it is still innovating ways to manage lotteries’ instant game business. In fall 2018, the company unveiled *Scientific Games’ Enhanced Partnership (SGEP)*, an evolution of its performance-driving *Cooperative Services Program (CSP)* for full instant category management. Used by more than 20 lotteries worldwide, *SGEP* manages every aspect of lotteries’ instant products category by delivering product solutions, advanced logistics, retailer optimization and digital engagement.

## Constant Progression

Though *Momentum* delivers solutions in seven areas of lotteries’ business today, it will change with the times and the needs of the industry, Welshons shares. She compares it to Amazon’s evolution from an online book vendor to a major player in many areas of online commerce.

“If 15 years ago someone had wanted what Amazon is delivering now, they wouldn’t have known what to ask for,” Welshons explains. “The lottery business is completely different today than it was even just five years ago, and it will keep changing. And we will keep progressing the *Momentum* portfolio to empower our customers with forward-thinking solutions.”

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Left to Right:  
*SCiQ*®  
*PlayCentral*® HD  
*PlayCentral*® 54



# BUNDLE UP



## The Instant Game - More than the Sum of its Parts

At Scientific Games, the instant game is more than just a product line, it's an entire ecosystem. We develop and launch the strongest games possible and then, using sophisticated tools such as SCiQ® and MAP™, collect troves of data that help develop even better games.







# Paul Jason Interviews at the EL Congress in Antwerp, Belgium

Following are brief excerpts from interviews that were video-recorded at the European Lottery Association biannual Congress in Antwerp, Belgium.

Visit [PGRItalks.com](http://PGRItalks.com) to view the complete video-recordings.

## Arjan van't Veer, Secretary General and Jutta Buyse, Deputy Secretary General, EL:

The 2019 special 10th European Lotteries Congress in Antwerp (BE) at the end of May, explored a unique theme “The Success of Chance”. Bringing together over 800 lottery professionals from across Europe and the rest of the world, the event was an occasion to discover how ‘chance’ plays an important role in our lives and in the lottery sector. The Belgian National Lottery was the proud host of the Congress, taking place against the backdrop of the European elections, which continue to shape Europe’s political landscape.



Arjan van't Veer

With a packed three-day programme, including high-level speakers, networking, panel debates, breakout sessions and a Trade Show, the Congress united the core fundamental values of lotteries and was an occasion to share insights for upcoming challenges and opportunities in the sector.

“Together with the team of the Belgian National Lottery, we look back at a great event. It all came together – the theme, the location and the enthusiasm of the participants. I would like to thank Jannie Haek again for his dedication and ideas to make the Congress what it was.” Said Arjan van 't Veer as EL Secretary General. “The out of the box approach was a great success”.

During the 2019 EL General Assembly on the last day of the Congress, EL Members elected its new Executive Committee and reappointed Hansjörg Höltkemeier as EL President for the period 2019-2021, who said, “We have had three fantastic days at the EL Congress, with lots of exchanges, networking and new ideas. I am personally very happy to be re-elected



Hansjörg Höltkemeier



Jutta Buyse

after four successful years, and I look forward to continuing my work with the association, which serves for the benefit of society”. The General Assembly adopted the “Antwerp Resolution” which calls for a risk-based approach towards gambling advertisement, to safeguard the channeling role and the benefits of their games for society.

EL will gather again for its Industry Days next year in Manchester from 8-10 June 2020, kindly hosted by Camelot UK Lotteries Ltd.

## EL seminars and Corporate University

In addition to the Congress and Industry Days, EL provides its members with invaluable learnings on lottery subjects on a regular basis, through its seminars and educational modules in the EL Corporate University (ELCU). EL events represent a valuable service to members as they provide a forum for exchange of experience, best practices, knowledge and networking across a broad range of topics - marketing, sportsbetting, responsible gaming, security, innovation, legal, E-sports, Communication & PR and retail. EL is an official partner of the European Week of Sport which takes place from 23 – 30 September this year.

Visit EL at [www.european-lotteries.org](http://www.european-lotteries.org)

**Jannie Haek**, Chief Executive Officer, National Lottery of Belgium: All the keynotes related their presentations to the unifying principle of “The Success of Chance”. Having this central theme is important. Whether it is Retail Digitization and Modernization, or regulatory issues, or Blockchain, or development of human resources and personal achievement, the entire conference coalesced around the

central theme which created a wonderful cohesion and continuity.

Chance plays a central role in life just as it is at the center of Lottery’s existence as well. We have heard from successful people who describe their encounters with Chance and the importance of recognizing it and acting on it because you never know when a fortunate opportunity might happen again. We have heard from people whose encounter with Chance was an unfortunate one and how they even turned that to advantage. We wanted to connect the lottery-playing experience with the way that the Success of Chance relates to all other aspects of life in general and how to really make this theme come alive to connect our world of Lottery with the bigger world of life itself. Lottery as a metaphor for life. You play, you participate, you win, you lose, and you always start all over again. Thank you for joining us at EL Congress 2019!

**Wendy Montgomery**, Senior Vice President, Brand, Marketing and Communications, IGT: IGT is all about connecting with the players, the consumers. That is why our exhibit booth and presentations focus less on us and our products and solutions and more on the consumers and how their lifestyle and shopping behaviours are changing, how the Internet of Things is transforming the simple everyday tasks that take place in a home, car, and work-place; and the role that games and



Wendy Montgomery



Jim Kennedy

Lottery might play in the life of the modern consumer. The inspiration for this approach comes from the Samsung Concept Store in New York, which was wildly futuristic just a few years ago but is now quickly becoming a reality.

Our vision is to integrate Lottery into the world that the consumer inhabits, to take advantage of this unique time in history when technology is changing everything to be more automated and convenient and consumers are becoming familiar and comfortable with these changes. This is a wonderful opportunity, and maybe just a brief window of time, for Lottery to step right into this picture and carve out a substantive role for itself and make the lottery playing experience just as much a part of everyday life as the smart-home and connected-living is fast becoming.

**Jim Kennedy**, Chairman of Scientific Games Lottery: There continue to be many in our industry who under-estimate the potential for growing the instant games category. Our experience indicates that the appeal of instants is universal – markets where draw games have been the dominant play-style represent an even greater opportunity to tap into latent demand for Instants. And in those markets where the per capital instant game



Jannie Haek



sales reflect a gaming culture that already loves these games – that is where our new content, modernized point-of-sale technology, retail distribution and inventory management systems are continuing to drive growth. The fundamental economic drivers in the instant category work in all market conditions. And the fundamental components of the instant game provide the perfect platform for creative development to refresh the player experience for each new generation of consumers. Creative innovation overlaid onto instant gratification will never go out of style.

The decision-makers at the multi-jurisdictional retail chains want to see the evidence. With 70% of the global instant games market and \$60 billion in Instant products sales, we have that in abundance. The secure instant product has sold nearly a trillion dollars in lifetime sales and is building momentum. This places the instant product in the rarified air with global retail consumer products like Coca-Cola. Experience and rich consumer data not only provides the proof that application of best-practices produces significant growth every time, it provides us with the insight to create and continually adapt best practices to the unique characteristics of each market and jurisdiction.



Pat McHugh

**Pat McHugh**, Chief Executive Officer of Lottery, Scientific Games: In May we hit our one-year anniversary of the iLottery launch in Pennsylvania. It is the most commercially successful iLottery launch in North American history, surpassing \$340 million in sales handle the first year, and is a result of a productive collaboration with the Pennsylvania Lottery. Scientific Games' expanded digital services contributed immensely to the assets we brought to the effort. Our game portfolio, game server and player account management platform launched as a coordi-



Chris Sfatos

nated program, providing the tools needed to acquire and engage players, with the inspired leadership of the Pennsylvania Lottery. This tried and true platform is leading iLottery and iGaming performance in jurisdictions all around the world now.

While Scientific Games is investing significantly in the digital future, we still see retail growth as a tremendous opportunity. Retail execution and modernization such as game portfolio optimization, SCiQ® automated instant game management system, distribution expansion through point-of-sale integration, self-service vending, in-lane sales, and cashless payment modernization are critical components and examples of our focus on retail growth. Our PlayCentral® launched in Wal-Mart last year and enables self-service checkout and cashless options for all the different lottery products – including draw games, instant games, fast play, and sports betting in those jurisdictions that allow sports betting.

**Chris Sfatos**, Group Deputy Chief Executive Officer, INTRALOT S.A.: The rapid pace of change and disruption spells opportunity for those who are driven to create the innovative products that break from the past and smooth the path for the player journey to align with the modern lifestyle. INTRALOT's new generation of products is designed to offer Lotteries the advantages stemming from modern technological trends to evolve and adapt in the era of digital transformation while capturing the needs of the modern consumer.

It is no longer enough to offer a "lottery ticket that creates the possibility of a life-changing event." That fundamental value proposition has enduring and universal appeal. But it's no longer adequate to the purpose of selling

lottery products and it is definitely a different world when it comes to the sports betting experience.

The next generation of players want more. It can be a more intense and engaging player experience. It can be games that fit better into their world, their lifestyle, their mode of interacting with merchants and buying goods and services. INTRALOT is focused on leveraging the transaction-enabling and processing tools and a wider variety of touch-points, including self-service machines, to capture the data and information that gives us insight into player behaviors and how we might evolve our products and methods of merchandising and promotion to connect with the modern and future consumer. Integrating the worlds of digital and physical retail is key to this mission and that is what our exhibit booth is demonstrating.

INTRALOT has been a leader in setting new trends and we will continue to do so in this very exciting time for our industry.

**Doug Pollard**, Co-Chief Executive Officer, Pollard Banknote: We adhere to a very simple philosophy to support the mission to drive lottery sales. It starts with great products and POS/retail performance and continues today with a focus on digital innovations as the key to connecting with the modern consumer. Pollard Banknote has long been known for innovation in Instant games and digitization of retail and in the online space just gives us a way bigger canvass to apply creative talent and ingenuity to the mission of driving sales.

We have added some tremendous new assets that strengthen our portfolio of products that enhance retail performance. The recent additions of Schafer Systems and FastTrak to the family of Pollard Banknote companies transforms our offering of retail performance enhancing products. We have always made high performing instant games that capture the current themes and pop culture and now



Doug Pollard

we can offer the tools to display and promote them effectively in the store. Traditional convenience stores continue to be the bread and butter of the channel mix. But broadening the reach to include non-traditional trade-styles and venues is the surest way to increase sales. The acquisition of Diamond Game a couple years ago provides our customers with entertainment-enhanced play-stations that open up whole new channels of distribution beyond stores and into age-restricted venues like bars and social clubs. ScanACTIV is our in-lane solution that is easy to implement, convenient to purchase and easy to play, and yet also appeals to the desire for a fresh new player experience.

The Michigan Lottery is an inspiring and informative case study for leveraging iLottery to drive land-based retail sales as well as incremental increases in the online space. Michigan proved that U.S. lotteries could significantly increase their contributions to good causes with the addition of the iLottery channel. Michigan Lottery online channel now generates over \$100 million a year on top of their budget, and land-based retail has grown by even more. So it has been a win for everyone – the Lottery and good causes, the retailers, and the consumer who now has more options for how to play the lottery. And the Lottery is bringing in new consumer groups, especially younger adults. The New Hampshire Lottery is less than a year into its iLottery launch, but we are already seeing all the same results there, including the boost in land-based retail sales. The Mobile makes it so fun and easy to play the lottery and that is good for everyone. There are so many ways to loop the retailer into the whole relationship and now retailers are starting to recognize that as they see for themselves the results.



