

PGRI PUBLIC GAMING INTERNATIONAL

JULY/AUGUST 2017

- Women's Initiative In Lottery Leadership
- Sales Force Automation Is No Longer Enough
- Mission Possible: Global Trends Meet IGT Innovations at the EL Congress
- Engaging New Players: Focus On Usability



INTEGRATING:
GAMES
MESSAGE
MEDIA
CULTURE

Feature Interviews



Alice Garland
North Carolina Education Lottery



Tracey Cohen
The District of Columbia Lottery



David Barden
New Mexico Lottery Authority

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DEPARTMENTS

10 | From the Publisher

Paul Jason

12 | Women in Lottery Leadership

58 | PGRI SMART-Tech Conference: Photo Collage

63 | Pulse of the Industry

Synopsis of Recent Industry News

FEATURE INTERVIEWS



16 | Alice Garland

Executive Director, North Carolina Education Lottery
On Getting Positive Press And Support
From The General Media



20 | David Barden

Chief Executive Officer, New Mexico Lottery Authority
Professionalizing The Messaging Process
To Advocate For And Defend The Interests
Of Lottery



24 | Tracey Cohen

Interim Executive Director, The District of Columbia
Lottery

Innovative Games and Marketing
Campaigns That Stretch The Budget



36 | Nikos Nikolakopoulos

Group Chief Operating Officer, INTRALOT SA
Integrating Content Management,
Analytics, and CRM to Attract the Modern
Consumer



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Modernizing lotteries in a digital world

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FEATURE ARTICLES

- 28 | **Disruption In Retail - Amazon Acquisition Of Whole Foods**
Lee Stuart, Management Consultant and Editorial Contributor for PGRI
- 30 | **Enhancing Retailer Relations – Sales Force Automation Is No Longer Enough**
Scientific Games Corporation
- 34 | **The Power Of MUSL - The Multi-State Lottery Association**
- 38 | **Mission Possible: Global Trends Meet IGT Innovations At The EL Congress**
IGT Corporation
- 42 | **Lottery Ux In The Digital Age**
NeoPollard
- 44 | **Engaging New Players: Focus On Usability**
Danny Bogus, Founder & Principle Consultant, Digital Gaming Group
- 46 | **What Does “lwwiwwiwi” Mean To Lottery?**
NOVOMATIC Lottery Solutions
- 48 | **It’s Not Just For Kitten And Vacation Pictures: How Social Media Connects You With Your Customer**
Jim Acton, Lottery Industry Consultant and PGRI Editorial Contributor
- 51 | **Demanding Modernization: Enhancing And Integrating The Consumers’ In-Store Lottery Playing Experience**
Kayt Gabrielson, Product Marketing Manager, Schafer Systems, Inc.
- 52 | **Day Of Drawings Display: Pro-Lite Takes The Guessing Out Of Lottery Purchasing**
Pro-Lite

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Family Of Websites



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LOTTERY EXPO

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**In the 20th Century,
growth was based on
product launches.
In the 21st century,
digitalization has become
the driver.**

**For conference registration,
updates, and hotel registration,
visit PublicGaming.org**

Digitalization is the unifying principle for industry leaders to transform business process, CRM, retailer support, the in-store shopping & player experience, and the integration of media, POS and all consumer touch-points into a harmonious omni-channel business model. The modern consumer expects nothing less, the competitive environment is changing rapidly to meet those expectations, and Lottery is moving quickly to lead the charge.

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 visionary leadership to show us the way.

PGRI's collaboration with the Georgia Lottery promises to be a special event. Lottery Expo 2017 will feature presentations on the forward-leaning initiatives that are making a difference today.

**For conference information and updates, please stay tuned to our news website PublicGaming.com.
E-mail Paul Jason at pjason@publicgaming.com or call at (U.S.) +1 (425) 449-3000.**

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From the Publisher

An example of the difference between the WLA community and other operators can be seen in the first two stories of the *Pulse of the Industry* section. Lottoland was fined and the Health Lottery was reprimanded by the UK Advertising Standards Authority (ASA) for misleading advertising. The Health Lottery story would be amusing if it weren't indicative of the low expectations applied to commercial gambling operators. The ASA told the Health Lottery that they could not feature advertising claiming that players "have a very good chance of winning the Health Lottery". The Health Lottery actually protested the unfairness of this affront to their standard method of operation, pointing out that the advertisement simply featured an unprompted winner testimonial. They were not even fined; just told to cease and desist. Like it's no big deal to claim that your lottery offers a "very good chance to win", and implying that it is a better chance to win than Camelot UK National Lottery which is supposed to have an exclusive right to operate lottery in the UK.

Lottoland is required "to pay £150,000 to a socially responsible cause, pay Commission investigation costs, and agree to a public statement outlining its failings for industry wider learning". Richard Watson, Gambling Commission Programme Director for Enforcement and Intelligence, explains: "In this case the operator used ambiguous terminology in their marketing and advertising, which was misleading. That is not acceptable and the £150,000 penalty package reflects the seriousness of Lottoland's failures. We expect all operators will learn the lessons from this case and take action to ensure that their consumers are clear about what they are being offered."

Of course, we applaud actions that attempt to stem the spread of misleading advertising and even more egregious illegality. The problem is that lawmakers are sadly mistaken if they think £150,000 is a penalty that is commensurate with the "seriousness" of these violations. Lottoland's business model of expropriating official lottery brands is disrupting a multi-billion dollar industry. This disruption is not driven by innovation but by illegal business practices. And the result of this illegality is a massive transfer of wealth from charitable causes that serve everyone in society over to a small group of private shareholders. A £150,000 penalty is not remotely adequate to deter these illegal operators from continuing to find new ways to flout regulatory prohibitions and illegally ply their trade. And the Health Lottery doesn't even acknowledge the error in claiming their lottery offers a very good chance of winning. Enforcement of existing laws and imposing a much more serious penalty for violation of the laws would be a good place to start with ensuring a level playing field for authorized government-Lottery

to continue to achieve its goal of serving society and supporting charitable causes.

The theme of the **EL Congress in Kraków** in early June was *New Directions*. The regulatory environment and market-place has been in a state of flux for many years. Flux is not a good thing for an industry which depends on stability, consistency, unambiguous regulatory laws, and effective enforcement of those laws that prohibit illegal gambling operations. That is true for Lottery operators all around the world. Lottery's business model and governance structure obligates it to comply with the agendas of

political stakeholders, with a higher standard of security and integrity, and to not engage in the kinds of business practices of the Health Lottery and Lottoland. Lotteries all around the world have always faced a multitude of challenges with ingenuity, resourcefulness, and resolve. But they still need protection from illegality.

Setting *New Directions* for itself, forging new pathways for the kind of genuine innovation that enhances real value to the consumer, is what Lottery has always been good at. As editor of the European Association Digital News Magazine, I will be writing the synopsis of *New Directions* for the EL NEWS which will be posted on european-lotteries.org in the middle of September.

Next up in July is the **NASPL Professional Development Seminar** in Nashville, TN. There are simultaneous tracks of working sessions that focus on different business areas like Marketing, Accounting, IT and Security, Public Relations, Game Development, etc. Then, NASPL proposes to *Shift Your Game* in September at its big annual conference/trade show, this year being

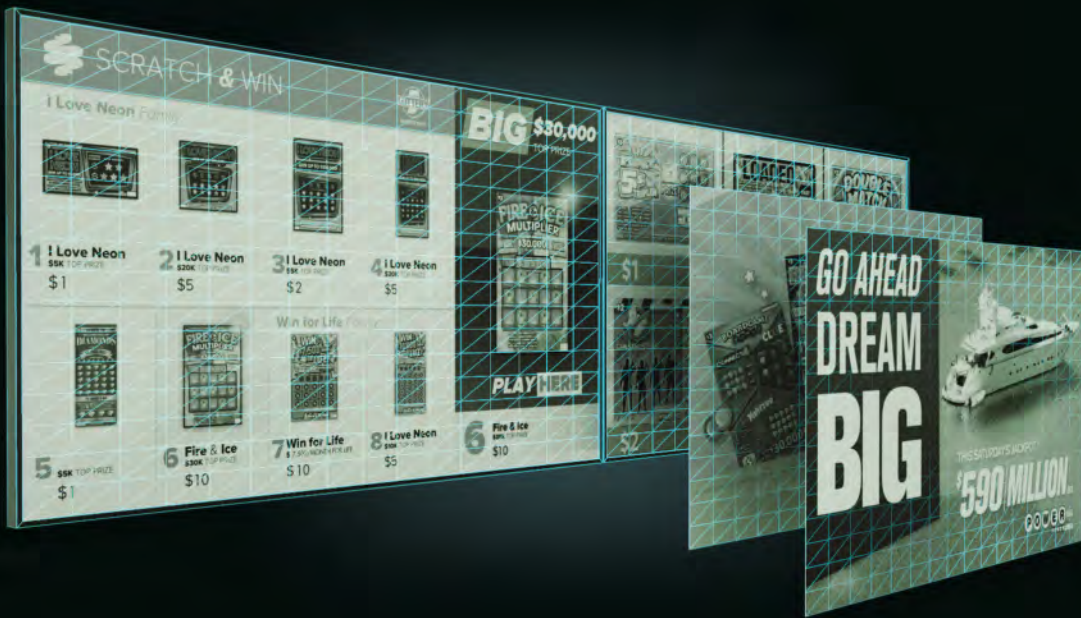
held in Portland Oregon.

Thank you to our interviewees and all of our editorial contributors for sharing your ideas and insights. Your articles make this a special issue of PGRI Magazine. I appreciate your efforts and know our readers will too.

Lastly, we hope to see you at **PGRI's Lottery Expo Atlanta**. PGRI is collaborating with the team at Georgia Lottery to produce a uniquely fabulous conference experience! So, mark your calendars for October 25 to 27 to join us at the Grand Hyatt Buckhead for this special event. Visit PublicGaming.org for conference info, updates, and registration and room reservations. ■

"Flux is not a good thing for an industry which depends on stability, consistency, unambiguous regulatory laws, and effective enforcement of those laws that prohibit illegal gambling operations."

**Paul Jason, Publisher
Public Gaming International Magazine**



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Women's Initiative In Lottery Leadership (WILL) Meets At The EL Congress Krakow

Stay Tuned For The Next Event!

Women's Initiative in Lottery Leadership is moving forward, gaining traction and participation, and starting to take shape. There was a fabulous reception, organized by Française des Jeux (FDJ) and sponsored by the EL Association, at the EL Congress in Krakow on June 6. Attended by 60+ women and men who support the mission of WILL, the reception was a wonderful opportunity for making connections and forging an exciting and ambitious future for WILL. The specific agenda, details of implementation, and governance structure of WILL continues to be discussed. Spearheaded by Rebecca Hargrove (CEO of the Tennessee Lottery Corporation and Senior V.P. of the World Lottery Association) and Stéphane Pallez (CEO of Française des Jeux and member of the Executive Committees of the EL and WLA Associations), WILL is enlisting the support and input that will form the basis for a dynamic and impactful global enterprise.

Ms. Hargrove and Ms. Pallez addressed the gathering of enthusiastic participants ...

Ms. Hargrove: "What an inspiration it is to be a part of WILL and to be here with you today, surrounded by female CEO's and future CEO's of this industry. Our industry faces some big challenges as well as incredible opportunities in the years to come. Unlocking the brain-trust and full capabilities of all, including women, and

smoothing a path for their contributions to be recognized and rewarded, is the best strategy I know to drive this industry to be the most exciting success story of the future. Let's hit the ground running, never look back, and leverage this unique collaboration to make it happen. It is my goal for WILL to be an instrument of personal growth and development for women in our industry to help them be the very best they can be."

Ms. Pallez: "I see we have a lot of amazing people along with many female CEOs and I thank you for being here today. We feel that women leadership represents a valuable asset to continue developing our companies to be the best. Many talented women are working in lotteries, and diversity is a key policy objective that a company should put forward for people to work together in the best possible way. This first networking event enables us to discuss and further clarify the needs and objectives of WILL, and how we can all work together to accomplish them. We are here to connect with each other to share the best ideas that contribute to the continued excellence of the Lottery world."

Following are a few of the photos from the WILL reception at EL Congress Krakow.



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**Scientific Games has been internationally recognized as “Lottery Supplier of the Year”
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Recognition is always nice. Being recognized three years in row? That’s downright humbling. We were honored to be named “Lottery Supplier of the Year” for the third straight year at 2017 ICE Totally Gaming. The awards summary said it best: “No other company rivals Scientific Games in the lottery supplier space. On the interactive side of things, it has put blue space between itself and the likes of IGT and Intralot. For the third year in a row Scientific Games is the clear winner.”

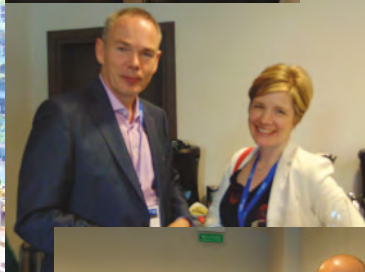
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Women's Initiative in Lottery Leadership

Continued



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Alice GARLAND

Executive Director, North Carolina Education Lottery

On Getting Positive Press And Support From The General Media

PGRI Introduction:

I noticed that press releases about the winners of the North Carolina Education Lottery get published almost every day. So I wondered how the Education Lottery gets winners to be willing to step forward, acknowledge their good fortune, and be outspoken advocates for Lottery. Here is their story which is all about creating a story ... shaping personal and newsworthy back-stories to the lottery-playing experience.



Paul Jason:

What does the N.C. Education Lottery do to garner so much positive press and support from the general media?

Alice Garland:

We weren't always successful in getting the kind of coverage we have now. That frustrated us because we knew our winners had great stories to tell and we wanted to provide them with the platform to share those stories.

Every two years we have a comprehensive performance audit to measure our processes against best-practices and help us identify opportunities to improve. In our 2010 performance audit we asked consultant Herb

Delehanty to look at how we can proactively improve our community relations with the goal of generating more media coverage. It was a very deliberate and concerted effort on our part to formulate a strategy to engage the media and tell the story of Lottery and its winners. We learned that we were issuing too many press releases, and that the weekly list of winners was impersonal and therefore not particularly newsworthy. Our press releases were more about the number of winners and how much money they won rather than about the individual stories - who they are and how winning the lottery changes their lives.

Additionally, we decided to focus more on local media than statewide media. Apart from our two biggest cities of Charlotte and Raleigh and a handful of other smaller cities, North Carolina is still largely a rural state. \$100,000 is a lot of money for anyone to win, no matter where you live. But it is not necessarily a big enough story to capture the imagination of a state-wide audience. It's different in small towns where a \$100,000 win is huge and a very exciting local story. That may be the kind of insight that seems obvious once it is pointed out, but we were not acting on that like we are now.

It is always fun to talk with winners whose lives have just taken a major turn for the better. But it's much more than that. These are real people with personal and compelling stories to share.

The result is that there is a great story almost every single day.

Alice Garland:

Yes. This grassroots strategy to elicit the personal stories of the winners and to focus on local media to deliver those stories has served us well. The story angle is all about the person. The media find the stories newsworthy and we feel they resonate with readers and viewers who cares more about people than numbers. That's why each media release is about one winner and never multiple winners. We try to capture what's unique about the winner's story and have found that there are more great stories than we could have imagined. Many of the stories have some humor in them or an unusual twist. Others typically convey an underlying theme or message for our players. Frequently, for instance, the purchase of the lottery ticket was a last-minute moment of spontaneity, or the shopper had \$5 left over after a purchase and as an after-thought just said, "Oh why don't you give me a Mega Bucks ticket." And their stories about the challenges they are overcoming in their lives and what they intend to do with their winnings are always a big audience-pleaser.

You might be wondering ... these stories are all variations of a theme which everyone has already heard before, probably many times before. How can these winner stories continue to capture attention and be interesting to a general audience? It's true that

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similar themes and aspirations do course through all the stories. But it doesn't matter because each individual turns it into his or her own unique theme, his or her own aspiration. And the reader and general audience do the same. Even though we have heard it before, it takes on a new life when we hear it applied to a new person, and we are happy to embrace the opportunity again and again to imagine the same experience happening to us.

Think of the thousands of movies that have been produced. The truth is they are all based on a surprisingly limited number of plots or story angles. The story of Lottery, like the plot of a movie, unlocks the imagination to create a positive state of mind. Who doesn't relate to the winners' stories about their ambitions to start their own business, renovate the house, send their kids to college, help their parents, have the big wedding that they would not be able to afford without winning the lottery. Now imagine that person being someone who lives just a few miles away across town. Reading about your neighbor who is now able to do these things is inspiring. No matter how often we hear stories of good fortune that changes a person's life, we can't help but relate the story to our own life and imagine how it would be changed by winning the lottery. And isn't that what all of our messaging is intended to do?

How does it work exactly – the winner comes in to claim their prize, and then ...?

Alice Garland:

Two ways. Winners of the smaller prizes, under \$100,000, claim at a regional office. There, our claims center staff will assist the winners in filling out a questionnaire and taking a photo. Those questionnaires are emailed to our communications team who will mine them for good stories that could be used in a media release or social media post. The big winners, \$100,000 or more, all come to headquarters. After the claim is validated, then our communications team meets the winner in person to conduct an interview and photograph or videotape the winner. We are searching for the unique story angle of the win. In terms of publicity, we strive to balance the public nature of winning the lottery with an individual's wishes for privacy as much as possible. We

don't require someone to pose for a photo or do a videotaped interview, but we find that there are plenty of winners who don't mind sharing their stories of good luck. So the balancing seems to work out over time.

It is rare for us now to send a winner's story out to statewide media. We send multiple press releases almost every week, but it is to the local and regional media. Key to the process is to capture the spirit of the story with an attention-getting headline. The

it is important to constantly improve and evolve with the market and expectations of the media. And the process applies not just to creating a great headline and story. It begins when the winner walks in to make his or her claim. How do we smooth the path for the winner to open up and talk with us? How do we get a great quote from the winner? How can we modify the questionnaires to appeal to the winner to give us a great story?

“This grassroots strategy to elicit the personal stories of the winners and to focus on local media to deliver those stories has served us well. The story angle is all about the person. The media find the stories newsworthy and we feel they resonate with readers and viewers who care more about people than numbers.”

local media wants to publish stories that appeal to their audience. So the goal of creating a great story with a newsworthy headline that causes the media to publish it is really synonymous with the goal of creating stories that appeal to the audience. We began this approach six years ago and we continue to fine-tune it. Getting the headline and the tone of the story right is an art, but there is also a science to studying what works and what needs to be improved in our media relations.

What percentage of the press releases end up getting published?

Alice Garland:

It is important that it be a very high percentage - not because it is hard for us to create press releases but because we want the media to look favorably on our press releases when they do receive them and have a positive expectation that it will be newsworthy. Likewise, for the same reason, we are very selective in what we try to get covered in the major markets.

Too, it is an ongoing process of analyzing what the media picks up and what they don't. After six years of doing this, it is mostly tweaking a process that works. But

Sometimes the stories we create for local markets get picked up by others or even the national AP. We do not plan for that. We just try to do great stories and sometimes they are good enough to get wider distribution so that's just a bonus play for the Lottery.

Does providing the media with positive stories cause the media to be less inclined to publish negative stories?

Alice Garland:

No. But over time getting more positive stories about our winners will help offset the impact of any negative stories that occur. We have seen a decisive change over the last six years. Before, the coverage skewed neutral at best and at times turned negative, especially since much of the coverage involved political debates over the lottery or lottery policies. It's not that the media dislike state lotteries, but news just too often is where the controversy or debate is. We will always have those stories. But good winner stories are as hard to ignore as hero stories are. People do care about the lottery. Readers like seeing stories about folks who get lucky and how their good luck will change their year or their lives. Now that everyone is measuring how many hits their stories get, the media can see for themselves how popular good

Continued on p 56



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David BARDEN

Chief Executive Officer, New Mexico Lottery Authority

On Ensuring Lottery Stakeholders Are Properly Informed - Professionalizing The Messaging Process



PGRI Introduction: The games-of-chance marketplace is exploding with new gaming options, venues and channels of distribution. Other gaming sectors hire lobbyists and make campaign contributions that give them a political voice. A lottery needs to develop its own game plan to exercise political influence, or at least make sure legislators are fully informed. Developing a library of white papers that address the issues in a comprehensive and professional manner would enable the kind of widespread exposure that the story of Lottery needs.

Paul Jason:

How do legislators get informed about the gambling regulatory issues they are voting on?

David Barden:

DFS and many of the casinos employ full time lobbyists. As a state Lottery director, I am the principal person who represents the interests of Lottery at the state capital. Of course, there are many legislators who support the lottery, and we very much appreciate that support. But when it comes to providing information to help legislators become fully informed about lottery issues, that task is mostly left to my office. Like

many other lottery directors, we do not have the time, money, or resources to compete with the high-powered legal teams which represent other gaming interests. I am also very constrained in the manner and methods of advocating the Lottery's interest.

Lotteries can't hire lobbyists which leaves it up to the lottery director to defend the interests of lottery stakeholders in the state capital.

David Barden:

That's why we need to work together as an industry to create a resource center, something that all lotteries can draw upon in order to help us communicate to our constituents in the legislature. We all face similar challenges, similar political issues. Pooling our resources to create a library of professional white papers that address these issues would overcome three problems. First, most lottery directors do not have adequate time to write white papers addressing political and regulatory issues. Second, because of inadequate resources, many lotteries do not have access to professional consultants and research analysts who could effectively synthesize all the research, data, and materials. Third, as lottery directors may be viewed as biased by their local legislatures, data from a credible

source perceived as more impartial might be better received. A central repository of facts, data, and experience of other lotteries would significantly benefit all lotteries.

For instance, the resource center could provide a white paper documenting the

“We need to work together as an industry to create a resource center, something that all lotteries can draw on to help us communicate to our constituents in the legislature. “

results of flexibility in managing prize-payout percentages, thereby enabling a lottery to increase net funds transferred to the beneficiary. Or, with iLottery, the facts make it crystal clear that a thoughtful strategy to integrate online sales into the channel mix not only does not cannibalize land-based retail sales, but rather augments and supports retail sales. But how many legislators currently know that?

We also need to realize that legislators must be able to defend their positions. If NACS “attacks” a legislator for supporting iLottery, the legislator must have the tools—information in the form of facts and data—to explain his or her support of iLottery to legislative colleagues.

Facts and data sourced from the lottery won't always enjoy the same level of credibility as a white paper professionally prepared by an outside consultant, perhaps commissioned by NASPL.

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And if we do not provide information from a credible source to explain the facts, then others, like NACS and casino lobbyists, will do that for us but with their own alternative facts.

David Barden:

Or the legislators' staffs will gather the information themselves and obtain inaccurate or misleading information from sources that may be biased. The legislator won't ever realize that the information is inaccurate. Or the legislator will draw comparisons between states that operate under quite different circumstances – different gaming cultures, different stages of market development, different regulatory frameworks, different contractual relationships with their vendors, etc. These biased sources use one or two data points to support their position which lacks the complete picture or any analyses that provide context and true understanding.

It is not difficult for our adversaries to create a compelling story based on data and facts curated to support practically any position they want. So we need to be the ones to provide the complete story which will ultimately sell itself as it is based on a comprehensive organization of the real facts, data, and intelligent analyses.

The flagrant untruths and alternative facts propagated by NACS is astonishing. It is hard to imagine anyone believing it, but then we see statements by legislators saying that the technology is not available to geographically restrict the sale of online products.

David Barden:

That's it. The facts are all on our side and we just need to publish and disseminate them, ensuring that everyone has access so legislators can't make those erroneous statements without appearing to be uninformed.

At a recent PGRI Smart-Tech NYC conference, I took a photo of the last slide of the Robert Tercek presentation. The slide shows how the cell phone has become the hub of every aspect of modern life. Every time I appear before the legislature, I hold my mobile phone up with that screen shot and say this slide illustrates why this device is the future. The Mobile has become the singular device that connects consumers to each other, to informational resources, to merchants of goods and services, to banking services, to entertainment, and to the world in general. Some legislatures have authorized their

lotteries to sell online with positive outcomes for everyone including retailers. We all need to be there.

A legislator might protest that we don't even necessarily want our Lottery to produce double-digit growth. But in the current environment of countless recreational gaming alternatives to Lottery, it's no longer a matter of driving growth. It is a matter of survival, of business viability.

“The facts are all on our side and we just need to publish and disseminate them, ensuring that everyone has access.”

D. Barden:

Everything the consumer does is convenience-driven. A consumer-oriented business like a lottery simply must align itself with the behavior of the modern consumer, the modern shopper. Providing easy and convenient access to a product is now the price of entry, a necessity for any business to build a sustainable future.

Additionally, legislative bodies are risk-averse. Change by definition means the creation of a possibility that something could go wrong. Legislators want to avoid creating that possibility. But change is inevitable, growth is optional. We can be the ones who shape the future, or we can let others shape it for us.

When I first came to New Mexico almost four years ago, I gave a presentation to the legislature about some basic ideas for improving the Lottery. I knew enough to not hit them with anything too dramatic. Even so, my talk about change was not well received. A large number said they liked the Lottery just the way it was and saw no reason to change anything. Of course, since then I have nurtured many great relationships with our legislators and the Governor's office as well. My stakeholders are beginning to understand that 30% of \$1 million is less than 27% of \$2 million, and have been receptive to many changes that I have recommended. They may not agree with all my proposals, but they do hear me out and give

thoughtful consideration to new ideas. But a white paper resource library would assist me in explaining these ideas, back proposals up with facts, and illustrate why the initiatives would prove sound for the New Mexico Lottery.

We especially need to have the informational resources to overcome the opposition from NACS.

D. Barden:

Now that Michigan and Georgia have been online for a couple years, we will have some empirical data from U.S. lotteries. There is an abundance of historical data from Europe, Canada and Australia showing how retail sales increase right alongside of online sales. And that is certainly relevant. It will just be a lot more compelling once we have some data based on the U.S. experience. We really need to organize that into a persuasive white paper for other states to bring to our respective state legislators.

Another whitepaper topic would include the case for preserving states' rights to regulate and tax gambling. I am aware of the industry's effort to inform legislators in the nation's capital about the reasons for supporting states' authority to regulate gambling and lotteries. But we need more of a grassroots effort that engages all the movers and shakers in the state capitals. They are the ones who can defend the interests of their own states. Our state legislators, governor's office, and attorneys general need the informational tools to make their case at the federal level. Sheldon Adelson is spending millions to convince federal legislators to interfere with those rights. We need to inform everyone at the state level of the implications of that effort, and equip our advocates to plead their case, our case, with their colleagues and the legislators in Washington D.C.

And we need this to be organized into white papers that can be pulled off the shelf and handed to our political constituents, and general media insofar as they might care about the facts.

D. Barden:

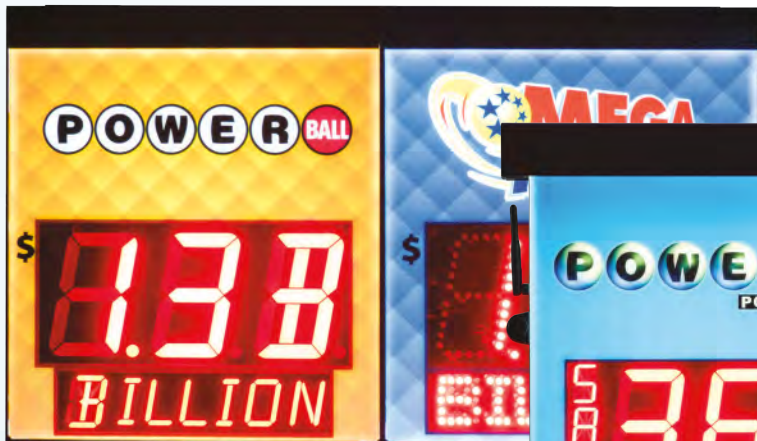
Legislators do care about their lotteries. They do care about the beneficiaries the lotteries support. We just need to provide legislators with the documentation and infor

Continued on page 47



Total Signage Solution

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Modulex 2.0 Jackpot sign with "B" digit and MILLION/BILLION display



Modulex Jackpot sign with D.O.D. and MILLION/BILLION display

Preparing for the Billion-Dollar Jackpot Draw Day!

The programmable "MILLION TO BILLION" display is offered in the new and exclusive, Print-Like DOT-Free LED font style. As a free upgrade feature, Pro-Lite also offers the big "B" jackpot digit that enhances the Billion dollar indication and is also highly visible from a far distance. In addition, according to our lottery customers, ticket sales spike on the day prior to the draw day and on the day of drawing (D.O.D). Pro-Lite's D.O.D display feature indicates the actual day of drawing and with it, along with its animation features, help you connect with customers and drive more sales.