Christina Haralambous and Sarah Robertson

**Sarah Robertson**, Senior Sales Executive, Kambi: Kambi sportsbook provides the fully managed solution, including odds-compiling,



Simon and Marjoleine Butler

fully managed risk solution and technical back-end, and the front-end customer-facing solution that integrates with the operator's existing IT infrastructure, be it Lottery or casino or something else. Where Kambi has always excelled throughout its ten-year history is our ability to launch a sportsbook quickly and effectively into regulated markets. Testament to that is the great success we have had in the highly regulated U.S. market. One of the things that allows us to do that is the scalability of our system. We built our back-end technical system to be able to start small and launch quickly and then scale as quickly the market can absorb and the operator wants to develop. So we do not need to recreate a new sportsbook for each operator that we work with. This allows our customers, like a Draft Kings or a Rush Street or any other operator, to be first to market and expand as needed.

We work with several state regulated European operators where the priority is to manage risk and to connect with the existing customer base. They are cross-selling across all different gaming categories and so we integrate sports-betting into that system. Most operators view the direct customer connection as being the mission critical component to success, and so want to focus on controlling that. Kambi resources and capabilities are all dedicated to making sure the technical and operational aspects of the business are executed flawlessly to enable the operator to focus on the players.

**Simon Butler**, Chief Executive Officer, Abacus Lottery Everywhere: Retailers recognize that they need to be more aligned with the lifestyle and shopping behaviour of the modern consumer. They realize that they need to take aggressive action to reposition themselves for growth that is sustainable going forward.

They are now asking their own retail vendors, technology partners like Toshiba and NCR, to help them create in-store eco-systems that enable easy integration of digital solutions like in-lane sales. Abacus is creating the products that enable this digitized in-store shopping experience to happen.


Lottery is still one of the largest impulse purchase items in the world. A system of dedicated networks, dedicated terminals, and dedicated terminal infrastructures make it difficult to meet an increased demand at the counter. Retailers have been asking for a way to offer lottery products directly to the consumer through their own hardware and software system to alleviate congestion at the counter and enable them to sell more product. This is what Toshiba recognized and is partnering with Abacus to deliver. Abacus is building a new software lottery plug-in that integrates entirely into the Toshiba TCx Elevate ecosystem which enables retailers to directly engage and sell lottery products to consumers through all the different channels that they're able to offer today: whether it be the in-lane environment, self-checkout, self-serve, scan-devices, mobile, or the retailer's own e-commerce platform. This transformational vision is now a reality. Building that independent gateway that enables connectivity to each of the central gaming systems provided by companies like Scientific Games, IGT, Intralot, and Pollard Banknote is the missing link that Abacus Lottery Everywhere provides. The multiple connections that process lottery transactions are now being routed through one point of interaction with the Abacus gateway. Partnering with Toshiba and adopting the NASPL API now makes it easier than ever for Lottery to integrate with the modernized retail infrastructure. Making it easy for retailers to sell lottery products and for consumers to play the lottery is the key to increasing sales.





Philippe Vlaemminck

**Philippe Vlaemminck**, Managing Partner of Pharumlegal and legal counsel to Team Lottery: This morning's panel discussion tackled a most contemporary issue. How should Lottery be represented in the modern world of multiple recreational gaming options? Does Lottery position itself as a competitive offer or something entirely different from other games-of-chance? What does our brand represent and how should that be communicated to the general public, to the audience of gamers, and to the audience of lottery players? And how might the message differ depending on the different interests and concerns of each of those audiences?

These questions apply everywhere but manifest differently depending on the gaming culture and maturity of the markets. For instance, we are exploring in-depth the ways to shape the message in Africa where so many economic activities are in the emerging market stage. Perhaps paradoxically, the biggest opportunities in Africa reside in the futuristic digital space. The infrastructure that enables the mass market of communications in Africa is skipping entire generations of land-line technologies and leaping right into Mobile. A challenge for lotteries is that the legal framework is not yet up to date to actually address this situation. Like the EL (European Lotteries Association), the Africa Lotteries Association is doing a fabulous job of bringing these issues to our attention and providing the seminars for industry leaders to meet and discuss and create solutions and pathways forward. Younes el Mechrafi, the CEO of MDJS, is hosting the annual Africa Lottery conference in Casablanca in early July. And Rebecca Hargrove is leading the World Lottery Association in an exciting direction that promises to bring the global community of lotteries together, forging more direct relationships and promoting a more vigorous interaction and cooperation that will serve the interests of lotteries and the good causes they support. 

**Lynne Roiter** *continued from page 18*

our responsible approach to marketing and promotion, as evidenced by our level 4 certification of the World Lottery Association, the highest level. We are working towards renewing our certification in 2020.

During the past year, several initiatives were launched to support information and awareness-raising activities, including a campaign to promote the importance of respecting set gaming limits; broadcasting a web capsule explaining the operation of chance; and adding a tab in our online gaming site giving easy access to responsible gaming content.

The responsible marketing of our offer also includes training all our employees and retailers. Significant efforts will continue to be made to this end.

The management of video lottery retailers was reinforced with the adoption of our ALV Action Plan. In addition to reconfiguring the network, now comprised of less than 9,900 ALVs, we strengthened enforcement of our responsible marketing code that all lottery video retailers must respect. The Government also approved Loto-Québec's new socio-economic criteria that have to be met before placing an ALV, which include the bar not being in a sector identified as materially deprived by the National Institute of Public Health.

Our support for various philanthropic causes has continued. Our employees have once again been generous by contributing to the All Winners campaign, for the benefit of Centraide, Partenaire Santé-Québec, the Canadian Red Cross, Quebec Division, and the Harvest Organization.

## Proactive Improvements

We continued the improvement and harmonization of our procedures. The goal is to have a convergent offer, which meets player expectations and habits and to be more efficient. In particular, improvements have been made to our slot machine park, at our online gaming site, our lottery kiosks and in the prize payment process.

In recent years, we have assured the control of expenses and we continue to do so. The \$ 20 million decline in our expenses compared to the previous year - which also showed a decline from the prior year - is evidence of our fiscal discipline.

## Thanks

I thank the board of directors and the government for reiterating their confidence in renewing my mandate last February. I take this opportunity to welcome the

two new Board members who joined the board of directors at the end of the fiscal year, Mr. Jean-François Blais and Ms. Ann MacDonald.

Thank you also to my colleagues on the management team for their valuable collaboration and support unwavering. I wish to recognize MM. André Dumouchel and François Tremblay, who acted respectively as Corporate Vice President, Resources Human Resources and President of operations for our video lottery network and bingo. They retired at the beginning of the 2019-2020 fiscal year. I thank them for their important contribution to Loto-Québec.

The excellent work of all the staff of Loto-Québec must also be underlined. The success of the past year is really attributable to the professionalism and commitment of our employees. I am very grateful to them.

Finally, I would like to say thank you to our customers; appreciation for the confidence they place in us motivates us to surpass our goals.

**Lynne Roiter**

*President and CEO, Loto-Québec*





# SPORTS BETTING

## AN OPEN OPPORTUNITY

Opinion Editorial by **Keith O'Loughlin**, SVP  
Sportsbook & Platforms at **Scientific Games**

As sports betting grows in regulated jurisdictions globally and particularly in burgeoning U.S. geographies, stakeholders across the industry should stay open to continued innovation and flexible solutions that meet short- and long-term needs. Prior to the Supreme Court's PASPA decision, the U.S. was on the precipice of massive change, anticipating a new wave of sports betting and rapid expansion. Now, we're in the thick of that change: eight states have already legalized sports betting, and more have started the process.



The U.S. market covers a vast number of sports bettors with varying preferences. Staying prepared for inevitably diverse consumer tastes and needs requires an open attitude towards new technology and flexible sports betting features. Being "open" means tweaking technologies to give consumers 360-degree access to their favorite betting content. It means upping the ante with top-notch services that propel sportsbooks to the top of bettors' minds. It means incorporating both direct and indirect feedback into a product stack so sports betting technology continually advances.

## THE CONSUMER-CENTRIC APPROACH

A sportsbook and its bells and whistles should focus on the consumer. With a constant deluge of media and content to consider, a sports betting offer requires a heavy lift to capture a consumer's attention and keep them engaged. And once you have a loyal audience, the solution needs to be nimble, flexible, and stable all at once to cover any number of high-profile sporting events.

Further, growth is a constant in the sports betting industry, and it's important to keep focused on players even in the heat of swift expansion and as new technologies are introduced. Starting at square one with a highly stable solution that can support a massive influx of betting volume without any downtime. With a reliable solution up and running, lottery sports betting suppliers and operators can use development time to better improve the front-end player experience and related services like marketing, pricing, trading and retail.





It all comes back to the end user. Will consumers find what they need quickly and place their bets on a seamless and intuitive interface? Will they experience any issues during peak betting times? Do the bets on offer reflect the local fandom and the current list of ongoing sporting events? Maintaining a solution that allows operators to address these questions first, not last, is the key to a winning sportsbook.



## THE OPEN, FLEXIBLE OPERATION

By putting consumers first, lotteries can open up to a bevy of new possibilities that can set the stage for success in the short and long term. Openly addressing better feedback through innovation and product improvements advances the sports betting experience. The size and diversity of individual states also means lotteries can get creative with their portfolios to cater to their specific audience.

The fill-in-the-blanks approach pairs perfectly with the open, innovation-seeking strategy that keeps sports bettors happy. In-venue sportsbooks can raise the bar by introducing a world-class online betting interface that reaches players on the go, where regulations allow. And properties with a strong fanbase that cheers for a particular local team can offer niche bets to encourage better activity and introduce them to the options at hand. The point here is that seizing opportunities, and vigilantly remaining open to them, can drive revenue by reaching players with the bets they want, a well-rounded experience, and an interface that connects all of the elements that make sports betting enjoyable.

## CHANGING THE GAME

One viable method of taking an open path to sports betting—among many—is the modularization of a technology portfolio to easily adapt to the needs of any customer. Scientific Games has adopted this approach with OpenSports, a full-service solution with mix-and-match options that empowers lotteries to maximize sports revenues.





The shift has made an impact. Lotteries can choose the tech and services that suit their needs and, by extension, directly address the needs of their end users. Without the added footprint of duplicate or overlapping sports betting features, lotteries are free to focus on the most impactful elements of their sportsbook.

This deconstruction of the one-size-fits-all strategy means customers across the gaming and lottery industry can better serve sports betting fans with specific, tailored features. Operators who are open to the growth and innovation opportunities can make the most of the new market while remaining future-focused and ready for the continuous evolution of positively disruptive technology.



## THE NEXT LEVEL

Sports betting is the next big thing in the U.S. gaming industry, and stakeholders—from supplier to lottery to consumer—are chomping at the bit to capitalize on what is effectively a new entertainment space. By opening up and building product based on player preferences and a constant feedback loop, the industry can set a new standard for sports betting excellence while shaping the gaming channel into a perfect fit for the expanding U.S. market.





# The World Post-PASPA

## Re-Drawing the Map of Sports Betting

By Lee Stuart

Management Consultant and editorial contributor for PGRI

**W**hen the U.S. Supreme Court struck down PASPA – the Professional and Amateur Sports Protection Act – in May 2018, it was as if two dams burst from the pressure that had been building to legalize sports betting:

1. A torrent of pent-up demand to legally wager on sports competitions has been unleashed among bettors.

2. A river of incremental tax revenues will begin flowing into state treasuries as more jurisdictions authorize the previously forbidden gaming activity.

Since the Supreme Court's decision more than a year ago, 11 states and the District of Columbia have legalized sports betting in some form. Many other states have legislative measures under consideration. And a few governments already had approved sports betting in anticipation of the Supreme Court decision, but still need to authorize regulatory mechanisms.

The pent-up demand is high among consumers. In March of this year, more than 60% of respondents in a survey expressed their desire for professional sports betting in their state and 42% said they would like the legal opportunity to bet on college sports events. Industry analysts have estimated that more than \$100 billion was wagered illegally per year in the U.S. Some percentage of that action certainly will migrate to legal channels.

In statehouses around the U.S., legislators and treasurers are discussing how much money may flow from new taxes on gross gambling revenue (GGR), which represents the dollars left over after paying out betting wins and deducting administrative/compliance expenses.

Here is an overview of the “new map” of sports betting, along with how the different states are managing the various forms of betting and taxation.

### The following jurisdictions have sports betting up and running:

**Nevada** – Nevada was grandfathered under



PASPA, and its sports books have generated billions of dollars in wagers through the years. The GGR rate is 6.75 percent in Nevada – the lowest of any state jurisdiction. Mobile wagering is permitted via apps associated with licensed sports books, but general internet sports betting is not permitted.

**Delaware** – Delaware was grandfathered under PASPA because of a football parlay it once offered through the state's lottery. The taxation method is hybrid, with the state taking 50 percent of GGR, casinos 40 percent, and 10 percent goes to augment horse racing purses.

**New Jersey** – New Jersey was the state that drove the Supreme Court decision to strike down PASPA. GGR taxes are structured according to where bets are made – at casinos, on mobile apps, or at race tracks. Betting on collegiate competitions taking place in the state is prohibited, as is any wagering (regardless of venue) on New Jersey schools.

**Mississippi** – Mississippi began accepting sports wagers in August 2018. It had a head start because it had passed legislation in

anticipation of the Supreme Court ruling on PASPA. Tax rates on GGR are at a maximum of 12 percent, split 8-4 between state and municipal treasuries.

**West Virginia** – Bets are permitted for all professional and college sports. The state lottery commission regulates sports gambling. Tax is 10 percent of GGR.

**Pennsylvania** – Seven of the state's 12 casinos have paid the one-time \$10 million licensing fee for the right to offer sports betting. The tax rate on GGR is a whopping 36 percent. Bets are accepted on both professional and collegiate sports, and mobile wagering is permitted.

**Rhode Island** – Sports betting is allowed exclusively at the state's two casinos. The Rhode Island Lottery Commission governs the activity. Betting is accepted on all professional and college sports except those involving college teams in the state. Tax on GGR is the highest in the U.S. – 51 percent.

**New Mexico** – This state is included, but only in a technical way. The state has not approved sports wagering, but an Indian casino on tribal land (Tamya Nation) can

*Continued on page 50*

## Dreamtouch Smart: The largest ticket capacity in the smartest size

**T**he retail industry is rapidly transforming due to innovations and new trends in technology which redefine the retail experience of consumers. Digital technology has already become an integral part of our daily lives and sets new standards to our expectations as customers.

Retail transformation is driven by the need to combine digital with physical experiences and to deliver unique, engaging and seamless experiences for the consumer. Consequently, the needs of consumers and retailers as well, require innovative and intuitive technology solutions together that create an opportunity for lotteries to increase sales and revenues.

**INTRALOT** shapes the future of its products developed by integrating new technologies and innovations to them, aiming to meet customers' expectations and technological trends that satisfy retailers demand for modern and advanced point of sales technology.

The introduction of Dreamtouch Smart, the first 54" height vending machine with the largest capacity of scratch tickets in the smartest size, confirms INTRALOT'S continuous commitment in delivering pioneering and innovative products. It upholds the legacy of Dreamtouch, the first vending machine with touchscreen introduced in market. Dreamtouch Smart is a revolutionary vending machine, carefully designed, to benefit both players and retailers. It stands out for the unique and modern aesthetic.

Dreamtouch Smart aims to attract lottery players when on a regular shopping trip to retail stores and build on impulse buy occasion. It is the only instant ticket vending machine for purchasing unlimited draw based games, terminal instants and up to 25 instant scratch enabling lottery operations to expand their network in the world's

largest brick-and-mortar retailer chains, creating an enticing player experience that lets customers shop anytime, anywhere in the most efficient manner. This latest addition in the family of Dreamtouch products, is equipped with a stunning 32" high definition display in landscape orientation, offering a unique gaming experience. When in idle mode, Dreamtouch Smart has the ability to automatically turn into a powerful advertisement and promotion lottery module with programmable rich multimedia content and call to action material for the player (e.g. game information and how to play instructions, winning announcements, Jackpots announcements, draw results and social alerts such as responsible gaming messages, weather reports, missing children alerts, etc.).







Also, it incorporates a full set of participation features for the players, allowing them to interact with it in a fast and fully autonomous way. Dreamtouch Smart is enriched with functional features for the retailers that makes their everyday life easier and maximizes sales potential. Also, by integrating a contactless payment module, Dreamtouch Smart allows customers to pay by waving their card or mobile in front of its reader delivering a frictionless and seamless payment experience and it promotes new trends and digital technology inside retail channel.

Due to its compact size, Dreamtouch Smart offers a new level of functionality and convenience especially when installed in hypermarkets, supercenters and groceries stores. It offers enhanced player satisfaction with its functionality, accessibility and rich set of features. It further relieves in-store bottlenecks avoiding long retailer queues, thus increasing player and staff member convenience.

Dreamtouch Smart accommodates the trend of increasingly open floor plans within retail outlets and big stores. The

main attraction and key points are its compact size at just 54" height that allows customers to have a greater visibility across the front end of supercenter stores and checkout areas while it has the largest capacity of scratch tickets (up to 25 bins) in the industry. The additional number of scratch games offered by Dreamtouch Smart, compared to any other vending terminal at similar height offered in the market, is estimated to generate increase on average sales revenues.

Dreamtouch Smart is already expanding INTRALOT's Vending Terminals footprint worldwide following integration within several lotteries' product portfolio representing a new, exciting sales channel for retail operators that delivers an exciting and rewarding gameplay experience to the player. Modernizing Lotteries in a digital world, INTRALOT revolutionizes the lottery experience in retail with this modern, powerful, and stylish vending machine, designed to boost lottery and retailer revenues by attracting new audiences through numerous locations installations.

**Visit [INTRALOT.com](https://www.intralot.com)**

skills, micro-lending, and understanding salary negotiations. There are complex social, economic, cultural, and political subtleties associated with these types of programs; women leaders in CSR roles are navigating household decision-making dynamics, access to resources, and a multiplicity of other factors to ensure program success.

CSR programs may touch on such issues as women's reproductive health, gender-based violence, nutrition, racial/ethnic biases, and other systemic causes of women's inequality. Women leaders have a resonance with such concerns that many men may lack; many having confronted such issues themselves in their journey to organizational leadership.

It is clear that women executives bring a different perspective to CSR. They tend to possess a more insightful and informed standard of equity and fairness than do men. They tend to be more rounded and nuanced communicators, with an innate ability to listen as much as they talk. And they are more naturally disposed to empathetic discourse and actions. Equity, communication, and empathy all are hallmarks of successful CSR strategies.

## How Can Organizations Help More Women in Their Growth and Development?

How do organizations foster the professional growth and development of more women to accelerate their representation in leadership positions? And how can a company's performance rise concomitantly?

An elemental component of the professional development of women is mentoring.



A study by Heidrick & Struggles, an international executive search firm, concluded that more than 75% of respondents believed mentoring was of critical importance to their career development. However, women may find it challenging to connect with a woman mentor who can share experiences from the same gender perspective. To wit: in the same study, only 27% of respondents said their organizations possessed formal mentoring programs and only 9% found a mentor through a formal program.

Not all mentoring relationships need to be formal (which are characterized by a matching process facilitated by an organization, such as an employer or a college alumni association). There also are coaching and connector relationships. Coaches typically are professionals within a woman's organization of employment but not their manager/supervisor. Coaches can assist in the identification of skill gaps, provide advice on how to navigate certain work situations, and push their protégés out of their comfort zones. Connectors facilitate networking,

introducing women to other influencers for informal, ad hoc advice and counsel.

Many employers are forming women's mentorship programs that feature multiple objectives: the attraction of top women talent, the focused development of women, and their retention and advancement. The hallmarks of the most successful of these programs are:

- Form a group of women employees to lead the program. This group does not need to be composed of professionals from Human Resources, but rather women from around the organization who have expressed a desire to participate.
- Enlist women in leadership positions. Ask the highest-ranking women to actively participate, either as mentors or as sponsors of the process.
- Create measurable goals for the program. What gets measured gets accomplished, so be aggressive about establishing objectives for the number of women participating in a mentoring program and, of course, measure how many advance into positions of leadership.
- Build in accountability. Many organizations facilitate mentor relationship match-making, but then bow out of the process. The best programs ensure accountability of both the mentors and protégés, requesting occasional progress reports and designating certain days, times, and physical spaces for mentoring meetings to occur. Best-practice processes begin with mentor training, discussing the types of engagements that are most beneficial and drawing appropriate lines between advising and directing. Protégés, too, are trained on how to take control of their relationships and how to extract the maximum value from their mentors.
- In some instances, women mentoring relationships have reached beyond the bounds of the individual-advising construct and have influenced large-scale organizational policy. Such issues as gender compensation equality, work-family balance, and sexual harassment have been influenced by an accumulation of women's discussions.

Women leaders who serve as mentors occasionally become sponsors as well. Sponsor executives know a person's assets, contributions, and potential and can advocate behind-the-scenes for developmental opportunities.

## Lottery Is Taking Bold Action

The lottery industry is uniquely positioned to contribute to these important business and societal concerns.

## Resources

### Weber Shandwick Gender Forward Pioneer Index

<https://www.webershandwick.com/wp-content/uploads/2018/04/gender-forward-pioneer-index-infographic.pdf>

### Korn Ferry Institute

<https://www.kornferry.com/institute/women-ceo-insights>

### McKinsey & Co.

[https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Women%20matter/Women\\_matter\\_dec2009\\_english.aspx](https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Women%20matter/Women_matter_dec2009_english.aspx)

### The Peterson Institute for International Economics

<https://piie.com/research>

### Credit Suisse

[file:///C:/Users/Lee%20Stuart/AppData/Local/Packages/Microsoft.MicrosoftEdge\\_8wekyb3d8bbwe/TempState/Downloads/credit-suisse-swiss-gender-report-october-2016](file:///C:/Users/Lee%20Stuart/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/credit-suisse-swiss-gender-report-october-2016)

### Catalyst

<https://www.catalyst.org/media-release/despite-modest-gains-women-and-people-of-color-see-little-change-in-representation-on-fortune-500-boards/>

### University of California-Davis

<https://www.ucdavis.edu/news/more-women-ceos-top-corporate-leadership-still-male-dominated-uc-davis-study-finds>

### Glassdoor

<https://www.glassdoor.com/employers/blog/attract-more-women-in-tech/>



It is already an international industry, with global reach and a strong professional infrastructure to facilitate communications and initiatives across governmental jurisdictions and cultures.


Lottery already employs numerous women, including many who occupy positions of executive leadership.

With the creation of WILL – Women's Initiative in Lottery Leadership – in 2017, the industry directly addressed the need for more women in influential roles. Rebecca Hargrove, President and CEO of the Tennessee Education Lottery, heads up the initiative. In 2018, the Executive Committee of the European Lotteries Association endorsed WILL to operate at three key levels: in networking, training, and inspiration. With this action, WILL became a truly international program. Stéphane Pallez, (CEO of Française des jeux) and Jutta Buyse (Deputy Director of EL) are spearheading the Initiative in Europe. Sue van der Merwe (Managing Director Lotteries & Keno, Tabcorp) is doing the same in Asia-Pacific; and Rhita Lahrou (La Marocaine des Jeux et des Sports MDJS in Africa. WILL's mission is to drive business growth through supporting the advancement of women into top positions of management, leadership, and responsibility.

WILL's mentor/mentee program was launched in the U.S. in 2018 and in Europe on June 5 in Prague.