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Innovative Games And Marketing Campaigns That Stretch The Budget



Tracey Cohen
Interim Executive Director
of the DC Lottery



Featuring the Community-Focused “Neighborhoods” and “You Decide” games and the outside the box marketing tactics of the DC Lottery



Building Affiliation With The Local Community Of Lottery Players

Beyond the national monuments, Washington, DC has a culture all its own. Whether you're rooting for the home team at Nats Park, exercising the right of civic participation, or grooving to go-go music at a local park, we understand how important the District's culture is to Washingtonians—new and native. At the DC Lottery, we want our products and promotions to feel 'homegrown' and generate that same sense of pride; that same sense of excitement.

I am a big fan of our homegrown tickets. They celebrate the unique character of the District. We had record successes the baseball-themed Racing Presidents scratcher; the Chuck Brown scratcher, homage to local legend and 'Godfather of Go-Go' Chuck Brown; and the You Decide scratcher, released during an election year in a highly political town.

Building on those feats, the DC Lottery is now poised to launch the much anticipated Neighborhoods scratcher, highlighting a select number of neighborhoods in the District. Quick history lesson: the District of Columbia was originally carved from land originally belonging to the states of Maryland and Virginia. Basically landlocked and less than 70 square miles in size, there are well over 100 different unique neighborhoods in the District of Columbia.

Traveling through the city—as I regularly do—you get a sense of the unique character of each of the city's neighborhoods. Washingtonians are very proud of where they live and we want to celebrate that. But, for practical reasons, we just couldn't do them all. We were able to identify 12 neighborhoods that cover all

eight of the District's wards, and all four quadrants to showcase in our first run of the Neighborhoods ticket. With beautiful artwork and a lush color palette, each ticket visually captures the iconic beauty of its associated neighborhood. For example—Anacostia, the neighborhood that is home to the DC Lottery's headquarters, this ticket features The Big Chair. Yes, it literally is a big chair. Now, a neighborhood landmark, it was originally a marketing feature of a bygone furniture store. The Capitol Hill ticket displays the classic row houses representative of that neighborhood. Through the artwork, we endeavored to convey that 'special something' about each of the featured neighborhoods.

While we want to draw the player in with the face of the ticket, ultimately we are in the lottery business and we know players want to win cash. The \$10 Neighborhoods ticket utilizes a KNM playstyle, has more than \$1.5 million in total cash prizes available, and two top prizes of \$100,000. The Second Chance contest associated with this ticket will give players the opportunity to win \$25,000 that could be put toward rent or utilities for a year. That designated winner would have the option of accepting the prize or decline and have all of their entries put toward the \$500,000 grand prize that could be used to purchase a home in the District of Columbia.

The Second Chance experience associated with this ticket is an encounter all its own. On the second chance website, players are provided play boards where they can collect all twelve neighborhood scenes. While each ticket submitted represents an entry for the \$500,000 prize, each completed play board represents one entry into the pool to win the \$25,000 prize.

As mentioned earlier, this first run of Neighborhood tickets will only feature 12 neighborhoods. On the Second Chance site, players will also be able to nominate their neighborhood of choice to be considered for inclusion in a second print run scheduled for the late this year. The top six neighborhoods

receiving the most votes will have scratchers produced. We want to promote community and our love for the District and hope that the novelty and focus of the Neighborhoods game will attract new players and reinforce the loyalty of our core players.

Players will also have the opportunity to showcase their point of view with #ShowYourDC, an Instagram-driven campaign that encourages players to submit photographs of what they appreciate about the District's culture and how they enjoy it in its many iterations. The campaign will be supported by a 60-second TV spot.

Four quadrants of Washington DC are featured in the first run of the DC Lottery Neighborhoods tickets, include Capitol Hill, U Street, Anacostia, and Georgetown



All lotteries have wonderfully creative campaigns that appeal to the unique culture of their markets. We consider the Neighborhoods ticket and its associated elements to be our love letter to the District.

Engaging the Player in the Process of Game Design

The Neighborhoods ticket offers a wealth of player engagement. The importance of this aspect of game design was crystallized for us with the You Decide scratcher introduced in 2016 during the presidential campaign. With this ticket, players had the opportunity to determine the outcome of the pool of \$201,600 available with the Second Chance contest associated with this ticket. By vote, players were asked to determine whether one player would take all; 10 players would win \$20,016; or if 100 players would win \$2,106.

We thought there might be some reaction to the redesign of the Second Chance contest. There was, and it was overwhelmingly positive! As the team began to tease out the tickets elements including the Second Chance feature—sales momentum, enthusiasm and the positive feedback cycle took flight.

Ultimately, players chose to share the pot among 10 winners. The win for us was

understanding that inviting the player to contribute to game design and prize structure reinforces the bond that the Lottery has with the player and promotes a whole new level of interaction with the audience.

Stretching the Advertising and Promotional Budget

Our marketing budget is limited such that we do not have the resources to give all the games the kind of exposure we might like. Our method of addressing this issue is to identify 'spotlight' games. These are a small inventory

“We value the partnerships we have with local media partners, and look for creative ways to generate ‘win-win’ opportunities.”

of games with strong earning potential. For these, we allocate the appropriate marketing resources to elevate these titles to a higher profile and higher likelihood of success. The DC Lottery is sandwiched between to goliath state lotteries. Our high profile campaigns serve as 'breakthrough' moments, conferring

brand value and recognition that will have lasting impact on all the games. For these premium campaigns we bring all of our available marketing resources to bear: television, radio, and provide the mass media platform that ensures visibility and sales.

We are keen to utilize in-house resources to engage players in organic settings that make the lottery a personal experience. The Official DC Lottery Store at Union Station is our flagship store and popular backdrop for our high profile product promotion events. In addition to our regularly occurring in-store promotions at our various retailer locations throughout the city, we also enlist the assistance of the Lucky Lottery Mobile. Literally a retailer on wheels, the Lucky Lottery Mobile is a popular lunchtime feature along business corridors, at community festivals, and other events enabling the DC Lottery to roll up and roll out sales.

We value the partnerships we have with local media partners, and look for creative ways to generate 'win-win' opportunities. One example would be our recently launched MAJIC 102.3 scratcher. This ticket commemorates the 30th anniversary of our long-time radio associate, WMMJ. This station is very popular among our core players and the ticket seemed a natural evolution of our partnership. The radio station feels equal ownership of the product, prompting their investment in its success. In return for production of the ticket, WMMJ promotes to their listeners at no cost. And, not just airtime, also at marketing events. Everyone benefits: the station gets a one-of-a-kind lottery game, the DC Lottery receives a wealth of media to support the ticket, and players get to enjoy the winning combination of their favorite lottery and favorite radio station.

The prospect of reshaping the way we collaborate with other brands and media partners represents a huge potential. As we search for innovative ways to engage core players and invite new ones, all lotteries are challenged to be even more creative in our approach. The lottery industry has transformed in ways hardly imaginable a generation ago. With increased technology and conceivable partnerships—we are, I think, in the midst of a pivotal era in our evolutionary process. The possibilities are endless! ■



Go to PGRITalks.com to view the DC Lottery promotional video featuring the people and neighborhoods of Washington DC

PGRI

LOTTERY EXPO

2 0 1 7



**In the 20th Century, growth was based on product launches.
In the 21st century, digitalization has become the driver.**

For conference registration, updates, and hotel registration,
visit PublicGaming.org

Digitalization is the unifying principle for industry leaders to transform business process, CRM, retailer support, the in-store shopping/player experience, and the integration of media, POS and all consumer touch-points into a harmonious omni-channel business model. The modern consumer expects nothing less, the competitive environment is changing rapidly to meet those expectations, and Lottery is moving quickly to lead the charge.

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 visionary leadership to show us the way.

PGRI's collaboration with the Georgia Lottery promises to be a special event. Lottery Expo 2017 will feature presentations on the forward-leaning initiatives that are making a difference today. Mark your calendars now for October 25, 26, and 27 for Buckhead, Atlanta. Visit PublicGaming.org for updates and conference info.

**LOTTERY EXPO
2017
OCTOBER 25-27
GRAND HYATT
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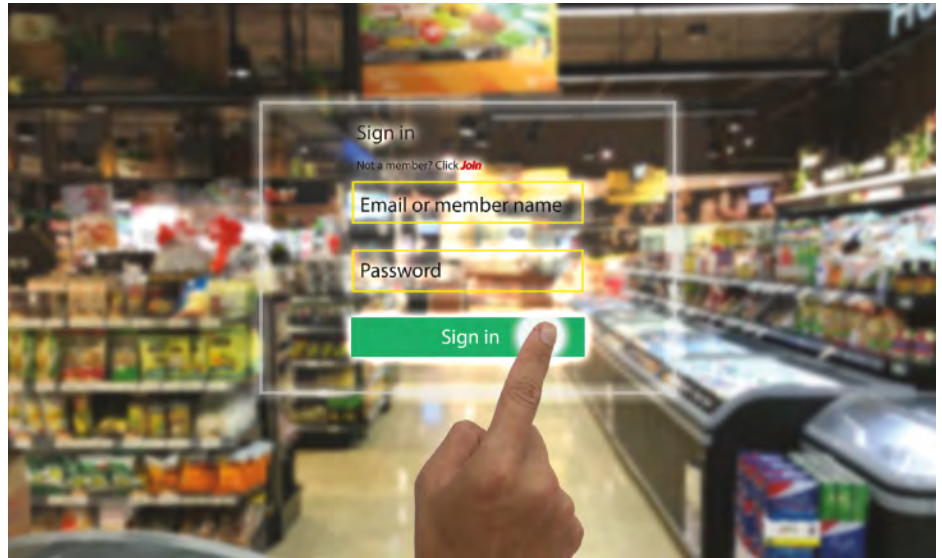


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For conference information and updates, please stay tuned to our news website PublicGaming.com and conference website PublicGaming.org. E-mail Paul Jason at pjason@publicgaming.com or call at (U.S.) +1 (425) 449-3000. View video recorded presentations at PGRITalks.com.

Disruption at Retail: Amazon Acquisition of Whole Foods

Lee Stuart, Management Consultant and Editorial Contributor for PGRI



After 23 years and trillions of clicks, Amazon has spent billions of dollars on millions of bricks. What could be more symbolic of the integration of the retail and online market-place?

Amazon, a pioneer of e-tailing when it launched operations in 1994, in June announced its intention to acquire Whole Foods, the 460-store grocery chain known for its commitment to clean and sustainable food production and for its coveted real estate locations in upscale neighborhoods. The deal, which has not been finalized, is worth nearly \$14 billion.

Analysts are looking well beyond the superficialities of the deal, which expands the Amazon portfolio to include a significant new business category and a respected

brand name. They believe the acquisition is far more strategic than a straightforward capital investment and that it has long-term implications for the future of retail. Changes in the retail and online shopping experience will drive changes in consumer behavior and expectations. The impacts on all consumer-facing businesses, including Lottery, are likely to be dramatic.

A Synergistic Move

Amazon may use the Whole Foods store network as customer pick-up centers for on-line orders of non-grocery products (e.g. books, toys, clothing, and other categories that rank high in Amazon's e-tailing business). Amazon already offers this service model in many cities by installing lockers

at 7-Eleven and other retailers. Amazon can employ its sophisticated automation technologies and the Whole Foods customer database to drive traffic into the grocery stores for high-demand, high-margin, cross-promoted products. For example,

a customer who buys fresh fruit at Whole Foods might be offered a deal on a blender from Amazon's inventory. Or someone who buys energy bars at Whole Foods and paper towels from Amazon might be offered the items in a single shipment, delivered to their doorstep. Amazon's core competency may include online marketing. But it clearly includes AI, machine-learning, and most of all, CRM. Amazon's incomparable data-base of customer information and shopping behaviors will now be leveraged into all varieties of distributional channels. The competitive differentiator will not be its merchandising skills. It will be its knowledge of the customer. Make that plural, estimated by BusinessInsider to be nearing 100 million. Amazon's Customer Relationship Management program combined with a

“What would happen if rogue operator Lottoland were to collaborate with Amazon? Maybe the community of government-operated lotteries should try to get there first?”



3,000

RETAILERS TRAINED

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

Developed in conjunction with retail and convenience store experts, retailers that have implemented our SalesMaker program have seen an average increase of over 15% in sales.

That's because our SalesMaker program goes beyond just merchandising and product placement to include training and education backed by real numbers and real results.



Because Real Counts

ENHANCING LOTTERY Retailer Relationships

Sales Force Automation is No Longer Enough

Retail stores operate in a fiercely competitive marketplace.

They face flat year-over-year total sales, stagnant or even decreasing foot traffic – and increasing price sensitivity that has diminished consumer loyalty to any specific brand. These challenges, however, have created a prime opportunity for lotteries to collaborate with retailers on a higher level, armed with more intelligent automation tools and data insights.

Through a recent acquisition of Lapis Software Associates, Scientific Games has extended its suite of value-added software tools to include the *gem | Intelligence*® and *gem | Retailer*™ products for lotteries to foster a whole new level of collaboration with retailers. To create this kind of relationship, simply automating sales reps' tasks is no longer enough. It's now all about using data more intelligently, and streamlining the retailer lifecycle.

“Scientific Games has been the industry leader in maximizing retail performance for our customers. The acquisition of Lapis Software Associates expands our suite of value-added retail products, and positions our offerings to be the most agile and comprehensive set of tools for lotteries and retailers in improving performance. The *gem* products are consistent with our service-oriented approach that enables us to seamlessly integrate with all gaming systems platforms for both our instant product and systems customers,” says Pat McHugh, Scientific Games' Senior Vice President, Global Lottery Systems.

“Using data and discrete automation tools to focus on specific areas for improved retail performance not only increases revenues and profits, but can also provide a new foundation to build a stronger retailer relationship,” explains





Adam Shapiro, Software Development Director at Scientific Games and the chief architect of the *gem* product suite.

Start at the Beginning

A more productive retailer relationship starts with improving the end-to-end relationship so it is easier to do business with your lottery, and your retail interactions are more valuable. For most retailers, the process of applying, licensing, on-boarding and managing the lottery relationship is paper intensive, tedious and fragmented. From a lottery's perspective, paper-based licensing processes and multiple manual labor steps can result in a significant delay to get new retailers up and selling.

"While most standard Sales Force Automation apps have automation for recruiting, imagine a more integrated and streamlined process that links an easy-to-use retailer application on the lottery website directly to the right sales rep for an automated process," says Shapiro about the benefits of *gem | Intelligence* and *gem | Retailer*.