May Scheve Reardon, Executive Director of the Missouri Lottery, captured the spirit of WILL in words that would resonate with the many researchers who have studied the women in leadership equation: "Diversity should be seen as a core value of any business and a vital tool for a multi-billion dollar industry that provides millions to beneficiaries around the world."

WILL is fueled by financial support from JUMBO, The European Lottery Association, IGT, Scientific Games, INTRALOT, Pollard Banknote, the North American State and Provincial Lottery Association, and many others. Money matters, of course, but no more so than changes in belief systems regarding the importance of women, ethnic minorities, and CSR in the conduct of business.

With WILL, a potent vehicle to smooth a path for women to achieve their full potential, along with the efforts of everyone in our industry, the lottery industry can consolidate its role as a beacon of light in the New Era of organizational inclusiveness, exemplary corporate citizenship, and optimal service to all its stakeholders. 

*Evgeniy Vlasenko from page 20*

### **What do you think the future holds with respect to Russia respecting the sovereignty of Ukraine?**

**E. Vlasenko:** It is a problem for which there is no ready solution. So we need to remain strong and not relax our efforts to preserve independence and freedom. Ukraine wants to determine its own path which is to be governed peacefully by the rule of law that is decided by the people – like Western democracies. The 2014 and 2019 elections clearly showed that the people of Ukraine want the stability and openness and respect for individual rights of Western-style democracies. In fact, we do not blame Russian people and think they probably want the same thing! Instead, we differentiate Russian people from Russian official politics and their unfriendly policy towards Ukraine.

### **How has your product mix changed over the last three years?**

**E. Vlasenko:** Our lottery Zabava is the most popular game over the last twenty years. It is a Sunday morning bingo show. We will continue to invest in it to maintain its position as the market leader. And terminal instant tickets rank second today, which we believe is a good success for that category of games.

### **Are draw games declining as a percentage of total sales?**

**E. Vlasenko:** Number games sales are stable but due to the growth of other game categories with higher dynamics and more entertainment-value, draw games as a percentage of total sales is declining. Bingo, though, has been growing over the last three years. So overall, draw game sales are in a good shape.

### **Do you participate in a big multi-state draw game like Euro Millions or EuroJackpot?**

**E. Vlasenko:** Membership in a multi-jurisdiction lottery is on our agenda. In fact, it is one of the priorities. It would be easier if Ukraine were to become a member of the EU. On the other hand, Euro Millions and EJP have a rather conservative approach towards admission of new members. So we have a long way to go to fulfill all legal, regulatory, technical and financial requirements to make it happen. But the long journey always begins with a first step.

### **How is the product mix likely to evolve over the next three years?**

**E. Vlasenko:** If our new government pays attention to lotteries and takes the right steps to effectively regulate the market, all game categories will start to grow quickly within the next few years. Sports betting and on-line lottery will increase their shares in our portfolio as these categories are mostly affected by non-licensed operators which we hope and expect will be subject to more regulatory enforcement.

### **How is the channel mix likely to evolve? Land-based retail comprised over 95% of sales a few years ago. Is that changing?**

**E. Vlasenko:** The online channel continues to grow, especially its mobile sub-channel. As to purely on-line games, their share is still small, mostly due to the presence of illegals.

### **Do you have a problem with the bet-on-the-outcome model like Lottoland?**

**E. Vlasenko:** Lottoland so far is not active here. Maybe they see that their offer is not competitive to the ones provided by illegals that already operate in Ukraine.

Yes, we have a lot of issues with the unprotected online sphere of Ukraine - the players can bet or play online casino-style games on numerous sites which have no Ukrainian registration. This is frustrating as the country suffers a shortage of cash, has to take IMF credits every year, and illegal gambling is just taking money out of the country.

### **What are some of the most interesting initiatives that MLS is pursuing now and over the next 18 months?**

**E. Vlasenko:** Within the next 18 months MSL will become 50 years old. It is a good time to reflect on our history, our experiences and progress, analyze the last half a century and build the bridges that will sustain growth for another 50 years. Therefore, in addition to new and very special games with a lot of prizes, we are planning events and campaigns and new games that will bring attention to this history and help us to recollect a lot of interesting events and accomplishments from the past and connect them to our company of today, to celebrate jackpot winners and the social projects supported by MSL. Our proud history has special meaning today because we need to show the role of the Lottery in society and why we are different from gambling companies.

*Continued on page 50*



# HOUSE of EXPERTS

Powering the World's  
Lottery Revenues



On a 23-acre wooded campus along the high tech corridor that leads to Atlanta, Scientific Games global lottery headquarters is a 24-hour/7-day a week hub of energy. Surrounded by more than 700 technology companies in the once rural city of Alpharetta – now called the Technology City of the South – the lottery supplier has created continuous momentum for 45 years to impact the success of the world's lotteries.

The lottery headquarters houses data scientists, game designers, mathematicians, software programmers, engineers, digital developers, printing specialists, manufacturing technologists, lottery sales professionals, logistics gurus, government relations advisors, legal counselors, and just about every category of expert you can imagine. That's not counting the team of robots that ensures no one ever knows where the winning instant "scratch" game ticket is located.

The real winners of the expertise on this campus are the lottery beneficiaries that do tremendous good in their communities thanks to lottery funding.

"It's humbling to think that when we come to work every day, we are doing good to benefit the quality of life in communities around the world – whether it's for education, senior citizens, veterans, health and welfare, the environment, or other state programs funded by lottery profits," says Pat McHugh, Group Chief Executive Lottery for Scientific Games.

With that purpose comes a strong sense of responsibility. It's a high-profile balance of lottery profits and player protection. As a publicly traded company and the only U.S.-headquartered major lottery supplier in the industry, Scientific Games takes its role in the lottery ecosystem seriously.

"Our employees understand that lottery games touch millions of consumers' lives in countries throughout the world daily. They take great pride in their expertise and unique role in the lottery

ecosystem, and use the company's rich history of data, insights and experience to help our customers maximize profits," McHugh explains.

Like any other consumer product, lottery games must give players the entertainment value they expect, and be delivered to the marketplace quickly and efficiently.

"Although lottery is an age-old tradition – many of America's oldest colleges, universities and infrastructure, some of which are now historic landmarks were funded by lotteries – it is now an \$89 billion global consumer product category that requires industry experts and constant innovation to keep it relevant and exciting," shares McHugh.

Supplying 70% of the world's instant games and powering more than 50 lotteries with systems and retail technology, the company has harnessed the talents of a team of experts at its lottery headquarters to manage every aspect of its business.

The Alpharetta campus is where expertise meets innovation. More than 1,200 talented employees apply their knowledge to making their customers successful, and the world a better place. The facility is the company's largest of its five instant game manufacturing facilities worldwide, the center of its renowned work in lottery insights and analytics, and an incubator for lottery tech innovation.

Here's a look behind the scenes at just a small cross-section of experts who work under one roof to help make it all happen in a big way.







## Government Relations

### Emily Marsh

As Regional Vice President of Government Affairs at Scientific Games, Emily Marsh oversees lottery customers in the Southeast region of the U.S. Keeping a pulse on the area's political landscape, she follows legislation and advocates for the lottery industry and Scientific Games. She helps educate legislators and stakeholders on ways to grow state lotteries and their returns to beneficiaries. Emily is an alumnus of Leadership Georgia, Class of 2016, one of the nation's oldest and most successful leadership training programs for young business, civic and community leaders. When she's not working, Emily enjoys traveling and spending time outdoors with her husband and Golden Retriever, Murphy.



## Global Proposals

### Brannan Wise

As Senior Proposal Manager at Scientific Games, Brannan Wise works with nearly every area of the company, from legal and finance to licensing and interactive. In this role, she leads the RFP bid response process, and ensures proposals are successfully executed from start to finish. She manages collaboration between technical subject matter experts, business executives and others on the proposal team to ensure the company offers customers the right products and innovative services to drive sales and maximize revenue for good causes around the globe. A 16-year veteran at Scientific Games, Brannan holds an APMP certification from the Association of Proposal Management Professionals for bid, proposal, business development, capture and graphics professionals working in a bid and proposal environment. A fun fact about Brannan: she first met her would-be husband in the early 80s at his cousin's (her best friend's) birthday party. They married more than 30 years later and are the proud parents of three boys.



## Instant Product Management

### Jason Prentice

Vice President of Game Creation Jason Prentice has worked in the lottery industry for 16 years with over a decade spent managing the Georgia Lottery's instant game business. He oversees the company's instant game design and portfolio management for all customers who produce games in Alpharetta, including support for the premier *Scientific Games Enhanced Partnership (SGEP)* program for high-performance instant product management. His teams are directly responsible for advising lottery customers on all aspects of their instant game strategy and execution, creating high-impact instant game designs and new content and play style innovations from the Dream Team. He is passionate about coaching his two children in softball, baseball, golf and tennis. Jason met his wife Dawn while refereeing a summer league basketball camp and he is a former member of the Georgia Tech Yellow Jackets basketball team playing under Coach Bobby Cremins.



## Data Scientist

### Haley Bobo

As a Data Scientist at Scientific Games, Haley Bobo provides customized regional analysis and insights including sales forecasts, product optimizations and loyalty program predictions. Through advanced machine learning techniques, she has developed models that can predict the performance of any game a lottery may produce. Using her data and recommendations, lottery customers can optimize instant product portfolios to provide a fun and engaging selection of games for players. Haley taught statistics for two years while earning a Master of Science in Applied Statistics. Forever a fan of all things Halloween, she and her husband had an antique Halloween-themed wedding at an old house they grew up believing was haunted. (No ghosts were in attendance.)







## Instant Product Innovation

### ◇ Danielle Hodges

Danielle Hodges plays a major role in product innovation as Advanced Industrial & Product Designer at Scientific Games. Her eight years of expertise helps solve instant product game challenges for lottery customers, growing their categories through new print techniques and talking with players to continually improve lottery products. She does this by collecting, sorting and analyzing internal and external data, including consumer research to deliver marketing toolkits to the global sales teams. Danielle earned her Bachelor of Science in Art Design and a Master's in Business Administration. She's passionate about trying new experiences, especially when traveling. Checks off her bucket list include riding a camel in Cabo San Lucas, swimming in a bioluminescent bay, and diving with sharks (in a shark cage) on the Hawaiian island of Oahu.



## Client & Creative Services

### ◇ Laurie Pierce

A 25-year veteran of Scientific Games, Lottery Lead Account Director Laurie Pierce is responsible for day-to-day instant game operations for multiple lottery customers. Her role includes developing instant game launch schedules, establishing prize structures and coordinating instant game artwork. Lottery customers rely on Laurie to be their voice within Scientific Games, providing them with the best products and the most attractive game designs. A shining example of giving back, Laurie started a ministry, "Love From Linda," in memory of her mother who passed away of Alzheimer's. She provides walkers, wheelchairs, pill box organizers and nutritional supplements to senior citizens in her community.



## Game Programming

### ◇ Ashley Gantt

Intrigued by the idea of writing gaming software, Ashley Gantt began his career as a programmer at Scientific Games 22 years ago after graduating with a Computer Science degree from the University of Georgia. Today, he is Senior Director of Game Programming and oversees a team of programmers and auditors who create \$65 million worth of instant game lottery data every day. Working for Scientific Games is especially meaningful for Ashley since he was one of the early recipients of Georgia's HOPE Scholarship, a college scholarship funded by the Georgia Lottery. He views lotteries as the engines that drive good causes forward and he's extremely honored to be a part of the industry. He's also the proud owner of a 1950 Ford tractor, which still runs like a champ.



## Security / Compliance

### ◇ Rick Maxwell

As Senior Director of Security and Investigations, Rick Maxwell is one of four compliance officers at Scientific Games lottery headquarters. His responsibilities range from ensuring that the company's compliance plan is followed and relevant issues are reported to the Compliance Committee to conducting due diligence on potential customers, vendors and suppliers. He also oversees the physical security program to safeguard the company's employees and products. Rick joined Scientific Games after retiring from the FBI, where he served as a special agent for nearly 20 years. Outside of the office, you can find him cheering on his beloved Texas Longhorns and Georgia Bulldogs, especially during college football season.







# Systems Technology



## Retail



## Interactive / iLottery



Once a sous chef at an Italian restaurant, Will Reeves has worked his design magic at Scientific Games for the last 15 years. As Director of Creative and Game Design, he leads the Lottery group's Digital Content Studio creative and development teams, which are responsible for the design and creation of second-chance microsites, second-chance games, mobile lottery apps and other innovative and interactive products. Will is inspired by his coworkers' passion and creativity. He enjoys creating compelling digital experiences and games that players enjoy. When he's not designing games, he loves goofing off with his family.

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In our last interview you mentioned that the Ministry of Finance practically withdrew from regulation of the lottery market which led to chaos and a decrease of the legal lottery market. What has changed since then?

**E. Vlasenko:** Not that much has changed. The market still waits for the new licensing terms that establish clear, unambiguous and enforceable rules for on-line sales, and protection of the market from illegals. First we need proper regulatory documents to be issued; and second we need measures to make sure that they are followed. Until that is done, I do not expect investment to be forthcoming from the shareholders or multinationals like IGT or SGI into the Ukrainian market.



**A new President was recently elected in Ukraine. And already there are a lot of new faces among top state positions. How do you think it will change gambling in general and lotteries in particular?**

**E. Vlasenko:** Gambling is forbidden in Ukraine since 2009. So those who operate are in the “grey zone”. Lottery is not classified as gambling. It is regulated according to the Law on Lotteries. These laws without license terms are expected for last seven years. If the new government team finds time to address these issues that affect the

Post-PASPA continued from page 41

and does offer betting on sports. There are other tribal casinos in the state that may attempt to follow the lead of the Tamya Nation.

**These states have authorized sports gambling, but have not yet operationalized it:**

**New York** – New York is wrangling through differing opinions on mobile betting platforms and requests for integrity fees by sports leagues. A public comment period on rules and regulations set forth by the state gaming commission concluded in late May.

**Oregon** – The Oregon Lottery in 1989 created an NFL parlay game that was exempt from PASPA, but the game was discontinued because of pressure from sports leagues and the NCAA (the collegiate governing body). Now, 30 years later, the Oregon Lottery will offer sports wagering through a mobile app just in time for the 2019 NFL season.

**Arkansas** – Betting will begin in early summer

The tax rate is 15 percent on the first \$150 million in GGR and 20 percent beyond that figure. There is no restriction on bets involving the state’s college teams.

**Tennessee** – This state’s new law has an effective date of July 1. Tax rate is 20 percent of GGR.

**Washington, D.C.** – Sports betting already has received mayoral approval, but the “on” switch awaits a U.S. Congressional review since the law impacts D.C.’s budget.

**The following jurisdictions have no legislative measures under consideration as of this writing:**

Alaska  
Florida  
Idaho  
Nebraska  
Wisconsin  
Wyoming  
Utah

In Utah, a change in the state constitution would be required to legalize betting; that is very unlikely.

All the remaining states are in varying stages of considering legislation to authorize betting.

Analysts estimate that 20-25 states will have fully operational sports betting by 2022, and that a dozen others will follow as lessons learned are gleaned from the early-adopter states.

As more states legalize sports betting, the question will be raised regarding whether federal legislation is needed to establish a baseline of standards. The Sports Wagering Market Integrity Act of 2018 was introduced in the U.S. Senate last year, but the bill stalled. It called for minimum age requirements, mechanisms to detect illegal betting activity, and the earmarking of money to fund gambling addiction programs.

One thing is certain: the PASPA dam has burst and the flow of sports betting will only increase. ■

sector of lotteries, the proper and effective regulatory framework based on EL/WLA standards and expertise can be implemented quickly and would boost the Lottery market.

**You are chair of the Education Working Group of the EL. Describe the mission, purpose, and agenda of this working group.**

**E. Vlasenko:** The International lottery community is a small world. Almost everybody knows each other. Most are active members of the WLA and regional lottery associations, with well-established lines of communication already in place. And I would like to point out that everyone appreciates the important role that PGRI plays in this system. This is a great achievement.

I strongly believe that people are the most valuable asset of any company, even more important than brand equity. I see the role of the EL Education Working Group as providing the tools to help people be the best they can be, optimize performance for the benefit of their careers and for the benefit of the enterprise stakeholders. Investing in education and personal development is key to making this happen. The development of human potential requires investment. The EL wants to help its members get the most out of every dollar they invest in their people. The courses of EL University are free of charge to members. We conduct 2 types of courses and are preparing a third one for different levels of experience and expertise.

Our intention is to facilitate knowledge sharing, best practices, train on how to handle difficult situations by using actual case studies and industry leaders who have experienced the whole range of lottery business challenges, as well as formal education for new employees to make sure the terms and EL standards, like RG, Security, etc., and the values of the Association have the same meaning across the world - and to encourage the adoption of these values throughout the industry! I also see this as only the beginning. There is incredible potential for the EL to be a positive force in the industry by supporting its members’ ability to develop the talent and capabilities of the thousands of people who work for the benefit of good causes provided by lottery. I see a lot of opportunities in this area of EL support to its members. The next step is to collect feedback from the members to understand their training needs and reflect accordingly. So the work continues and the show must go on! ■





# PULSE of the Industry

These news stories comprise a very small fraction of the gaming and lottery news stories posted every day to PublicGaming.com. Too, these stories are the highly edited short versions. You can visit our news website PublicGaming.com and access all of its departments for free, including search to read the full version of the articles. Sign up for our free e-newsletter by sending your e-mail address to [sjason@publicgaming.com](mailto:sjason@publicgaming.com).

## WORLD NEWS

### The Asia Pacific Lottery Association (APLA) Regional Conference to be held in Brisbane, Australia

The Asia Pacific Lottery Association (APLA) Regional Conference will be held in Brisbane, Australia, between 14 and 18 October 2019. Hosted by the Lott – Australia's official lotteries, and APLA, the conference's theme is "CX: Unlock the Exceptional".



Tabcorp Lotteries & Keno Managing Director and APLA Chairperson Sue van der Merwe said the conference would focus on how lotteries could deliver an unparalleled experience through multiple integrated customer touchpoints.

"The conference will feature a thought-provoking business program that draws on the expertise of leaders from lotteries and other global retail industries, along with memorable social and networking activities," she said.

"High quality keynote speakers will deliver both inspiring and practical presentations which demonstrate the value of being a customer-centric organisation."

**WHAT:** CX: Unlock the Exceptional, 2019 APLA Regional Conference

**WHEN:** 14 to 18 October 2019

**WHERE:** Sofitel Hotel, Brisbane, Queensland, Australia

Visit [www.asiapacific-lotteries.com](http://www.asiapacific-lotteries.com) for more information.

### German State of Lower Saxony Issues First Federal Payment Blocking Order

As a part of the efforts to drive illegal igaming business from the country's market, the German state of Lower Saxony (Niedersachsen) has issued an international payment service provider with a blocking order. The companies have been banned from doing business with operators offering online casino, poker and lottery betting in Germany.

"The pressure is now on other payment providers to reorganise their business processes related to illegal gambling, if they have not already done so. Online casino is no trivial matter. It is banned by the State Treaty on Gambling and [offering such products is] a criminal offence. In the meantime, however, it remains a billion-Euro market," Boris Pistorius, Minister for Home Affairs and Sports said.

The Niedersachsen Ministry of Interior was handed the responsibility for implementing payment blocking controls. Its blocking orders are effective across all German states. The Ministry also sent warnings to a number of other payment service providers over links to illegal gambling. Some of these companies have already responded by ceasing to power transactions for offshore sites.

"The successful interactions with some payment service providers shows that our approach is quite effective," Pistorius added.

### Sweden's gambling regulator levies financial penalty against online lottery betting outfit Lottoland

Lottoland doesn't operate lotteries, instead offering players the chance to bet on the outcome of traditional lottery draws offered by (usually) state-run lottery companies. Sweden allows Lottoland.se to offer wagering on international lottery draws but the site was also offering betting on the Eurojackpot lottery, which in Sweden is strictly the turf of state-owned opera-

tor Svenska Spel. In addition, Spelinspektionen determined that Lottoland was offering online scratch cards in violation of its local license. Spelinspektionen also claimed that Lottoland hadn't been "sufficiently clear" in ensuring its customers understood that they weren't participating in an actual lottery drawing. Spelinspektionen said Lottoland had since revised its offering but the duration of the period in which the site was flogging its forbidden fruit went on sufficiently long for Spelinspektionen to view the violations as "serious." Lottoland has been warned not to sin again or face far tougher consequences. In another case, Spelinspektionen said it expects a ruling within days on whether Global Gaming sites such as Ninja Casino can continue to operate while the appeal is pending.

### Gaming Licensing Consultancy Formed by Steve Saferin

A new gaming licensing consultancy firm has been formed it was announced today by Steven M. Saferin, Managing Director of the new firm: The Entertainment and Sports Gaming Network ("ESGN"). In addition, Saferin announced that ITV Ventures a unit of the largest British broadcaster has signed on as the firm's first client. Saferin, who retired at the end of 2016 from his role as President Properties Group and Chief Creative Officer of Scientific Games one of the largest fully integrated gaming companies in the world, will initially have offices in Florida and London.

Saferin and his wife Linda formed MDI Entertainment LLC in 1986 and went on to virtually create the lottery licensing category. Over the last 15 years third party licensed scratch tickets have accounted for nearly 10% of total scratch sales. Scientific Games acquired MDI in 2003.

Over the course of more than two decades MDI acquired lottery licensing rights to hundreds of licenses for such diverse properties as Monopoly, Wheel of Fortune, The World Cup, Major League Baseball, The NBA, Harley

Davidson, Deal Or No Deal, Betty Boop, The Walking Dead, Elvis Presley and Pac Man.

In 2012 Saferin left his leadership role at MDI to head up all third-party licensing for Scientific Games for lottery, electronic gaming machines and social and on-line casinos. In that role he led the negotiations for cross-channel licensing agreements with Hasbro (Monopoly and other games), Warner Bros. (Willy Wonka, Lord of the Rings and other shows), Elvis Presley, Margaritaville, Michael Jackson, The Simpsons (slots only) and led the preliminary talks for the now completed James Bond license.

In addition, Saferin announced that a unit of British Broadcaster ITV, ITV Ventures has become ESGN's first client. He will assist them in structuring gaming licensing agreements outside the UK for shows such as Love Island and Hell's Kitchen.

"Gaming licensing is a critical component of gaming operators' and vendors' content strategy," Saferin said. "My objective is to not only assist licensors in creating gaming opportunities for their shows and brands but also to assist them in maximizing the value of those brands to licensors and gaming operators after agreements have been struck."

"I am very pleased to announce ITV Ventures as ESGN's first client. Love Island is a true television phenomenon in the UK. Original versions of the show have now been commissioned in a total of 13 countries, including the U.S. where the show launches on CBS in July in prime time," Saferin stated. "Love Island has also been successfully introduced multiple times as an instant win digital scratch game by Camelot in the UK as well as a paper scratch card," Saferin added.

"I have always thought that Hell's Kitchen would make a terrific gaming brand. The phenomenal success of the Hell's Kitchen restaurant at Caesar's Palace in Las Vegas seems to confirm that notion," Saferin said.

"We are delighted to have entered into this relationship with Steve and ESGN," commented Dave Christopher Director International Commercial and Digital at ITV. "I have known Steve for many years and his creativity and leadership in gaming licensing is unmatched. We look forward to working with him to bring many of our shows to the gaming category."