"With user-configurable workflows, alerts and an integrated process, retailers can experience a faster and more efficient licensing process while lotteries streamline their internal processes," he explains. "Most importantly, new retail locations can begin selling lottery products sooner."

Training retail staff also becomes even faster and easier with a library of short training videos accessible via any browser-based device.

Together, these improvements to the retailer relationship offer measurable benefits. Simply calculating the impact of having all your new retailers selling a month sooner over the course of a fiscal year underscores the value of enhancing this first phase of the retailer lifecycle.

Communications at the Speed of Retail

The next area of improvement is communications. Lottery sales reps and retailers are increasingly using web applications that are highly graphical, intuitive and more efficient. And they expect the same from the applications they use for lottery business. Text-oriented lists with multiple menus can get

Streamlining the Retailer Lifecycle

Improve the speed and quality of lottery-retailer communications - from in-person visits and inside sales calls to corporate chain presentations.

Leverage personalization and localization to recommend ways lotteries can turn better understanding of player behavior into an advantage for their retailers. This is an especially unique opportunity, as more than half of convenience store visits are within six miles of the consumer's home or office.

Zero in on the most important trends for improved player engagement and turn business intelligence (BI) into actionable retail intelligence (RI).

“Chains are a critical part of our retail footprint, so being able to provide detailed current information in highly graphical presentations is exactly what our retail partners want. This positions us to focus on the mutual opportunities for growth. The best part is how easy retail intelligence tools are for our reps to use at any time with current sales information.”

Amy Jaeger, State Sales Manager
Minnesota State Lottery

confusing and take longer to navigate. The solution: simpler screens designed specifically for retailer consumption. This helps move from basic Sales Force Automation to a higher level of retailer collaboration because key insights and opportunities for growth are easier to see and faster to understand.

Retailer-facing screen design offers a greater degree of personalization for each retailer and simpler, more attractive dashboards. This makes it just as easy to view and consume important real-time lottery sales information as it is to check a personal social media feed. Sales calls are faster, communication more effective, and the increased focus on actions that improve retail performance is a win-win.

Another area for building on an improved relationship with a more efficient retailer-lottery lifecycle is the use of integrated communications tools, including email campaigns and other messaging.

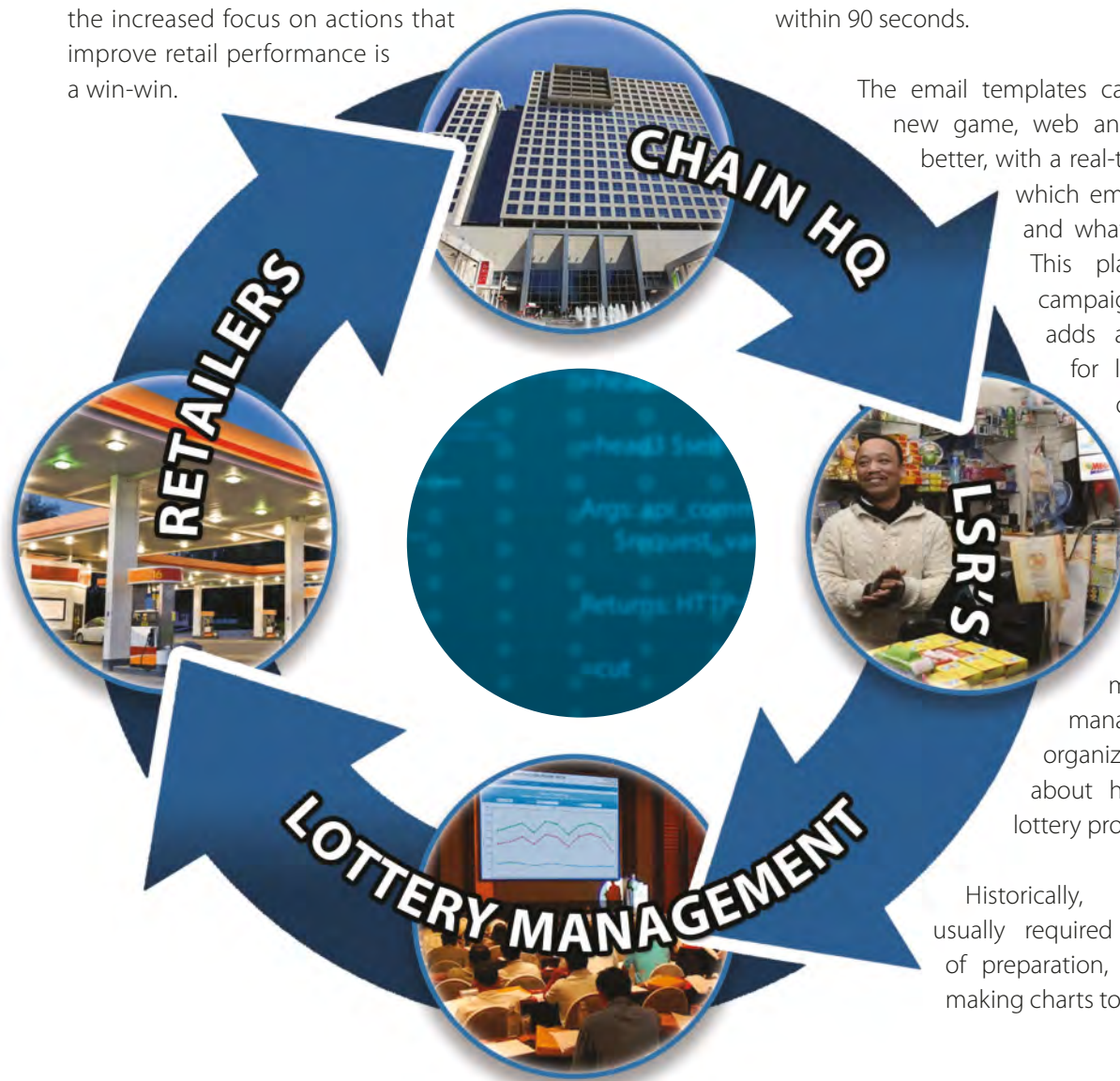
While sales reps will continue to visit in-person, and inside sales will make regular phone calls to check on inventory, adding the power of immediate electronic communications is the next threshold of improving the retailer-lottery relationship. Imagine receiving automatic alerts for every retailer that has not yet activated a pack of the hottest new instant game. Lotteries can have the tools to create and send a customized email campaign within 90 seconds.

The email templates can include graphics of the new game, web and social media links. Even better, with a real-time dashboard you can see which emails were received, opened, and what other actions were taken. This platform to execute email campaigns within *gem | Intelligence* adds a new level of efficiency for lotteries and an additional direct channel for lottery-retailer communications.

More Effective Chain Store Presentations

When a lottery sales team earns the opportunity to meet with corporate chain managers, the chain expects an organized, fact-based discussion about how to grow sales in the lottery product category.

Historically, these meetings have usually required a labor-intensive process of preparation, running sales reports and making charts to create a custom PowerPoint



presentation for the corporate chain. But what about being prepared for an unexpected meeting, or having the right presentation to answer questions asked by different chain managers?

Now, lottery reps can click a button and access a library of highly-graphical presentations showing a wide range of sales comparisons in various chart displays, all automatically fed by the latest sales data through *gem | Intelligence*.

The Minnesota State Lottery, which was a pioneer in “intelligent presentations”, has found that arming their sales reps with these capabilities saves time and often achieves a higher level of cooperation.

“Chains are a critical part of our retail footprint, so being able to provide detailed current information in highly graphical presentations is exactly what our retail partners want. This positions us to focus on the mutual opportunities for growth,” says Amy Jaeger, State Sales Manager for the Minnesota State Lottery. “The best part is how easy retail intelligence tools are for our reps to use at any time with current sales information.”

Business Intelligence to Retail Intelligence

Even better, with the ever-increasing wealth of player behavior and retail staff-specific data, lotteries can now leverage this information to help their retailers with more detailed and actionable sales and promotional strategies – down to the store, clerk and time of day.

“With more agile and comprehensive business intelligence platforms in the back office, like *gem | Intelligence* and *gem | Retailer*– coupled with Scientific Games’ growing data source of player behavior across our product lines – we have an unprecedented level of capabilities to help our customers drive new strategies and tactics with their retailers,” says McHugh.

“We call this turning business intelligence into ‘retail intelligence’. It’s an efficient way to use big data, quickly turning it into useful information that can drive retail sales. Big data holds the promise for an exciting future, and discerning meaningful data in actionable ways for results is actually the best way to enable higher retail performance in the future,” he adds.

Perhaps the most exciting value of a more efficient and effective retailer relationship supported by a customizable retailer relationship management application platform is the opportunity to collaborate at a higher level – making lottery products more valuable to retailers than ever before.

Pat McHugh,
Senior Vice President,
Global Lottery Systems
Scientific Games



“We call this turning business intelligence into ‘retail intelligence’. It’s an efficient way to use big data, quickly turning it into useful information that can drive retail sales. Big data holds the promise for an exciting future, and discerning meaningful data in actionable ways for results is actually the best way to enable higher retail performance in the future.”



The Power of MUSL



On Left: Rollo Redburn, MUSL Board President and Executive Director, Oklahoma Lottery;

On Right: Bret Toyne, Executive Director, MUSL



The organization that captured the world's attention with a \$1.6 billion jackpot is getting ready to offer players more opportunities to win BIG and often. After 30 years of assisting lotteries in their operation of multi-jurisdictional lottery games, the Multi-State Lottery Association (MUSL) is preparing to launch a new \$1 draw game and expand its number one brand – Powerball®.

MUSL was established in 1987 by six lotteries that wanted to offer large, multi-jurisdictional grand prizes. The Association has transformed from being the first-of-its-kind structure in the U.S. lottery industry to a nonprofit association that enables multi-billion-dollar lottery game sales by its 36 member lotteries and a cross-sell licensing agreement with the remaining eleven U.S. lotteries. MUSL conducts drawings, performs game research and development, provides central accounting and manages a portfolio of government securities to fund prize payouts. The Association is entirely owned and operated by its member lotteries. An independent staff manages daily operations from cash management and game drawings to security oversight.

MUSL and its 36 member lotteries have a robust agenda planned for Fiscal Year 2018. The lotteries will be busy rolling out several enhancements to popular draw games in addition to operating their own jurisdictional games. Overseeing this evolution of the Association's growth is newly elected MUSL Board President Rollo Redburn, executive director of the Oklahoma Lottery. Among his top priorities, Redburn said he wants to continue the work of previous board presidents to improve communications with industry and business partners, including the Mega Millions Consortium, and to leverage the Powerball brand.

"The Powerball brand is one of the top in the world," said Redburn. "In my opinion, it is absolutely America's Game®."

Redburn succeeds Gary Grief, executive director of the Texas Lottery, as MUSL Board President. The change in leadership comes at a pivotal time as the Association works to advance the Powerball® brand. Since Powerball set the world record jackpot


in January 2016, MUSL has been working to maximize the game's success. Powerball, which celebrated its 25th anniversary in April, is on course for dramatic expansion

In June, the Powerball Game Group approved the \$1 add-on game Powerball® Winner Take All®. The bonus drawing will expand the Powerball brand to four nights a week without a change to the base game or its \$40 million starting jackpot. The new Powerball Winner Take All will have the same matrix as the base game, but the bonus drawing will offer players a pari-mutuel prize structure with a 100 percent prize pool payout being won by the top-matching player(s) in each drawing.

"MUSL is not only enhancing the Powerball® brand and game, it is also streamlining and enhancing how it operates."

"Players will love the idea that someone or several players will win the jackpot amount every draw. The Winner Take All® concept is one that will draw players into the game," said MUSL Board Vice President Alice Garland, executive director of the North Carolina Education Lottery.

Players will have the option of entering a Powerball® Winner Take All® bonus drawing for an additional \$1 after purchasing a Powerball ticket with Power Play®. Powerball Winner Take All sales will go into a separate prize pool, so there is no impact on the regular Powerball jackpot. Not only will the bonus drawing encourage greater player participation in the Power Play feature, it will also give players three different price points for the Powerball game: base play (\$2), base play + Power Play (\$3), and base play + Power Play + Winner Take All (\$4). Powerball® Winner Take All® is scheduled to debut in April 2018.



The INTRALOT global team
would like to congratulate

Montana Lottery

for their 30 years of unwavering commitment
to creating winners and
sustainable social contribution

Modernizing lotteries in a digital world

intralot



Nikos NIKOLAKOPOULOS

Group Chief Operating Officer, INTRALOT SA

Integrating Content Management, Analytics, and CRM to Attract the Modern Consumer

intralot

PGRI Introduction: I met with Nikos Nikolakopoulos at the European Lottery Congress in Krakow, Poland. The theme of this event was Modernization in a Digital World. That involves the integration of the online and land-based channels. More importantly, it involves the creation of a consumer experience that is seamless and easily navigable across all game categories and channels of distribution. The mission of the operators to produce a player experience that attracts and engages the modern consumer in this ever-changing environment. The application of new technologies is a vital part of the picture. My discussion with Mr. Nikolakopoulos, however, focuses on the other piece of the puzzle: Integrating the different functional areas of the business to produce a seamless, easily navigable user interface and player experience.

Paul Jason: *Many of the presentations point at CRM as being the key to integration of the online and off-line channels?*

Nikos Nikolakopoulos:

CRM performs a vital role in the integration of online and land-based channels. Still, that is just one of its functions as

CRM is one of the main components of a Digital Transformation strategy that is now becoming essential for every Lottery trying to leapfrog to the digital era. Customer Relationship Management will be key to the success of any and all businesses in the future. In fact, for consumer-facing businesses, which largely depend on the loyalty of a large customer base, CRM tools fulfill two critical objectives at the same time: first, they provide the input and insights that enable the

“We need to forge a more cooperative and mutually supportive relationship with the retail channel. They truly serve as our face to the customer.”

operator to understand what they must do in order to anticipate the consumers' needs, and deliver the games and promotions that attract them. Second, CRM provides the channels of communication that deliver the messaging and the interactive platform that attract players.

Digitization of the playing experience, off and on-line, is necessary for the implementation of CRM. That is why INTRALOT is focusing on building the tools and systems

to enable Lotteries to execute on the mission-critical objective of digitizing the 360 degree relationship between retailers, players, and operator.

Paul Jason: *Why aren't retailers more focused on developing CRM programs for their own customer base? And couldn't Lottery be the ones who help retailers modernize their systems to do this?*

Nikos Nikolakopoulos: Despite the ongoing discussion about the growing participation of the internet in the lottery business, almost 85% of all lottery games revenues are still generated by land-based retail outlets all around the world.