The third-party properties mentioned are the trademarks of their respective owners.

## INTRALOT Maroc signs a new contract with La Marocaine Des Jeux et des Sports (MDJS)

INTRALOT S.A. announces the signing of a new contract for INTRALOT Maroc, a subsidiary of the INTRALOT Group acting as the Games Operator in Morocco, with La Ma-

rocaine Des Jeux et des Sports (MDJS), the state sports lottery Organization of Morocco, following an international competitive procurement process, to provide the overall management and operation of its lottery, sports betting, and instant games across retail, internet, and mobile channels. The contract is for an initial 8-year term that can be extended up to another 2 years with the launch of the new operation on January 1st, 2020.



Under this new contract, INTRALOT Maroc, which has been offering its products and services to MDJS since 2010, will continue to supply the Organization with cutting edge lottery terminals and software solutions and provide the technical support and services to the Organization, the retailers and the players; will design and implement the marketing plans to contribute to the development and growth of the brands and the market; will expand the retail network to 1600 POS and further develop MDJS' sales channels to enhance their performance and players' omni-channel experience.

INTRALOT's Group Deputy CEO, Mr. Nikos Nikolakopoulos commented: "MDJS has been a valued INTRALOT customer for the last decade and we are pleased to have been awarded with a new contract to continue our successful operation in Morocco. This agreement represents an exciting new chapter in our long-term relationship as well as the trust of the state sports lottery Organization in INTRALOT's next generation solutions that will enable long-term innovation and growth for MDJS ultimately increasing revenues to good causes for the benefit of the Moroccan community."

## UK Gambling Commission: Four gambling businesses are to pay a total of £4.5m in penalty packages as part of the ongoing investigation into the online casino sector.

InTouch Games Limited will pay £2.2m, Betit Operations Limited will pay £1.4m, and MT Secure Trade will pay £700,000 in lieu of financial penalties, and BestBet will pay a financial penalty of £230,972. The penalty packages relate to the businesses failings to put in place effective safeguards to prevent money laundering and keep consumers safe from gambling harm.

The penalty packages form part of an ongoing investigation into the online casino sector. Over the last 18 months the UKGC regulatory body has conducted assessments of 123 online operators. Of the 45 told to submit an action

plan to raise standards, 38 have already showed signs of improvement. A further 34 were compliant with standards expected by the Commission or had minor issues which have been, or are in the process of being, remedied.

Since the investigation began five operators have surrendered their licence and can no longer transact with consumers in Britain. In November 2018 three companies paid nearly £14m in penalty packages as result of their failure to put in place effective safeguards to prevent money laundering and keep consumers safe from gambling-related harm.

Richard Watson, Gambling Commission Executive Director, said: "We have been working hard to raise standards in the online industry to ensure that gambling is crime-free and that the one in five people in Britain who gamble online every month can do so safely. But our work will not stop here. As a regulator, we will continue to set and enforce standards that the industry must comply with to protect consumers. We expect operators to know their customers and to ask the right questions to make sure they meet their anti-money laundering and social responsibility obligations."

## The European Lotteries (EL) elects new Executive Committee and adopts important resolution on advertisement for gambling

The European Lotteries has elected its new Executive Committee and reappointed Hansjörg Höltkemeier as EL President for the period 2019-2021. The decision was made during EL's General Assembly at the end of the 10th European Lotteries Congress "The Success of Chance", in Antwerp, hosted by the Belgian National Lottery.



Re-elected EL President Hansjörg Höltkemeier said, "We have had three fantastic days at the special 10th edition of the European Lotteries Congress, with lots of exchanges, networking and new ideas. I am personally very happy to be re-elected after four successful years, and I look forward to continuing my work with the association, which serves for the benefit of society".

During the EL General Assembly, members adopted an important resolution on advertisement for games of chance. EL members call for a risk-based approach towards gambling advertisement, to safeguard the channelling role



and the benefits of their games for society.

The newly elected members of the EL Executive Committee are (in alphabetical order):

Fabio CAIROLI, Lottomatica (IT)

Robert CHVÁTAL, Sazka a.s. (CZ)

Olgierd CIEŚLIK, Totalizator Sportowy Sp. z o.o. (PL)

Romana DERNOVŠEK, Loterija Slovenije, d.d. (SI)

Jannie HAEK, Loterie Nationale (BE)

Hansjörg HÖLTKEMEIER / Deutsche Klassenlotterie Berlin DKLb (DE)

Jesús HUERTA ALMENDRO, Sociedad Estatal de Loterías y Apuestas del Estado (SELAE) (ES)

Stéphane PALLEZ, La Française des Jeux (FDJ) (FR)

Nigel RAILTON, Camelot UK Lotteries Ltd. (UK)

Olli SAREKOSKI, Veikkaus Oy (FI)

Evgeniy VLASENKO, MSL (UA).

The 10th European Lotteries Congress "The Success of Chance" took place from 26th – 29th May in Antwerp, Belgium. Bringing together lotteries from across Europe and the rest of the world, the Congress was an occasion to discover how chance plays an important role in our lives and in the lottery sector. With a packed three-day programme, including high level speakers, networking, panel debates, breakout sessions and a Trade Show, the Congress united the core fundamental values of lotteries and was an opportunity to share insights for upcoming opportunities and challenges in the sector. [2]

The 10th EL Congress was hosted by Nationale Loterij – Loterie Nationale. More information here [www.el2019antwerp.be](http://www.el2019antwerp.be)

Congress Premium Partners: IGT, Scientific Games, Intralot & Semi-Premium partner Kambi

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## Women's Initiative in Lottery Leadership (WILL) Europe pilot programme launched

The Programme aims to create new opportunities for junior and mid-level women in the European Lotteries membership, with a focus on skill and knowledge development.

During the 10th European Lotteries Congress in Antwerp from 26-29 May 2019, EL's First Vice-President Ms. Stéphane Pallez, CEO of Française des Jeux, announced the Women's

Lottery Leadership Mentoring Pilot Programme in Europe.

WILL (Women's Initiative in Lottery Leadership) was set up in 2017 by CEO of the Tennessee Lottery and President of the World Lottery Association (WLA) Ms. Rebecca Hargrove, with the support of the sector publication PGRI (Public Gaming Research Institute). Since then, the European Lotteries Executive Committee has endorsed the initiative to expand at European level. The mission is to drive high-performance business growth through supporting the advancement of women into top positions of lottery management, leadership and responsibility.

The Europe Mentoring Programme is a six-month pilot project with four to six duos, starting from Autumn 2019. A duo will be composed of a "mentor" (experienced executive) and a "mentee" (junior to mid-level) to provide transfer of knowledge and experience and to give career guidance and development. The duos will be carefully selected by the EL Secretariat.

### Why participate?

As a mentee (junior to mid-level), you will receive advice and insight from your mentor. You will have the opportunity to share new ideas and projects, develop your communication skills, access new networks and learn from a senior person about a lottery in another country.

As a mentor (experienced executive), you will refine your coaching and leadership skills, be exposed to new ideas and perspectives from a more junior colleague at a lottery in a different country, widen your network and share insights.

The selected duos will meet for one hour per month via video conference or phone, complete a full day company visit in the mentor's lottery, travelling on an EL scholarship. This is the perfect opportunity to increase knowledge and understanding of a specific subject - market unit, product, sector, role and customer in the lottery world.

The mentee and mentor will both be committed to drive the relationship, identify goals, seek feedback, allocate appropriate time and energy, have reasonable expectations, and respect confidentiality.

The deadline for the current class has passed. For more information on WILL Europe and future programmes, please send an email to EL Deputy Secretary General at [jutta.buyse@european-lotteries.eu](mailto:jutta.buyse@european-lotteries.eu).

## OPAP first-quarter profit up 43.5%

CEO Damian Cope on Q1 2019 Results – Entire Earnings Call Transcript available at <https://seekingalpha.com/article/4268774-greek-organization-football-prognostics-s>

[gofpy-ceo-damian-cope-q1-2019-results-earnings-call?part=single](https://www.gofpy-ceo-damian-cope-q1-2019-results-earnings-call?part=single)

## IGT Launches PlayBingo Solution in Norway

Norsk Tipping, Norway's state lottery operator and a World Lottery Association (WLA) member, has launched IGT's new digital PlayBingo platform. The new solution includes IGT Play-Casino slot titles and a selection of mini-games that can be played for extra entertainment between or during rounds, while extensive chat



features let players socialize with one another. PlayBingo offers exclusive bingo variants including Picture Bingo and Roulette Bingo, which customers can easily configure and customize. Built on multi-channel HTML5 for desktop, tablet, and mobile, it provides a variety of popular IGT digital casino slot games within a single game window, so players can seamlessly experience multiple game categories.

In addition to Norsk Tipping, IGT's Nordic WLA digital customers include Veikkaus in Finland and Svenska Spel in Sweden. IGT also provides its digital content through a third party to Danske Spil in Denmark.

## Veikkaus: Innovating through collaborative competition

Earlier this year, Finnish lottery operator, Veikkaus, announced their intention to host Innovation Challenge Week, during which chosen startups would have the opportunity to develop, produce and present ideas and solutions around esports betting. Following a scanning process of hundreds of startups globally and a follow-up interview with seventeen shortlisted candidates, seven finalists were selected to participate.

The world of sports is no longer limited to playing fields and stadia, and the growing global interest in esports means lotteries are looking closely at esports betting options. Veikkaus took matters into their own hands during May with the launch of Innovation Challenge Week, a startup-focused project aimed at finding innovative, collaborative gaming solutions for esports players, teams and fans.

Worldwide, lotteries have made limited inroads into the esports betting arena; however, Veikkaus was among the first five operators to embrace this new and exciting gaming opportunity. Offering legal esports betting options since 2014, the lottery has taken such forward-looking steps as organizing their own hosted

StarCraft II tournament, broadcasting esports on their channel, VeikkausTV, and making betting options available on a staggering 13,000 esports matches in 2018 alone.

Nevertheless, Veikkaus felt there was room to grow and broaden their esports offerings and solutions, and chose to open the playing field to startups, with the grand prize being the chance to collaborate with Veikkaus on developing the solution. The contest was opened to both Finnish and non-Finnish startups, and the seven selected participants were Finland's 8-bit-Sheep, Reason Solutions, and Bono Health, Finnish-U.S. Evasyst, Finnish-Canadian Fandom Sports, GameBuddy from Germany, and the Belgian startup Zender.

Many innovative ideas were also found among submissions of the other competing companies. Veikkaus is very satisfied with the outcome of the Innovation Challenge Week and will continue to strengthen its networking with startups.



### Leading multi-channel supplier SIS (Sports Information Services), has signed a deal with Inspired Entertainment, a world leader in virtual sports, to support its new 24/7 Live Betting Channels

The multi-year agreement sees Inspired become SIS's virtual sports partner, with SIS incorporating Inspired's industry leading virtual racing into its 24/7 Live Betting Channels.

Inspired has more than 15 years of visual effects experience, and has been the EGR Virtual Sports Provider of the Year for the past three years. The Company's high-quality virtual racing content will be interspersed between SIS's premium live horse and greyhound racing from six continents, providing a betting event every three minutes. Steve Rogers, Chief Commercial Officer – Virtuals at Inspired, added: "We're delighted to partner with SIS to help support the 24/7 Live Betting Channels. With over a decade of experience, we are confident that Virtual Sports will appeal to SIS's customers globally, to help drive incremental revenues for operators".

### Kambi and Rank Group add Spain to sportsbook deal

The agreement marks the first contract renewal between the two parties, with Kambi and London-listed Rank having combined in 2016 to add a high-quality online sportsbook to Rank's

## Kambi

leading U.K. casino brand, Grosvenor Casinos.

In addition to an extension of terms with Grosvenor, Rank will later this year leverage Kambi's scalable technology and vast experience in the Spanish market to launch a localized online sports betting product for its Enracha bingo-led brand. Rank also plans to utilize Kambi's sophisticated API functionality and open platform to develop the sportsbook front-end, which will empower the operator to deliver bespoke sports betting experiences to its growing base of players.

The strengthening of the partnership follows a successful three years for Grosvenor Sport with the brand having gained a strong foothold in the UK market, driven by its effective brand-led marketing and Kambi's leading sportsbook product. Grosvenor Sport has also become a prominent name within U.K. horseracing, with the brand having invested in a series of high-profile race sponsorships to raise its profile among racegoers and promote its expanded horseracing coverage.

### A syndicate of eight investmentbanking groups have been selected to work on the privatisation of French state-owned gaming operator La Française des Jeux (FDJ)

Plans to sell off the majority of the French state's 72% stake in FDJ via an initial public offering have been in the offing since October 2018, when the country's parliament approved the move. The Agence des Participations de l'Etat (APE), the state agency that handles the privatisation of state assets, has now selected BNP Paribas, Citi, Goldman Sachs and Société Générale to serve as coordinators for the institutional share sale. Crédit Agricole Corporate and Investment Bank, HBSC and Natixis will serve as associate bookrunners, with Crédit Industriel et Commercial (CIC) acting as joint-lead partner.

In 2018 FDJ saw sales rise 4.4% year-on-year to €15.8bn, driven by growth in instant win games and sports betting.

## NORTH AMERICAN NEWS

### New York Lottery & Video Gaming first in the country to break \$10 billion in combined sales and net win in a single fiscal year

"New York's long history of increasing earnings for New York's public K-12 schools is a direct result of sound business planning, mature and responsible stewardship of our lottery and video lottery products, and a fundamental continuous improvement effort," said Commission Acting Executive Director Robert Williams. The New York State Gaming Commission's Lottery and Video Lottery operations today reinforced their collective standing as North America's largest and most profitable Lottery businesses by becoming the first to break \$10 billion in combined sales and net win for the fiscal year ending March 31, 2019. Combined, the record-breaking earnings generated \$3.47 billion in Lottery Aid to Education which accounts for 13 percent of all New York State School Aid disbursed in FY2018-2019.



Fiscal year sales of traditional Lottery games, comprised of in-state draw games, multi-state games, and instant scratch-off tickets, totaled more than \$8.2 billion. The total makes New York's state-administered lottery the 7th most profitable in the world, surpassed only by the two National Lotteries of China, and those of Italy, France, Spain and the United Kingdom. Video lottery gaming net win (proceeds after all prizes have been paid) amounted to more than \$2.08 billion during the same period, besting all other American video lottery gaming operations and is third behind two Italian independent operators.

In addition to fulfilling their primary mission of raising revenue to support education, the Commission's Lottery and Video Lottery Gaming operations also generated significant revenue for New York businesses – large and small – during FY 2018-2019. Licensed Lottery retailers earned \$492 million in commissions and video lottery gaming operators netted \$964 million during the same 12-month period.

New York's Gaming Commission is one of eight gaming jurisdictions in North America to earn the global gaming industry's highest level of achievement – Level 4 Certification – from the World Lottery Association. The accreditation recognizes the Commission for incorporating responsible gaming principles into its everyday business practices and its commitment to continuous improvement.

### Hoosier State Becomes 10th State to Legalize Sports Gambling

On Wednesday, Governor Eric Holcomb signed the bill paving the way for unprec-



edented changes to the state's current gambling landscape. The bill passed the state Senate and would have gone into effect anyway, but Holcomb signed to put his stamp of approval on the changes. So, what does this really mean?

There are two main components to the bill that are most influential to sports fans. Sports gambling will be in effect soon, before the end of the year. Sports gambling will also be available on mobile devices.

This second point is crucially important, as early versions of the bill limited gambling to casinos. The state House did not vote in favor of mobile gambling and took it out of the proposals. However, despite the House of Cards-style drama of politics, the state Senate eventually was able to reinsert the mobile gambling component.

Mobile gambling is a big win for both gamblers and the state. Firstly, mobile gambling is obviously more convenient for Indiana gamblers, who will not have to travel to a casino to place a bet. Likewise, the mobile gambling provision is also going to substantially benefit the state. In New Jersey, 80% of all sports gambling is done online. Thus, if this provision was not included in the bill, Indiana would have lost out on a major potential revenue stream. In total, the projects that sports gambling could bring in around \$12 million per year for the state.

### Washington D.C. Council approves USD 215 M sports betting contract with Intralot

The sports wagering platform will be available by January and temporary licensees for private sportsbook operators should be issued by September. The D.C. Office of Lottery and Charitable Games negotiated the five-year contract. D.C. Lottery Executive Director Beth Breshnahan told council members in a roundtable discussion late last month that her agency had no part in selecting Intralot's subcontractors. Council Chairman Phil Mendelson affirmed: "It's Intralot's business who the subcontractors are. The District has no relationship with the subcontractors, did not choose them, cannot fire them, cannot direct them, does not pay them."

### It's A Wrap! WILLY WONKA GOLDEN TICKET™ Multi-State Lottery Game And BILLION DOLLAR CHALLENGE® Events A SweetSuccess

Scientific Games has successfully wrapped the WILLY WONKA GOLDEN TICKET™ multi-state linked instant lottery game's final BILLION DOLLAR CHALLENGE® winners' event in Las Vegas. Ninety-nine lottery players from 14 U.S. states participated, including one lucky winner from Ohio who took home a \$2



million grand prize. Scientific Games originated the multi-state linked instant game concept for the lottery industry in 2007 with DEAL OR NO DEAL™ and went on to create five additional linked game blockbusters before launching WILLY WONKA GOLDEN TICKET in March 2017, in partnership with Warner Bros. Consumer Products. With an up to \$1 billion prize opportunity, it offered the largest prize for a linked lottery instant game in U.S. history. Twenty-three WILLY WONKA GOLDEN TICKET games were launched in 18 states. A record 104 million tickets were manufactured, representing a total of \$1.09 billion in potential retail sales for the participating lotteries.



### Jackpocket App to Play Lottery Launches in Texas

Jackpocket is betting more people in Texas will want to Texas Two Step with the public launch of its flagship app, which offers players a secure way to order official state lottery tickets for well-known favorites like Powerball, Mega Millions, Pick 3 and Daily 4, Texas Lottery-specific Lotto Texas and Texas Two Step, and many more games. By allowing players to participate in the lottery from the convenience of their phones, Jackpocket increases Texas Lottery revenues, which directly benefit the Foundation School Fund, supporting public education, the Texas Veterans Commission Fund for Veterans' Assistance (FVA), and other state programs. Jackpocket soft launched the app in Texas in January 2019. Less than two weeks later, a Jackpocket player in the Dallas-Ft. Worth area won a \$150,000 prize playing the Powerball.

Jackpocket is the first third-party app in the U.S. that offers players a secure way to order official state lottery tickets, such as Powerball, Mega Millions and more. As a no-cost, no-integration, turnkey platform, Jackpocket helps lotteries drive incremental revenue—benefiting essential state programs such as public education, veterans assistance, natural resources and more—while attracting new customers like millennials who otherwise would not be active lottery players.

Jackpocket's mission is to create a more convenient, fun and responsible way to play the lottery. Through the app, players can place orders for their favorite games, check lottery results, join lottery pools with other Jackpocket players, and turn on autoplay so they never miss a drawing. And by being the first company to automatically lock a player's identity to their ticket serial number, Jackpocket makes the lottery even more secure. Jackpocket is currently available in Minnesota, New Hampshire and Texas, and expanding to many new markets in 2019.

## Jackpocket

### Jackpocket introduces social "Private Pools" feature

The Jackpocket app's newest feature, *Private Pools*, is a way for people to create (and name) their own private lottery groups, and pool their tickets for better odds in the Powerball and Mega Millions jackpot drawings. The prize share calculator shows what a player's prize percentage of the pot could be, with every ticket they add. The Activity Feed tracks all tickets, shows the group who's joined or who's ordered more tickets for themselves, for an added social and competitive element. No paper tickets to deal with, no ownership issues, no fuss. Recently, a lucky pair of friends and coworkers won \$50,000 in a Powerball drawing this month during Jackpocket's beta testing, in their Private Pool, "Brothers."

### Alva Vernon Johnson appointed director of the California State Lottery

Alva Vernon Johnson, 51, of Elk Grove, has been appointed director of the California State Lottery. Johnson was director of intergovernmental affairs for the San Manuel Band of Mission Indians from 2016 to 2018. He was executive director of governmental affairs and public relations for the Agua Caliente Band of Cahuilla Indians from 2005 to 2015 and director of governmental affairs at Fredericks, Peebles and Morgan LLP from 2004 to 2005. He was chief consultant for the California State Assembly Governmental Organization Committee from 2002 to 2003, staff consultant for the Joint Committee to Develop a Master Plan for Education from 2001 to 2002, and legislative liaison at the California State Lottery in 2001. Johnson served as a deputy legislative secretary in the Office of Governor Gray Davis from 1999 to 2000 and as legislative liaison for the California Department of Education from 1998 to 1999. Johnson earned a Master of Public

Policy degree from the University of California, Berkeley. Johnson is a Democrat.

## California Lottery director Hugo Lopez steps down amid controversy, pressure from governor's office

## Oregon Lottery to launch full mobile sports wagering book for NFL season

The Oregon Lottery is targeting the NFL regular season opener to launch mobile gambling on sports events.

## Rebecca Hargrove (President of the World Lottery Association and CEO, Tennessee Education Lottery) and David Gale (Executive Director, North American Association of State & Provincial Lotteries) both send letter, and distribute the letters to publish in general media, in defense of state lotteries

## From David Gale to Governor DeSantis:

As Executive Director of the North American Association of State and Provincial Lotteries (NASPL), I am writing to you today to respectfully request that you veto HB 629. This bill would require the lottery vendor to print a warning statement on the front of every lottery ticket printed on or after January 1, 2021 that occupies at least 10% of the total front face of the ticket. The bill would also require the Florida Lottery to include a warning label on every advertisement or promotion of lottery games that takes up 10% of the surface area of the advertisement or promotion. These warning labels must contain one of two messages, and each message must appear in an equal number of advertisements and promotions: "WARNING: LOTTERY GAMES MAY BE ADDICTIVE" or "PLAY RESPONSIBLY." Since 1988, the Florida Lottery has generated more than \$35 billion for education, with over 800,000 students receiving a Bright Futures scholarship. It is almost certain that the funding generated for education each year will be substantially hurt if HB 629 is signed into law.

I am not aware of any North American lottery that is required to print a warning message on the front of a lottery ticket that would occur

py 10% of the surface area, similar to HB 629. I am concerned that devoting 10% of ticket and advertising real estate to this warning message would have a substantial negative impact on lottery game retail sales and a corresponding negative impact on profits and funding for the education programs these sales support. It has been estimated that HB 629 could lead to a \$235 million reduction in Florida Lottery top line sales, resulting in a loss of \$61 million for education. In addition, this would result in a loss of \$14.1 million in retailer commissions (6%). Ultimately, a loss in revenue, top line sales, education benefits, retailer commissions, and player prizes would have a huge negative economic impact, because it will mean fewer dollars for education, fewer dollars for the lottery to run its billion dollar business, and less infrastructure for lottery partners to run their business, including investment.