We are certain that retailer support for our ambitious plans to modernize the lottery playing experience will be increasingly forthcoming as we show them how our various products and initiatives will help them to modernize their own approach towards serving their customers. Lottery can and must carve out a role within the retailers' broader strategic objectives to modernize and compete in a digital market-place.

There is no doubt that, as an industry, we know what we need to do so as to respond to the evolving needs of our consumers. Retailers also know what is necessary to do. So, what is required, is will and resources to do it. The drivers that can unlock the will to make the investment are two.

On the one hand, it needs to be understood that the digitization of our business is not just about growth and optimizing

the business potential. It is primarily about sustainability, about survival. Meeting the needs of the modern consumer is not an option. It is an imperative.

On the other hand, digitization of the player experience helps our retailers evolve, modernize and ultimately improve significantly the experience they aspire to deliver to our increasingly demanding customers. That could very well be the Holy Grail for retailers. Our experience with more than 130,000 retailers all around the world indicates that they would be very receptive to any relevant initiatives, provided that Lotteries lead the way. This is an opportune circumstance, and all of us, Lotteries, operators, retailers, need to make the most of what this dynamic offers; we need to forge a more cooperative and mutually supportive relationship with the channel that truly serves as our face to the customer.

Paul Jason: *Empowering Retailers...*

Nikos Nikolakopoulos: Nowadays, more than any other time in recent years, retailers realize that they need to coexist with online merchants. They also understand that the most effective way in which they can “defend their ground” is by building a sincere, more personal connection with their own customers. However, in a rapidly changing and increasingly demanding landscape, will alone is not enough. We need to provide our retailers with dynamic tools that not only allow them to compete with their on-line competition, but also provide a multiplying effect to their efforts.

INTRALOT’s Pulse is our next generation customer management system. It was developed in order to enable operators to achieve genuine digital transformation of their businesses across channels and verticals. Pulse addresses the needs of the consumer and the retailer concurrently. And that is exactly why it is offered in two distinct versions, interconnected for optimal performance; the Retailer Pulse, a proprietary platform that allows effective and efficient management of every aspect of the retail network, and the Player Pulse, our new flagship CRM product, which was developed in cooperation with Bit8 and focuses on identifying and servicing the needs of our clients.

Player Pulse can be tremendously effective in monitoring our players’ behavior and educating the rest of the digital ecosystems

with their preferences. That is very important, as we aim to offer to our demanding customers the ability to interact across our different platforms off and on-line seamlessly. Player Pulse, through its dynamic character

business in order to deliver the holistic player experience.

Canvas is a Content Management System that not only delivers the product to the consumer, but also captures the raw data,

“Lotteries have a big head-start in the race to be the gaming destination of choice for the next generation of consumers. The technologies and skill-sets are readily available to make it happen.”

and its continuously evolving capabilities enables our retailers (and our operators) to anticipate customers’ behavior and needs and offer them the most effective solution.

Retailer Pulse, on the other hand, focuses on retailer empowerment. One of its key features is the ability to create dynamic retailer segmentation based on a number of customizable criteria (geographic location, volume, games, GGR etc.) Such segmentations provide us with the opportunity to formulate and introduce diverse incentive schemes, away from traditional umbrella approaches, and drive growth in a more concise and targeted way. For instance, rewarding retailers based on GGR, rather than sales volume, is an increasingly emerging trend that can serve to boost more profitable playing propositions is a strong driver for growth. Retailer Pulse can help Lotteries both centrally and locally to design, quantify, introduce, monitor, and tweak such schemes quickly and efficiently.

Advance communication features on the terminal or portal help to make sure the retailer can respond effectively to the different customers’ requirements based on a holistic understanding of the entire market, performance, player base, and infrastructure available to deliver the offer.

Paul Jason: *Is Canvas, your game and player management system, integrated with your CRM platform?*

Nikos Nikolakopoulos: Exactly! The consumer wants a transparent, intuitive interface that unites everything into one seamless whole. In order to satisfy our customer, the lottery player, we must integrate the different functional areas of the

measures usage patterns and portal effectiveness for multiple game verticals and multiple consumer touch-points, through its analytics framework. A uniform user experience distributed across channels is now possible with the use of HTML5 technology.

The capability of the CMS is hugely enhanced by the more granular input from the CRM platform. Canvas includes embedded tools that enable operators to gain actionable insights into player behavior and inform all aspects of our operation, from game development to messaging to segmenting the audience and personalizing the promotional offers. The challenge we took on, was to accomplish a much more ambitious set of objectives in the most efficient way possible. Execution becomes the role of the platform instead of a burden to the operator. That’s what Canvas does.

But on top of these two important pillars, the CRM and CSM, we designed a new Central System with an orchestration layer that makes it flexible to integrate new verticals, platforms, and channels. It’s really amazing how easily we will be able to add or remove components.

Paul Jason: *Now let me ask you about another hot topic, cross-selling. What is your view on the synergy between Lottery and Sports-betting?*

N. Nikolakopoulos: Intralot has extensive experience in managing sports-betting. Currently we have sports-betting operations in 18 different countries. And in many of those we have a combined operation, both lottery and sports betting. Our experience shows that the two player profiles are different. That said, however, there are

MISSION POSSIBLE

Global Trends Meet IGT Innovations at the EL Congress



What can lotteries do right now to accelerate growth using emerging innovations—and stay on a growth path going forward? At the European Lotteries Congress in Krakow, IGT answered the question on everyone's mind with three distinct experiences for attendees, including a showcase on the Future of Content.

Not long after *WIRED* magazine's editor-at-large David Rowan took the stage in Krakow to deliver his keynote talk on the larger trends reshaping work and play around the globe, visitors to IGT's booths could see for themselves how the company is factoring in many of the same trends and technologies to drive innovation for lotteries.

IGT's Paul Riley, Vice President, Innovation & Lottery Transformation, and Michelle Carney, Vice President, Strategic Customer Initiatives, discuss the correlation between the global forces of change and the challenges facing the industry, and how lotteries can capitalize on innovations that are available right now.

The theme of this year's European Lotteries Congress was New Directions. How much are global trends influencing the future direction of the lottery market?


Paul Riley: People in our industry are starting to recognize that lotteries are facing some fundamental challenges. But they're not insurmountable, and, in our view, they can become huge opportunities if the trends and technologies that are driving wide-scale change are used to keep lotteries on an innovation path.

This year's keynote speaker, David Rowan, called out many things that IGT is already tracking from a lottery perspective. People who attended our presentation or visited our booths could see firsthand the correlation between many of the broader technology and consumer trends that he discussed and the approach to innovation we're taking as it relates to lottery.

For example, David talked about conversational commerce and chatbots, and we're looking at how they're being implemented within the gaming space. He talked about Amazon Go, and we created a video for attendees specifically to help them understand how this kind of prototypical, advanced-shopping technology could change consumer interactions and reinvent retail.

He talked about behavioral psychology and how "data rules all." These are subjects that we addressed in our presentation in terms of the changing consumer experience in relation to lottery. Today, there are cameras everywhere: It's possible to measure sentiment. So that becomes another data element that fills out the profile of a player. What can lotteries do with that information? David talked about Bitcoin and the technology that supports it, and as we look ahead, paperless lottery is something that we're focused on.

It was very positive for attendees to see the commonalities between the global trends and the applications at a more granular, industry level.



At IGT's Future of Content booth, Adam Olrog demonstrates instant virtual reality.

IGT@EL



3 Immersive Experiences



Interaction

The Future of Content booth immersed attendees in a new world of gaming technology and gave them a chance to experience the very latest games designed for a new generation of players.



Presentation

The talk, "Mission Possible," by IGT's Paul Riley and Ailsa McKnight, answered the question: "What is the next generation of ideas that are going to propel the industry forward?"



Conversation

What can you do right now to accelerate your lottery's growth? The product suite was a forum for attendees to have more detailed discussions about how specific IGT products and services can be applied depending on needs, jurisdiction, regulatory factors, and existing technologies.

How are all these changes influencing the games themselves?

Michelle Carney: Our customers look to us to help with implementation in all of the areas that Paul mentioned, and it's the same with the content. There's a big interest — globally — in making games more fun and engaging. We created an interactive space at the show called The Future of Content, where attendees could have a hands-on experience with current and future games that use virtual reality (VR) and augmented reality (AR), as well as 4D gaming.

We're using technologies like these to make the games more exciting, and we're also learning from what our IGT colleagues are doing on the gaming side of the business, particularly with VR. Siege is great example of that. It's a fast-paced game in which players use a bow and arrow to defend a castle from approaching attackers.

“AR and VR are great examples of advanced technologies that you can apply to your lottery content right now.”

—Michelle Carney,
Vice President, Strategic Customer Initiatives

In many cases, the casinos are earlier adopters of technology, and they can introduce new content like this in a destination environment. We're sharing what we learn from them to help lotteries evolve their game libraries as well. We're just on the cusp of it now. We're excited to help our customers leverage some of these technologies to create more engaging experiences for players.

We have an exclusive partnership with Paymax to create instant games with an augmented-reality component, and, in our product suite at EL, attendees could interact with a bunch of new products and experience the advances in the technology. A lot of customers expressed interest in the new instant products using augmented reality, and these support lotteries' desire to pursue modernization strategies and more immersive content. AR and VR are big trends, and this is a great example of something you can do now. You can take that technology and apply it directly to your lottery content today. We've already launched it here in the U.S., twice in New York, and we will have our first launch in Europe this July with WestLotto. The product will continue to launch domestically and internationally throughout 2017 and 2018.

What other themes struck you as important — for those who couldn't attend?

Paul Riley: The second keynote was about the culture of game developers, who are very accustomed to interactive creative environments where there's a lot of dynamic, group effort to come up

MISSION IMPOSSIBLE

with winning games. The speaker, game developer Aki Järvinen, talked about the broad categories of gaming—such as passive role play, passively solving a puzzle, and one-on-one-combat—and which aspects of these could be translated into lottery. We need more of that awareness and discussion within our industry.

The trends and technologies that were discussed at EL are the basis of the industry's future. We gave a presentation that brought the focus down to the industry level, and in our product suite, visitors could do a deep dive into the full ecosystem of IGT's solutions – the system, the business applications, the touchpoints, the people, the content – and how it all plays together today. Visitors also got to learn about some innovations that we're looking to down the road. Some of those deal with issues like easing payment and leveraging advanced video analytics to customize the experience for the player.

The interactions in the product suite gave us a chance to talk to customers one-on-one, to have productive conversations and ask: What other features would be helpful for you?

Michelle Carney: For anyone at any lottery, all of the topics we've been discussing are important and relevant because they will impact not only the way that lotteries sell their products and engage with consumers, they also have the potential to disrupt our collective lottery business. It's important to stay on top of these trends to

"Mission" was the show-theme on the day when IGT's Paul Riley and Ailsa McKnight took the stage at EL. As Riley notes, "Mission classically means, 'What is the mission of the lottery?'" Often, it's supporting good causes. We played off that because, from a vendor perspective, our mission is to serve the industry *and* our customers."

The duo shared a number of IGT initiatives to advance both missions, including:

- **End-User Focus** underpinning all development around player convenience and entertainment, and a focus on both simplicity and revenue for retailers
- **Immersive Shopping** and Other New Shopping Experiences
- **Conversational Commerce**
- **New Ways to Engage and Interact with Customers**, including Mobile and Omnichannel, Biometrics, and more

ensure we can continue to evolve lottery as a product line to generate revenue for the good causes that lotteries support around the world.

Paul Riley: We wanted the innovations and ideas that we showcased to be thought-provoking. We're not saying we have all the answers, but we want to lead our customers in thinking collectively about how the industry can take advantage of all the possibilities on the horizon.

Unable to attend EL? You can experience IGT's products and services for yourself by visiting IGT at NASPL in September.

What's on Your Mind?

You're Not the Only One.



Many of the formal and informal conversations with lottery executives at EL revolved around two hot topics:

Known Player How do you move players who are anonymous to some level of being known? Incentivizing players to become known is tied to another subject on everyone's mind: Omnichannel functionality. In IGT's product suite, attendees could demo several solutions that can be implemented today by lotteries to support Known Player, including ways to start players in the process, capture and analyze the data, and leverage the data to communicate better with players.

Facilitating Payment The cashless industry is evolving as consumers are changing the way they want to pay. EL attendees were interested in any and all solutions to engage with consumers through a mobile phone. Recognizing the tremendous benefits of facilitating cashless payment, IGT demonstrated some solutions that are in development for expanded self-services, reduced cash handling, and frictionless transactions.





When buying a product, the purchase experience is often just as important as the purchase itself. This is even truer when shopping online.

Lotteries are not immune to this truth. The emergence of digital channels has caused a significant shift in consumer behavior and expectations. As lotteries look to expand their digital footprint and leverage digital products, they must first consider the user experience (UX): Was the purchase frictionless and easy? How long did it take? Will the customer return and buy again?

For the most part, people play the lottery for two reasons: entertainment and the chance to win—and both begin with the purchase of a ticket. Traditionally, a lottery purchase has taken place at a brick-and-mortar retail store where lottery products are often crowded together in displays and competing for counter space with energy drinks, gum, and other impulse items. While not the most conducive environment for a great UX, regular lottery players have been able to navigate the clutter at retail to enjoy a quick, anonymous, and convenient purchase experience.

One of the best ways to attract new players is through digital channels, where they can check numbers online, enter second chance draws, collect loyalty points, purchase iLottery products, and play online games. This has resulted in new scenarios where players are interacting directly with lotteries.

Moreover, many of these people will potentially be first-time lottery players. So the question is: What should that UX be like in the digital space?

Enter NeoPollard Interactive (NPi), a company jointly owned by subsidiaries of Pollard Banknote Limited and NeoGames S.A.R.L, two leaders in the gaming industry. NPi is built on several decades of gaming experience, with over 30 years of lottery experience from Pollard Banknote and 12 years of digital gaming experience from NeoGames.

NPi has established itself as the go-to for lotteries to maximize iLottery sales, specializing in digital products and services as part of their complete iLottery 360° Solution™. NPi understands player behavior and are well-positioned to provide lotteries with strategic insights regarding play behavior and lottery experiences that translate into a great customer experience and optimize sales.

NPi's iLottery 360° Solution™ comprises a flexible combination of a player management platform, games, and services incorporating robust system capabilities and a wide range of digital products that can be customized to any lottery regulations and specifications. The solution takes into account every aspect of a digital gaming platform to ensure lotteries give players a seamless, transparent, and positive UX.

NPi's experience in the interactive domain

reaffirms that lotteries have to get their customer experience right, otherwise players can lose their trust in the lottery or become frustrated with cumbersome processes that may cause them to not return. In the digital realm, this is vital. There have been several companies that have failed at this by invading their customers' privacy and creating a negative experience.

One of the most common examples of this negative experience is joining a social network. Customers sign up and provide personal details without necessarily knowing that they are giving authorization for the company to analyze and share their information. Lotteries cannot do this—it violates the top two assets a lottery has: trust and integrity. These two assets are prerequisites for players to take the leap to give lotteries their money in the hopes that it will result in a win.

Digital purchases are less anonymous than those that take place at brick-and-mortar retail locations, as consumers often have to submit additional personal information, including name, address, and banking information in order to make a purchase. For lotteries, in order to ensure trust and integrity, security is critical and must be embedded into every aspect of the service solution, otherwise lotteries will be gambling with their players' trust.

However, despite the security settings enabled on digital networks, privacy is not always guaranteed. Social networking sites get members to agree to share information with other members by infusing this step into the sign-up process, and we have seen private information inadvertently made public by social networks simply updating their settings.

This method of information gathering has been coined “Privacy Zuckering”, after social network mogul, Mark Zuckerberg. It is the act of deliberately creating confusing jargon and user interfaces to trick users into revealing more information than they normally would. If lotteries were to do this, it would be a breach of player trust and compromise the Lottery’s integrity.

To avoid this, lotteries need to remain transparent with no cover-ups, misguidance, or “Privacy Zuckering” with player information. Players need to maintain a sense of control with their information—they can give it and they can take it away. As an example, in Michigan, where the Lottery’s online game services are powered by NPi’s iLottery 360° Solution™, players have the ability to “opt-in” if they want to receive marketing messages from the Lottery. Offering this option has allowed the Michigan Lottery to remain transparent and has resulted in two-thirds of players agreeing to receive messages.

So then, how can lotteries ensure players have a positive UX? By employing a few key best practices: becoming mobile-first, providing secure transactions, and delighting customers with meaningful messages and personal promotions.

Mobile-First

Entering the digital sphere does not simply mean putting information on a website. Players today are constantly on the go, they are not going to stay at home or drag a laptop around to play the lottery. They need to be able to carry it around in their pocket.

Therefore, digital content must be mobile friendly. If lotteries want to get the digital UX right, they need to make sure that whatever they put online translates well onto smaller, mobile screens, and is still easy to navigate. This is critical for reaching players,

especially younger players.

The Michigan Lottery’s online game services include a website that is designed to fit mobile screens, as well as larger desktop monitors. This seamless functionality has made the mobile experience easy to access for players and is the Lottery’s most successful online sales channel, with 60 per cent of online sales coming from mobile devices.

Mobile channels have also helped broaden the Michigan Lottery’s player base. The Lottery’s research shows that the average age of mobile players in Michigan is 39 years old—11 years younger than the average retail player! By offering products via multiple



channels, the Michigan Lottery’s online system allows players to select their preferred option, supporting the Lottery’s efforts to expand its reach into all customer demographics. In less than three years of operation, nearly 580,000 players have registered for the Michigan Lottery’s online services.

Secure Transactions

Providing secure transactions is essential because while players may find mobile sites easy to navigate, they will go unused if players do not feel safe making purchases.

For this reason, NPi’s iLottery solution offers a variety of payment mechanisms with approval rates of approximately 90 per cent, and is fully certified by the Payment Card Industry Data Security Standard (PCI DSS), meaning it has been audited to ensure there is no chance of credit card fraud. All

transactions take place on NPi’s platform rather than being transferred to a third-party website, and therefore provides a smooth UX while ensuring trust and integrity.

NPi’s security standards are also audited and certified by the International Organization for Standardization (ISO) and other regulating bodies. These programs also ensure internal fraud prevention by limiting internal user access to areas related to specific job requirements.

Delight Customers

In Michigan, NPi assisted the Lottery with a promotion for its Hit! series of instant scratch games, releasing a digital version of the game in conjunction with a family of instant tickets sold at different denominations. When players scratched a Hit! Ticket, they received a coupon for the online game. Playing \$10 on the online game resulted in players receiving an additional coupon to redeem at retail.

This promotion was a huge success for the Michigan Lottery, and a win-win for players and retailers. The promotion introduced retail players to the digital game platform, while at the same time encouraging them to return to stores for additional purchases. The promotion was highly popular and is another example of how lotteries can leverage both digital and retail to strengthen each channel.

The Michigan Lottery also ran a Quick Cash promotion for players who opted-in to receive marketing messages, but had not yet made a deposit. By participating, players instantly received 25 per cent or 50 per cent of their deposit in bonus money. The promotion led to a significant boost in player deposits and resulted in an increase in the Lottery’s net gaming revenue. This example shows how providing players with meaningful messages and promotions will result in great success and a positive UX.

Ultimately, to exist in the digital realm, lotteries need to make themselves relevant to younger players, while at the same time remaining relevant at retail. Providing players with a positive UX is key to this strategy. When lotteries get the UX right, it is good for business and good for the future of lottery. ■



Engaging New Players: Focus On Usability

It's easy to forget that Google, a staple of modern day life, was not the first internet search engine. WebCrawler, AskJeeves, and Lycos were founded earlier but did not reach a sustainable level of success. At the core of their businesses, these sites were not significantly different.

So why did Google prevail over other established competitors? One of the key reasons is that Google was simply easier to use. The site loaded quickly and wasn't cluttered with a variety of options, the search results weren't plagued with advertisements, and the clean design made reading results tolerable.

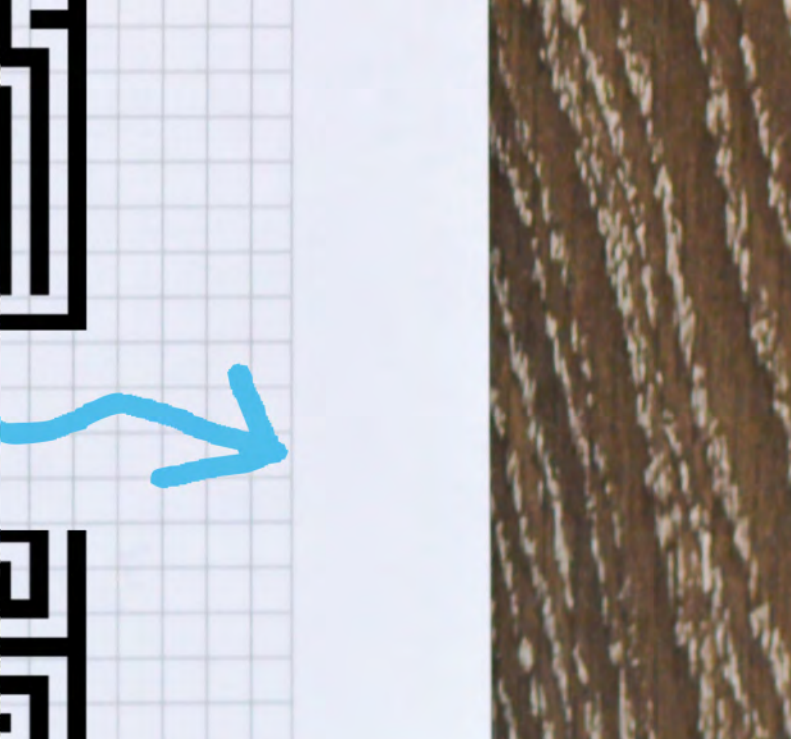
Google understood the practice of usability and leveraged this as a competitive advantage. Usability can be defined as the degree by which something can be easily used. It's also an ongoing practice that sits between the intersection of behavioral trends and technological advancements. And it's not just a digital thing – it can be applied to all types of products.

For those old enough to remember, cars were equipped with a standard hand-powered roll down window. As technological advancements occurred, the usability practice shifted to a motor-powered window with a push button. Perhaps in the future the usability standard will become a voice activated control, and touch buttons will feel like relics of the past.

Poor usability can be a major deterrent for prospective customers. Consider the obstacles in place for new players of non-scratch lottery games. Many players are directed to read paper brochures, fill out play slips, and make complex choices in order to get into the game. This is not the level of simplicity that is likely to engage new generations of players – and make no mistake, millennials are shopping at stores where lottery games are currently sold.

Usability is also important for engaging retailer staff. Many clerks can attest to the fact that the lottery terminal is often the most complex piece of equipment in the store. It's also unforgiving – in many states, tickets cannot be cancelled after they are printed. After a few negative experiences, many stores arrive at policies that require players to complete bet slips – putting the effort, and confusion, back on the player.

As for those already playing, most lotteries recognize that the vast majority of winning number results are checked online. As a result, lotteries must constantly strive to improve the usability of their web and mobile sites. This can be challenging in an ever-evolving market of device types, screen sizes, touch and click interfaces. Competition also exists in the digital channel today, and this puts lotteries at risk for lost opportunities. Winning number results are provided on



The good news is that usability can easily be measured, tested, and refined. A starting point for lotteries to consider is conducting a player journey map. This can be a helpful exercise, and reference tool, to understand all of the touchpoints associated with a player's omni-channel experience with the lottery.

Once the touchpoints are well understood, lotteries should seek methods to begin benchmarking the usability of each. This could include measuring the ease of use, and opportunities, associated with bet slips, self-service interfaces, retailer equipment, web and mobile sites. It may be important to obtain sentiments from a variety of player or retailer segments, while also including non-players that may be part of a future target group.

At this stage, lotteries can begin to create and test prototypes in order to gauge what solutions may improve usability scores the most. This is often an iterative process, driven by a feedback loop from the end-users that will result in a balance of simplicity and usefulness.

Lotteries must also avoid the status quo when usability improves. Good usability, when it remains static over time, will quickly turn into poor usability as technology and behavioral trends evolve. In the quest for new players, an ongoing investment into usability research and design initiatives can be an essential piece of a growth strategy.

a wide variety of sites and, as illustrated by the Google example, players will eventually gravitate to the superior user experience. Maintaining an active digital audience will allow lotteries to convert traffic into revenues at retail and online.

Additionally, expectations of good website usability is being set by the likes of Google, Amazon, and Facebook. On the plus side, lotteries can mimic design patterns that have already been established by these sites, and players will quickly interpret how to use the features. However, not all business functions performed by lotteries can be related to other internet giants.

About Digital Gaming Group

The Digital Gaming Group is a consultancy that is focused on helping lotteries recognize growth opportunities in both retail and online channels through the effective utilization of digital strategies.

www.digitalgaminggroup.com

What Does “Iwwiwiwi” Mean To Lottery?



Lottery players are just like any other modern consumer. They are hyper-connected and act on the motto “I Want What I Want When I Want It (#iwwiwiwi). They expect seamless, effortless, 24/7 access through all channels. If they do not get what they want, what they expect, they will go somewhere else. And as all government sanctioned lottery operators know, the alternative gaming market is growing exponentially, giving players plenty of pathways to getting what they want when they want it. Lottery is no longer a limited consumer offering.

Novomatic Lottery Solutions (NLS) believes players have the right to be demanding, the right to expect better. We also understand that their expectations, their demands, are changing faster than ever. Therefore, we have built an agile and truly channel agnostic system; a true Omni-channel solution that can quickly adapt to fit the ever-changing demands of players.

As NLS CEO Frank Cecchini describes, “We are definitely market disrupters. We are here to break the mold, we are here to do something different compared to everyone else - we are giving lotteries the opportunity to think differently, to improve their sales, and to improve their return to good causes.

NLS has been making the assertion that our True Omni Channel system is different at every given opportunity. But what makes us unique? What is the true NLS difference?

Our true Omni Channel Solution allows players to engage with the lottery 24/7 through any channel, via a true

Omni-Channel solution that supports seamless engagement even when moving between channels in real time. The advantages of a true Omni-Channel solution are many but every advantage stems from a primary NLS deliverable: better experiences at a lower cost. Those advantages are impossible for a

“Using a single system for all channels - instead of duplicating logic and synchronizing data between separate channel specific systems - offers lotteries the futuristic, necessary, advantages that stand ready to deliver complete player satisfaction every time through every point of contact.”

multi-channel solution masquerading as an Omni Channel to match.

Using a single system for all channels - instead of duplicating logic and synchronizing data between separate channel specific systems - offers lotteries the futuristic, necessary, advantages that stand ready to respond to “#iwwiwiwi” and to deliver complete player, satisfaction every time through every point of contact. Those advantages come from reducing technical complexity and therefore lowering cost, risk, and time to market. A true Omni-Channel solution means the Lottery is prepared to be engaged through any current or future channel. Consider this, the iPhone has its 10-year anniversary this year and it has transformed the world. What is the next world-transforming iPhone analog? We don’t pretend to know what it will be, but we have built our system to support any new technology. That is what “future channel support” means and it is what truly modern technology means. Lotteries deserve to be freed from any system constraint due to closed system architecture. With a true Omni-Channel solution the lottery is ready to meet and exceed player expectations, always.

For players, it allows them to enjoy a great gaming experience without ever having to consider anything other than “I Want What I Want When I Want It”. It makes engaging the lottery effortless.

Consider how quickly the future is coming. At present, the speed of technical change is

exponential. The amount of technological advancement that occurred in the year 2000 will occur every 30 seconds in 2020. By the year 2049 a \$1,000 computer will exceed the computational capabilities of the entire human species. Free energy, autonomous transportation, bionic organs and limbs, digital copy of our genome allowing for personalized treatment, Nano intelligent systems embedded in our bodies to repair damage and stop aging, full immersion virtual reality – it is all coming our way and changing all industries at a furious pace. We live in times which demand flexibility and agility, two features that are the bedrock of all NLS innovation.

Who knows what other excitement the future will bring. But regardless of what new technologies will change our daily lives, lottery entertainment is embedded in cultures around the world. But in order for the players to access the entertainment, lotteries have to say “Goodbye monolith architectures” and “Hello” to the type of NLS modular, service-oriented architecture that is already in the field and allowing the rapid innovation that is keeping pace with technology changes. The NLS open architecture speaks a common language, based on standard communication protocols and can easily connect to any channel, service or system... possibly even if it does come from Mars!