The effective date of HB 629 is January 1, 2021. In order to comply, the Florida Lottery would need to remove every instant scratch-off ticket and game without the warning message from the market by that date and replace billions of dollars of inventory. It would be a monumental task and likely have a significant negative impact on the lottery's business. The Florida Lottery does more than \$4.5 billion in instant scratch-off ticket game retail sales annually. Based on the 2019 projected value of printed instant scratch-off ticket game retail sales and inventory, the impact on the lottery of implementing HB 629 and removing inventory without the warning message prior to January 1, 2021 is \$7.1 billion. In addition, another \$7.1 billion in retail value of inventory would have to be produced to replace the inventory pulled out of the market to support this ill-conceived legislation. Additionally, if this bill were signed into law, it would likely have a national impact on the lottery industry. NASPL does not want the state of Florida to set in motion a trend in legislatures that ultimately leads to a reduction in dollars for lottery beneficiaries, including college scholarships, pre-K funding, state budgets, healthcare funding, programs that support senior citizens, and more. The primary focus of state lotteries is to continue growing the much needed funding for good causes and to do so responsibly and with integrity. The industry has always proactively addressed problem gambling, by including "Play Responsibly" messaging on tickets and advertising materials, as well as directly funding problem gambling organizations.

This is not something that NASPL takes lightly. It is my belief that the industry – and more importantly the recipients of the funds generated by the lotteries, such as the Bright Futures Scholarship students – will be negatively impacted if HB 629 is signed into law. Respectfully, David Gale Executive Director, North American Association of State and Provincial Lotteries.

## This just in: Florida Gov. DeSantis vetoes Lottery ticket warning bill, cites impact on school funding. Go Team!



## MUSL Board and Powerball Product Group Officers Elected for FY20

The Board of Directors of the Multi-State Lottery Association elected Charlie McIntyre, executive director of the New Hampshire Lottery, to serve as Board President for Fiscal Year 2020. The position was previously held by May Scheve Reardon, executive director of the Missouri Lottery. The Board of Directors also elected Sarah M. Taylor, Hoosier Lottery Executive Director, and Angela Wong, Montana Lottery Executive Director, to serve as Board Vice President and Secretary, respectively. In addition, the Powerball Product Group elected Gregory R. Mineo, director of the Maine Lottery, and Drew Svitko, executive director of the Pennsylvania Lottery, to serve as Product Group Chair and Vice Chair, respectively, for Fiscal Year 2020.

## New York Lottery Joins Multi-State Lottery Association

The addition of the New York Lottery brings membership in the Association to 37 U.S. lotteries. As the director of a member lottery, New York Lottery Director Gweneth Dean will join the MUSL Board of Directors and the Powerball Product Group as a voting member.

## NeoPollard Interactive and New Hampshire Lottery Win iLottery Court Decision

NeoPollard Interactive and Pollard Banknote Limited are thrilled by the decision of the U.S. District Court for the District of New Hampshire rendered on June 3, 2019 that unequivocally confirms that the federal Wire Act applies only to sports betting activities. This decision is important for the U.S. lottery industry as a whole as it alleviates concerns pertaining to the transmission of lottery data over the Internet, whether in connection with traditional retail or online lottery sales, the latter also being



known as iLottery. By concluding that the Wire Act applies only to transmissions related to bets or wagers on a sporting event or contest, Judge Paul Barbadoro safeguards the New Hampshire Lottery and NeoPollard Interactive from the threat of unlawful prosecution in New Hampshire, Michigan, and in each other U.S. state where NeoPollard Interactive operates.

In addition, and equally importantly for other state lotteries, by setting aside the U.S. DOJ re-interpretation of the Wire Act, the decision clarifies that state lotteries can once again rely on the 2011 opinion that the Wire Act is limited to sports betting. Any concerns about the pooling of bets or the transmission of wagers in connection with national and regional multi-state games such as Powerball® and Mega Millions, whether through traditional retail or online channels, have been completely eliminated.

## **POLLARD** banknote limited

"We are very happy with the recent judgement regarding the interpretation of the Wire Act," said Doug Pollard, Co-Chief Executive Officer, NeoPollard Interactive. "This is a great success for the Lottery industry generally and iLottery specifically, as it ensures that the sale of both iLottery games and national and regional multi-state games across all sales channels can continue to be strong contributors to lottery sales and the good causes that lotteries in the United States support. In terms of iLottery, we know first-hand the positive effect that these operations have not only on sales, but on the overall player experience. We look forward to continuing to provide state-of-the-art iLottery products and strategies to lotteries as they explore new, interactive sales channels."

"We are pleased that not only will our national and regional multi-state game sales carry on, but also importantly that our own relatively new yet highly successful iLottery operations will be able to continue," said Charlie McIntyre, Executive Director of the New Hampshire lottery. "Since the launch of our iLottery program last year, we have seen an increasingly positive response from our players, resulting in higher returns to education programs in New Hampshire. We are grateful for the leadership and support from the New Hampshire Attorney General's Office, NeoPollard Interactive and Pollard Banknote in this highly complex matter. We are excited to continue our strong partnership with NeoPollard Interactive to provide entertaining online products that deliver an enhanced play experience to all our customers."

## **Gibson Dunn's McGill Hits the Jackpot in Online Gambling Challenge**

Law firm Gibson, Dunn & Crutcher's Matthew McGill: "The notion that people so suddenly could be subjected to imprisonment based on nothing more than DOJ's shifting interpretations of federal criminal law is jarring and at war with basic notions of due process." The Washington, D.C.-based partner led a team to victory in a case where the entire online gambling industry as well as multi-state lotteries like Powerball were at risk after an abrupt new Justice Department position. Representing online lottery system technology provider NeoPollard Interactive and Pollard Banknote, McGill persuaded Judge Paul Barbadoro of the U.S. District Court for the District of New Hampshire on June 3 to strike down the new DOJ policy.

## **JCM Global Announces Two Key Promotions**

Dave Kubajak has been named Sr. Vice President of Sales, Marketing, and Operations, and Cliff Buckley has been elevated from Sales Manager to Director of Business Development.

## **Pennsylvania Sen. Tommy Tomlinson introduces bill to combat illegal 'Pennsylvania Skill Games'**

Pennsylvania Lottery officials, state Senator Tommy Tomlinson, the Pennsylvania State Police and senior groups partnered today to announce legislation to combat illegal "Pennsylvania Skill Games" that have cost the Pennsylvania Lottery an estimated \$138 million in sales over the past year and put funding for vital senior programs at risk.

Sen. Tomlinson is introducing Senate Bill 710 to address the illegal machines and protect funding for senior programs. While Games of Skill machines are already considered illegal, unlicensed and untaxed equipment by the commonwealth, Senate Bill 710 further strengthens the existing law by making it a criminal offense for anyone to knowingly make, assemble, maintain, lease or sell Games of Skill.

"These illegal machines are creating a huge risk for the older Pennsylvanians who rely upon the programs the Lottery funds," said Pennsylvania Lottery Executive Director Drew Svitko. "The Games of Skill machines are appearing across the state and we are deeply concerned the harm will only increase. Senator Tomlinson's legislation will crack down on the machines and preserve hundreds of millions of dollars that help seniors afford prescriptions, transportation, meals and more."

As of today, there are approximately 5,050 Games of Skill machines in Pennsylvania Lottery retailers. The Lottery estimates that for every Games of Skill machine placed in a Lottery retailer, the Lottery loses approximately \$2,284 per machine per month. That's money that would otherwise be directed toward programs and services for older Pennsylvanians.

"I drafted this legislation after learning the impact these machines have on the Pennsylvania Lottery," Senator Tomlinson said. "I am concerned about the negative effect these unregulated, unlicensed, untaxed gambling machines have on unsuspecting players, youth and Lottery funds which support essential services for our senior citizens."

"These machines have the potential to cost the Lottery hundreds of millions of dollars in future harm," said Svitko, the Lottery's executive director. "It's imperative that we take action now to protect the funding that supports the programs that older Pennsylvanians rely upon each year."

## **The Texas Lottery reports it is on track for double-digit revenue growth in Fiscal Year 2019**

## **Gaming Laboratories International (GLI®) is First Lab to Receive American Association for Laboratory Accreditation (A2LA) Approval for 2017 Version of ISO/IEC 17025 Accreditation**

## **Gaming Laboratories International (GLI®) Expands Its Vancouver Laboratory to Better Serve Growing Canadian and Global Gaming Markets**

## **INTRALOT announces the appointment of a new Board of Directors at its fully owned US subsidiary, INTRALOT Inc.**

## **Rhode Island has reached an agreement to extend the contract with IGT to run its lottery systems and sports betting**

IGT will also maintain its corporate office in downtown Providence and bring its iLottery products to Rhode Island. The contract was set to expire in 2023.

# Excitement Grows

## Lotteries Launch Promotions for First POWERBALL Millionaire of the Year

The hot temperatures tell us it's the "dog days of summer," but Powerball players across the country have thoughts on slightly cooler days ahead – New Year's Eve, to be exact, when the First POWERBALL Millionaire of the Year will be awarded.

Lotteries have begun kicking off second chance promotions for their POWERBALL players. Twenty-five lotteries are taking part in the promotion which will see more than 300 winners and their guests travel to New York City at the end of December. The first lottery was Wisconsin, which actually has already selected winners. A number of lotteries are currently offering the promotion and more will start throughout the summer. By the fall, all winners will have been selected and notified.

In April, dick clark productions and POWERBALL® announced the rollout of this new promotion that awards winners of the First POWERBALL Millionaire of the Year<sup>SM</sup> second-chance prize drawings with a VIP trip to New York City to celebrate New Year's Eve 2020 and a chance to win \$1 million. The special drawing for the First POWERBALL Millionaire of the Year will occur on January 1, 2020, just after midnight, during ABC's live broadcast of Dick Clark's New Year's Rockin' Eve with Ryan Seacrest.

"It is exciting to see this event come to life as lottery promotions are launched and entertainment is secured," said Gregory R. Mineo, POWERBALL Product Group Chairman and Maine Lottery Director. "The planning for winner trips and the ABC broadcast is ongoing and will result in a compelling, once-in-a-lifetime experience for POWERBALL® players that will culminate with the \$1 million drawing. It is going to be a big night for POWERBALL, and we are thrilled to share it with viewers across America."

"Our team is thrilled to work with POWERBALL on this exciting promotion," said Kevin Patrick Smith, Senior Vice President of Business Development and Partnerships, dick clark productions. "The combination of POWERBALL's nationwide reach and dick clark productions' vast entertainment experience will result in an



exciting New Year's for the winners and their guests. And, of course, when we announce the first millionaire of the year in the first minutes of 2020 live on air, we will change someone's life while introducing an exciting new moment in the show."

All second-chance prize winners will enjoy the excitement of New York City, including a theater performance and a holiday cruise on the Hudson River with dinner and entertainment. The experience also includes roundtrip airfare, hotel accommodations and an exclusive New Year's Eve gala at the Crowne Plaza Hotel, featuring live entertainment and, of course, prime viewing of the Times Square ball drop.

For more information on the First POWERBALL Millionaire of the Year promotion, please visit [www.powerballrockineve.com](http://www.powerballrockineve.com). ■





# PGRI Lottery EXPO NYC



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- **October 28, Monday:** Opening Night Reception
- **October 29, Tuesday:** Conference Sessions followed by Reception
- **October 30, Wednesday:** Conference Sessions conclude at 1:00 pm., followed by Reception

## Lotteries Reshape the Games-of-Chance Industry

PGRI Conferences are about pushing fearlessly into a future that is rich with opportunity. It's about keeping up with a consumer that expects more than ever, and with a competitive environment that is changing rapidly to meet those expectations. Team Lottery is already setting the highest standard for the entire games-of-chance industry and is bracing to raise the bar higher. It has all the tools to make it happen, and the courageous leadership to show us the way.

PGRI Lottery Expo NYC provides a unique forum for industry leaders to address the most challenging issues, and most promising opportunities, that face our industry today. We hope to see you there!  
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