At NLS, we know we are on the right track with our approach. We’ve had great success since adopting our modern, True Omni-Channel approach, which resulted in major contract awards earlier this year with renowned progressive lotteries. A modern world requires a modern approach and modern solutions, and modern consumers more than demand such service, in fact, they expect it. They are justified to EXPECT BETTER from their lottery providers. ■

Check out the below links to see the exciting (and brief!) Novomatic Lottery Solutions videos:

youtube.com/watch?v=-52ibzWFlvw

youtube.com/watch?v=laK7qZz-b8I

youtube.com/watch?v=TBVf59P9fvw

David Barden Continued from page 22

mational tools that explain clearly how iLottery delivers a better outcome for everyone, and how federalizing regulatory authority over gambling and lotteries hurts the beneficiaries. We need to help legislators defend their own interests.

Legislators work together to pass laws that serve the interests of their constituents. I am well aware that it is not always a cooperative process. But still, thoughtful, intelligent positions do attract political support. Positions that are misguided and ill-informed, or not well-documented, will be unconvincing and fail to attract support.

A legislator does not typically want to be an outlier who is supporting a position at odds with colleagues. My point is that the lottery already has more supporters than detractors in state legislatures. We just need to enlist a few more supporters at the state level to reach a tipping point that makes it difficult for our adversaries to gain a foothold. Or at least make it difficult for adversaries to advance and cultivate untruths and fake news.

We must be vigilant and proactive. As one example, a 300+ page tax bill was recently passed in New Mexico. The very day before it was voted on, an amendment was added, eliminating the tax exemption for the purchase of lottery tickets. It was one small paragraph inserted into a mammoth bill. The bill with the amendment would require players to pay state sales tax on their state lottery purchases. The New Mexico lottery was not even aware of the amendment until after the bill had passed. Fortunately, the governor vetoed the bill as amended because passage of the amendment would have cost our scholarship program millions of dollars. The New Mexico Lottery needs to recruit more advocates in the state legislature to defend the interests of the good causes supported by Lottery, and be willing to speak up when something deleterious is inserted into legislation.

What are some other issues that should be addressed in a white paper format?

D. Barden:

If DFS is allowed to operate online betting, then lotteries should clearly be allowed to sell products online. Young adults do not use cash anymore, so lotteries need to provide

cashless options. We need white paper documentation showing how and why the age-restriction requirements are more secure with cashless options than with human involvement in the form of sales clerks. New Mexico has experienced great results with the pay-at-the-pump option, and now legislators are beginning to ponder whether other similar options should be authorized. Convenience brings to mind another issue relating to legislators’ fighting gaming expansion.

Legislators will sometimes take the floor to protest the expansion of the Lottery. Lottery officials need documentation showing how games of chance are expanding in other arenas. The state should ensure that its lottery is growing at least as fast as other sectors. Research indicates that playing the lottery is less addictive and harmful to the consumer than slots and other forms of casino gambling. And unlike all other sectors, a lottery channels the economic benefit to good causes that serve society. So the effort to constrain lottery growth may result in simply redirecting the player to another gambling activity. Why is that a good thing?

Another issue is demographics. Demographic profiles of our customer base reveal the high percentage of revenues coming from middle and upper income groups. Documentation of player profiles would help us refute the notion that lotteries prey on poor people.

Documenting the effectiveness and ROI of Loyalty and Rewards programs would also be useful.

Legislators need to be informed about the benefits of advertising, along with the detrimental impact of cutting advertising, and a white paper could help in this endeavor. Advertising is critical to the sustainability of any consumer product.

A white paper on iLottery would be useful not only for legislators, but also to help our retailers understand and feel more favorably about the prospect of iLottery.

Although there may be other issues to consider, if we as an industry could tackle these pressing legislative issues, we would all be much better off. The lottery industry has a powerful story to tell, and we should make sure everyone hears it. ■

It's Not Just for Kitten and Vacation Pictures: How Social Media Can Connect You With Your Customers

Jim Acton

Lottery Industry Consultant and PGRI Editorial Contributor

The Iowa Lottery shares this with Coca Cola: Neither is trying to sell the product online. The digital/online strategies are all focused on building brand and consumer engagement. These are objectives that apply to everyone everywhere, especially lotteries which do not sell their products online.

Ten years ago, Mary Neubauer jumped feet first into social media. Only it wasn't called social media back then and the creators of many of today's most popular sites likely hadn't even thought of them yet. But the Iowa Lottery's Vice President of External Relations had a feeling that taking the lottery's message directly to its players would work.

And was she ever right. The Lottery started posting popular videos on its website, and in the years since has branched out into other social media activity.

Fast forward a decade - Mary and the Iowa Lottery are still posting videos, as well as writing a blog and adding content to Pinterest and Twitter, just to name a few of the platforms on which the lottery is active.

The Iowa Lottery was certainly on the cutting edge of alternative means for reaching players. Coke, Disney, Dove - some of the world's largest consumer companies have devoted tens of millions of dollars building their social media presence, creating promotional campaigns and reaching their customers through "non-traditional" methods. NOTE - Mary says the only cost of the promotional videos cost at the lottery is the camera, editing software and some lights. Perhaps some of these companies should give her a call!

So what avenues are leading consumer companies using to reach their consumers? And what tips can lotteries learn?

1. Facebook is Still King

With 2 Billion (with a B!) users and billions in revenue earned every quarter, Facebook is still a force to be reckoned with. With its extreme revenue, the company can react quickly to market forces. In 2016 alone, Facebook launched Marketplace, where users can buy and sell items, Reactions, to move beyond just "Like," Instant Articles, quicker loading news articles, and Facebook Like, which allows users to broadcast live to anyone in the world.

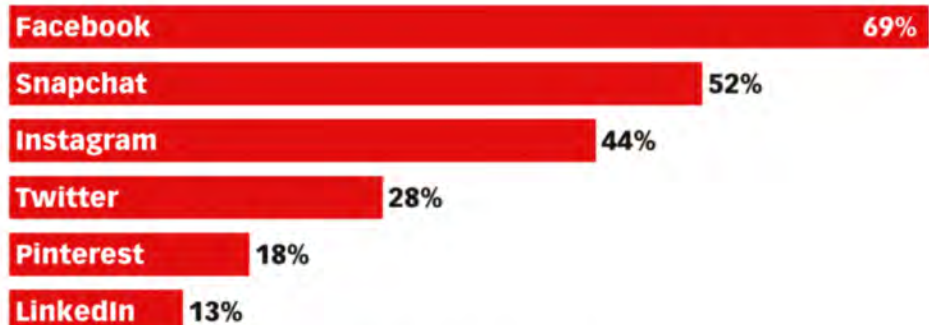
In a recent State of Social Media survey by Buffer Social, 30% of marketers said Facebook video is the "number one channel they're looking to add to their efforts in the next 12 months." Facebook has been the blocking-and-tackling of social media for more than 10 years and until someone storms the castle, it is still the King.

2. But Watch Out for Snapchat

Don't feel like a dinosaur if you don't know about Snapchat. Just ask a college kid! At its core, Snapchat is a mobile app that allows user to send videos and pictures, both of which disappear a few seconds after they are viewed. It also allows users to send messages and call each other. Snapchat is now the second most popular social media platform. According to eMarketer, 23% of users on Snapchat are 13 to 17 years old, 37% are from 18 to 24 and 26% are 25 to 34. Impressively, 54% of Snapchat users log in every day and there are 100 million active daily users who

US Social Media Users Who Use Select Social Media Platforms Daily, June 2016

% of respondents



Note: ages 13+; among users of each platform

Source: SunTrust Banks, "The Rise of Snapchat (Part IV)," June 21, 2016

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www.eMarketer.com

Social Media Best Practices?

Like a Fledgling Presidential Candidate, Look to Iowa

In 2007, Mark Zuckerberg was hardly a household name and Facebook had fewer than 100 million users (compared with more than 1.2 billion today). But in Iowa, residents were getting to know Mary Neubauer, Vice President of External Relations for the Iowa Lottery. Long before the term “Social Media” became a “thing,” Mary was breaking ground by being the first Lottery official – and one of the first of any organization – to devote a channel to direct communication.

Mary and her Lottery colleagues decided they needed to take the Lottery’s story right to the state’s residents. So equipped with a camera and a few ideas, they shot their messages, hosted by Mary. Some of the early videos were titled:

- Lottery Jackpot: Cash or Annuity?
- What Happens to the Prize Winnings If a Lottery Winner Should Pass Away?
- Who’s Up On That Powerball Billboard?

Many of the videos showcased regular Iowans who had fallen into good fortune by winning a Lottery game.

Fast forward to today, when most people can’t remember life before “Likes,” “Tweets” and emoji’s. The Iowa Lottery has cultivated and grown its social media presence. Joining Facebook as a social media offering are Twitter, Pinterest, Instagram, Google+, and a Blog (written by Mary). The Lottery’s videos are posted and archived on YouTube.

Now THAT is the real The Social Network!

“Since we started so early, we’ve been able to build our social presence over time and focus on what works best,” said Mary. “We think that our social media efforts humanize the Lottery, put a face to what we do. And the players seem to respond.”

That humanization of the Lottery

extends beyond just Mary, as she is joined by a team of colleagues to create and push out content and monitor player feedback. While Mary charts overall directions, and creates the Lottery’s videos and Blog, Facebook is overseen by “Facebook Guru Kim” (aka Kim Vore), Twitter is the domain of “Twitter Guru Kevin” (aka Kevin Kirkpatrick). And they’ve become celebrities of sorts in Iowa.

“I’ve had people come up to me and say they really like the videos,” said Mary. “And Kevin and Kim get people saying, ‘Hey, you’re the Lottery Twitter guy,’ or ‘You’re the Facebook guru.’ It’s great that people are reading our material.”

So what’s next for a Lottery that has already been on the cutting edge of social media?

Mary says that maintaining their current offerings is an incredible amount of work. For now, their goals are simple. Keep pushing out new content, answer player comments in a timely manner and, of course, dispense as much information as possible about Lottery games.

Oh, and Mary will keep making her videos. Only today, she uses a High Resolution camera and video editing software. And her goals are to shorten them from the two- and three-minute run times featured since 2007 to one minute.

“People are giving shorter time to everything these days,” she said. “And that includes our videos. We better give them what they want so they’ll keep watching.”

Mary may know better than some what the public wants on social media. To her credit, her efforts have already outlived Napster, AOL and MySpace. ■



From top:

The Iowa Lottery’s home page prominently features its social media offerings; One of the Lottery’s recent videos, titled “Coralville Man Wins \$1 Million Powerball Prize”; A sample of the Iowa Lottery’s blog, written by VP of External Relations Mary Neubauer

share 10 billion videos per day (350% more in 2016 than in 2015).

3. Showing Up is 80% of Life

Woody Allen's famous quote works just as well for a social media presence as it does for life. Make a commitment to having a social media presence and then stick with it. Ask Mary – it can be a lot of work. But as she will tell you, it's certainly worth it.

If imitation is the sincerest form of flattery, you should feel free to send plenty of flattery towards Atlanta. Coca-Cola's commitment to its social presence is virtually unparalleled. Coke's social media engagement "is focused on providing their followers and fans with an authentic view of the company," according to their Digital Communications and Social Media department.

What does Coca-Cola's social presence look like?

Closing in on 100 million likes, Coca-Cola uses Facebook to promote new campaigns



and communicate with its followers. Ads are posted here, as are videos and music. Followers can send the company questions, and Coca-Cola can answer directly.

On Instagram, Coca-Cola's strategy is to send its followers from one platform to



the next. For example, content posted on Facebook is also placed on Instagram (as well as Snapchat and Twitter). And videos are posted on Instagram, as well as television ads.



Like most companies, Coke is "all in" with Twitter, with more than 3.25 million followers on the Coca-Cola @CocaCola page.

Most of Coke's activity is answering Coke mentions on Twitter – from conversations to complaints. The company averages about 65 tweets a day, and they can register one billion Twitter impressions in a month.

The overall activity is centered on customer communication by answering direct mentions which can range from casual chats to complaints and compliments. The in-house social media team tries to steer away from marketing gimmicks. And just like many large corporations, Coca-Cola has different Twitter feeds for each of its soft drink sub-brands.

So what are the lessons from Coca-Cola's Social Media Strategy? Direct from the company's Social Media Department:

1. Let your audience determine the measure of your success.
2. Centralize your campaigns around major events with a large following.
3. Direct interaction is the core of a successful social media marketing strategy.
4. Don't be shy to try new social mediums.
5. Content crowd-sourcing helps to build

a stronger following from self-appointed brand advocates.

For lotteries, social media activity can be time consuming and requires. Yes, a Lottery must assign someone to handle its social media presence. But just ask the Iowa Lottery – the benefits FAR outweigh the challenges. Most importantly, your players are expecting to see you on the same platforms as their other consumer products. And they don't want to be disappointed. ■

A 15-year Lottery industry veteran, Jim Acton has worked on both the Lottery and vendor sides of the business. He started his Lottery career as Chief of Staff at the Massachusetts Lottery, worked at Hasbro as Director of Licensing for Lottery & Gaming, and most recently served as a Vice President at Scientific Games.



Demanding Modernization:

Enhancing And Integrating The Consumers' In-Store Lottery Playing Experience

Kayt Gabrielson, Product Marketing Manager, Schafer Systems, Inc.

Evolving consumer expectations are changing the world of consumer marketing. Or is it the other way around? Either way, consumers have more options for how to purchase products, interact with brands, and fulfill their shopping needs. In turn, retailers are modernizing the entire in-store shopping experience to meet those needs. These trends represent a big opportunity for Lottery and is why Lottery is moving apace to help retailers achieve their goal to continue to be the point of sale where consumers interact with brands, retailers, and each other.

Options are overwhelming in the consumers' choice of ... well, pretty much anything. Connecting the consumer to what they need or want at the right time is critical for all merchants, brands, and retailers. In today's world, some major retail brands are closing locations. Some are even moving to an online-only presence due to cost, instant inventory access, and the ability to fill orders and accommodate customer preferences much more efficiently. This is causing expectations of the in-store retail shopping



experience also to increase. One of those expectations is that brands and merchants be readily available through all channels and touch-points, i.e. both online and land-based. The need to connect the same experiences in e-commerce and in a live retail environment is of utmost importance in delivering



GEN2 Dual Bingo Modular Mini® Dispenser

on expectations, even in lottery.

Optimizing the player experience starts with how the Lottery brand is presented. The player journey begins with visibility and the brand exposure, continues with exposure at the POS and interacting with the face of Lottery which is the retail clerk. Managing this process for optimal impact to attract and engage the consumer includes meeting the needs for security and functionality. Modernization of the in-store shopping experience means changes to POS, the way space is used, the materials used for merchandising, and when the first interaction occurs. Schafer Systems is leading the way - developing new standalone products such as a play center with a visibly branded presence, or as

multiple units with ticket menu boards that are lit up and merchandised with a stack of dispensers that showcases the latest ticket promotion material encased on top. Studies have shown that modernization of the POS is a vital component of the big-picture mission of the in-store shopping experience. Retailers know that modernization is no longer an option. It is imperative for engaging the consumer, engendering loyalty and repeat customers, and preserving their position in the marketplace. Lottery ensures its future as a mission-critical brand for its retail partners by integrating these experiences to make the player feel as though it is custom for them any time, anywhere they want to play.

A key component to connecting products and brands to the consumer through multiple touch-points is placement of the product so it is viewed, and that an effective call-to-action message is communicated. At Schafer Systems, our culture and thought processes are focused on designing and developing products to support the goal of modernizing the lottery playing experience. We are partnering with outside firms and deploying our strategic internal teams to create the most engaging and enticing displays that help retailers deliver the experience that complements and reinforces the consumers' online as well as in-store interaction with Lottery.

Modernization requires the application of new technologies, and that requires investment. Schafer Systems is making that investment to exceed consumer expectations and embrace the opportunity to be a part of the modernization solutions that Lottery is bringing to its retail partners. The time to move forward is now, and Schafer Systems is ready.

Retail modernization is the new normal. Retailers are committed to fulfilling their customers' expectations, Lottery is committed to fulfilling retailer and player expectations, and Schafer is developing the next generation of products that enables retailers, Lottery, and players to fulfill their shared mission. ■

Day Of Drawings Display: Pro-Lite Takes The Guessing Out Of Lottery Purchasing



Actual conversation overheard at a convenience store recently:

CUSTOMER: *What lottery game is held tonight?*

CLERK: *Not sure. Does it matter to you?*

CUSTOMER: *I guess not really. Give me five quick picks.*

CLERK: *(Looks at printed ticket) I guess it's MegaMillions.*

CUSTOMER: *Powerball is the one with the big jackpot. Oh, well... (leaves the store).*

Not exactly the best customer interaction for the Lottery. But when you leave your product marketing to a non-Lottery employee who is responsible for hundreds of SKUs, isn't incentivized to sell Lottery and hasn't been an employee for very long, this is often what you will get. And particularly for the casual Lottery player, the at-counter interaction often serves as sales dis-incentive.

That is exactly what Andy Kaoh, president of Pro-Lite, was thinking when he tasked his product developers to create a sign that cut through the multiple-game confusion. The result? The Day of Drawing (DOD) display sign which has now become one of Pro-Lite's most important Lottery signs.

"I have been a Lottery vendor for many years, and a Lottery player for longer, and for the longest time, would get confused about which game is drawn on which day," said Andy. "With that in mind, we created Day of Drawing signs to end the confusion.

Now, clerks and retailers can focus on selling products and customers know before they approach the counter exactly what tickets they want."

The Day of Drawing display signs are exactly that – signs that can show which drawings are held on particular days. The displays can also signal that last chance to play a particular game at predetermined intervals. The signs also offer optional animation effects to increase the sign's "attractive" abilities – standard flash, Vegas flash, chasing color changing modes.

Based in Costa Mesa, CA, Pro-Lite has been a leader in the design, engineering and manufacturing of a wide-array of electronic LED products for indoor and



outdoor use for more than 36 years. The company is recognized as the industry leader in public messaging, information display and advertising technology. For almost 20 years, Pro-Lite has focused on the needs of lotteries worldwide from our offices in four global cities. Among the U.S. lotteries utilizing Pro-Lite Day of Drawing technology are Massachusetts, Arizona, Minnesota, and Connecticut.

"Pro-Lite has a long history of developing signs designed to catch customers' eyes and provide them with critical information, and

the Day of Drawing signs are in keeping with this history," Andy said. "DOD signs use the latest technology to provide lottery players with the information that will make them more informed consumers, and that can only help lottery sales. As Lotteries look to modernize their operations, they can't forget about one of the final things they'll see before they make their purchase – the retailer's lottery signs"

In fact, there is evidence that Pro-Lite's Day of Drawing displays do, indeed, successfully engage players. And data collected by the New Jersey Lottery shows why educating the consumer is so important. New Jersey saw Powerball and MegaMillions sales increases of as much as 700% on the day of a drawing and up to 400% one day prior to the drawing at retailer locations who provided this information. With drawing day information, players are making more-informed purchasing decisions.

The Arizona Lottery has embraced DOD, and seen positive results similar to those enjoyed by New Jersey, and other lotteries. Prior to using the Day of Drawing displays, the Arizona Lottery was providing retailers with "old school" printed posters taped to the back of signs to inform players of drawing days. Some retailers even used hand-written notes (now that's REALLY old school). Once Arizona incorporated Pro-Lite's DOD signs, the feedback from customers was overwhelmingly positive. Arizona worked with Pro-Lite to educate retailers to turn off the display at the time of drawing, turn it on one day before the drawing and flash it on the day of drawing. This is one of the most effective ways to capture those casual players.

"Lotteries are continuously looking for ways to attract new players and provide current players with more information," said Kaoh. "Pro-Lite signs are a simple, cost-effective way to do just that. And to do it at the actual point of purchase, as opposed to television advertising or billboards."

Pro-Lite's Lottery customers have found that

Continued on page 55

Nikos Nikolakopoulos

Continued from page 37

also important synergies between the two verticals. For one, Lottery players are aging while sports-betting attracts the millennials. An effective way to get in front of the millennials is to make sure that sports-betting is in the overall portfolio of products the Lottery operator offers. The player profile may be different, but that does not mean consumers don't migrate from one category to another while they figure out which games appeal to them. That is especially true with the young adults who are exploring different sports-betting offers.

Sports-betting appeals more to the person who wants a longer-play game that requires more knowledge and involvement. The Lottery player enjoys a fast, simple game-playing experience and likes the fact that he has just as much chance as anyone else to win. There are lots of young adults who find that they like the idea of playing a few dollars at a time to create the possibility of winning a big prize and they do not want to take the time to learn about sports-betting. Lottery needs to be visible to these consumers and that means being in the venues and on the websites where sports-betting is conducted. The players do typically end up preferring one play-style over the other, but young adults are still figuring out who they are and what they like. They haven't made up their minds yet and need to be exposed to Lottery for them to make the informed decision.

Another benefit of combined Lottery/sports-betting operations is that it creates a much richer canvass for innovation. More options for cross-selling plays and other promotional strategies mix it up and make it more interesting for the consumer.

Paul Jason: *There are lots of operational synergies as well, aren't there?*

N. Nikolakopoulos: Yes, absolutely. The costs and infrastructure to support retailers and maintain the websites increase when you add more gaming options to the portfolio. But the increase in sales and net profit are higher than the increase in costs. So the direct short-term ROI on adding games becomes quite compelling. The longer-term ROI is even better because the larger customer base supports a more robust CRM (Customer Relationship Management)

program which in turn drives engagement and sales.

It is really all about executing the best strategies to drive Lottery sales. Lottery delivers by far the highest margins. The appeal of Lottery is universal and, unlike all other play-styles and games, has been popular forever and will continue to be popular long after other games have gone out of fashion. That is why it is so vital that the Lottery operators make sure the game stays front-and-center in the consumer market-place, having exposure to new consumer groups who may be experimenting with new games, new venues, and new play-styles.

Paul Jason: *Any new products or channels of distribution?*

“ Lotteries have a window of opportunity, right now, to leverage their assets and remain the dominant player in the gaming industry. Lotteries have the brand recognition, the trust of the consumer, the game development and distributional infrastructure, and the massive network of land-based retailers.”

N. Nikolakopoulos: Of course. That is one of the main reasons for INTRALOT's strategic alliance with AMELCO. Integrating the online and land-based channels is key to building the 360 degrees relationship with the consumer. AMELCO has the industry-leading online sports-betting platform. INTRALOT has the global retail footprint. Together we will develop a suite of next-generation sports betting products. This collaboration with AMELCO is about creating the most advanced omni-channel sports-betting solution. But the methods applied to do that will translate into solutions that apply to the entire portfolio of Lottery products. That is combined with our advanced CRM platform of Bit8 and CMS, as we discussed earlier.

The consumer interacts with the operator through multiple channels and media. That experience needs to be seamless and intuitive. The number of games in everyone's portfolio is increasing. The play-styles and demographic profile of the players is diversifying. The business of creating the fully integrated platform that enables fluid migration across game categories, media, and

distribution channels is becoming more and more complicated. The good news is that it represents a huge opportunity for Lottery to consolidate its competitive position in the market-place.

Paul Jason: *Because Lottery has the biggest base of active customers?*

N. Nikolakopoulos: While all other operators are in the early-stages of creating new games, building their brands, trying to get to a critical mass of customers, and scaling up to support growth, lotteries have already done all of that. Lotteries have a big head-start in the race to be the gaming destination of choice for the next generation of consumers. The technologies and skill-sets are readily available to make it happen.

Paul Jason: *Do government lotteries necessarily aspire to be the gaming destination for everyone?*

N. Nikolakopoulos: I think they should. Technology is readily available to offer new exciting playing experiences to a vast variety of customers. But regulation needs also to adapt to make technological advances available for a diverse player base.

Trying to summarize here, I think that the keys for success are reduction of complexity, and speed to market and the increase of flexibility while guaranteeing stability and security.

Lotteries have a window of opportunity, right now, to leverage their assets and remain the dominant player in the gaming industry. Lotteries have the brand recognition, the trust of the consumer, the game development and distributional infrastructure, and the massive network of land-based retailers. It takes decades or longer for others to create what Lottery already has. These proprietary assets offer lotteries a decisive competitive advantage in the market-place. We just need to put them all to work for the benefit of the good causes that lotteries supports! ■



Amazon

Continued from page 28

Moving the Consumer to Private Labels

continually expanding customer base and retail footprint will make it a formidable competitor indeed.

Robotic inventory and distribution management, ease-of-online ordering, and other Amazon competencies may help relieve pricing pressure for Whole Foods, whose above-market prices have been derided as “Whole Paycheck” for years.

In turn, Whole Foods offers valuable capabilities to Amazon. Whole Foods is a decentralized, local organization. Its intimate connections with the markets it serves is among the best in retailing. If Amazon can leverage its efficient, centralized, technology-powered approach to retail with the grocery store chain’s local knowledge, it will result in a powerful combination that can be leveraged across numerous product, service, and customer categories.

The long-game appears to be transformation of the entire way that distribution and CRM are conducted.

Technological Innovation

Amazon recently has been experimenting with new technical service models in the grocery space. It opened two “click and collect” stores in Seattle where customers order food products on line, then drive through at an appointed time to have their purchases loaded into their vehicles. With Amazon Go, the company has been using a convenience store in the Seattle area to test a system of sensors that monitor items as shoppers put them into baskets or return them to the shelves. When they finish shopping, customers can forego the checkout line, and their Amazon accounts are automatically charged for their purchases. Amazon could deploy that technology – or elements of it - to reduce costs at Whole Foods.

Amazon and Whole Foods already possess powerful private labels in the food sector: the 365 brand at Whole Foods and Happy Belly coffee, Mama Bear baby food, and Wickedly Prime snacks at Amazon. The 365 brand, which is ranked No. 1 among organic brands, is essentially unavailable on-line, but that should change with Amazon’s distribution capabilities.

Amazon Prime acts as a filter or curator for customers, automatically narrowing the field of choices and stamping a seal of approval on those brands (many of which are Amazon’s private labels) that are available exclusively to Prime members. This measure of control will likely be the basis for accelerating the rate of migration to its private labels.

Brand names that are ranked first or second in their categories may not be threatened by private labels, but third- and fourth-tier brands will feel tremendous pressure as the combined Amazon/Whole Foods machine ramps up.

Government lottery operators already have felt the impact of private lottery brands that expropriate dominant brands like Powerball, then launch their own competing brands after they have siphoned off a sufficient customer base. This phenomenon has not spread to the U.S. yet, but is a very pressing problem in Europe and Australia. What will happen if Lottoland were to collaborate with Amazon? Maybe the community of government-operated lotteries should try to get there first?

Omni-Channel Customer Service

The acquisition of Whole Foods accelerates Amazon’s strategy to become an omni-channel provider. Consumers increasingly expect merchants to provide on-line and brick-and-mortar omni-channel experience that

is symbiotic, seamless, operates 24/7, offers enhanced delivery convenience, and unifies payment methods so that a single customer ID can be recognized across all retail platforms. Since that is what Amazon delivers, we must assume that is what the consumer will learn to expect.

Consumers who are frequent shoppers on Amazon may significantly increase the number of grocery items they buy on-line. According to Magid, a consulting firm, only 13% of Amazon Prime subscribers buy groceries on Amazon. With Whole Foods in the equation, that number should increase dramatically. In fact, the number of Prime memberships is expected to grow as grocery delivery efficiencies improve operationally over the next several months.

Ever-More-Intimate Customer Relationships

Although no one knows for certain the numerous implications that the Amazon/Whole Foods deal portends for the retail industry, it is clear that it will further the ever-more-intimate connection between customers and providers of goods. Customers’ confidence that such things as food items can be delivered to their doorsteps will enhance their comfort in doing so with other categories of merchandise. Membership models (like Prime), customer ID payment models, and new pricing structures – in which goods cost less so that delivery expenses can be offset – will evolve as Amazon’s big bet on bricks begins to re-write the rules of retail.

Likewise, the implications for Lottery are not clear. What is clear is that consumer behavior will be continually adapting to the “new normal” that is set by Amazon and others who are driving rapid change in the market-place. ■

it is important to get the consumer interested in the actual draw. If they don't care about the time of the draw, they are less likely to be excited about playing draw games. So informing players of the time of the draw also entices them to play. Lottery retailers have enjoyed the most success when they turn the display to static-on with the next draw date right after the drawing, slow-flash one day before the drawing, and faster-flash on the day of drawing.

As Andy observed "Pro-Lite's technology takes the guessing out of the purchasing process. Players know what game is taking place on what day before they approach the counter. This makes it easier for them and the clerks and, as we have seen, helps to increase sales."

Pro-Lite is also in the process of expanding the different services it offers to lotteries. With the company's long history of working with lotteries, the Pro-Lite team understands the importance of identifying programs and opportunities that will generate incremental sales and revenue. To that end, the company is evolving into a full-service Sales and Promotions company. As a part of this effort, Anthony Molica, the former Director at the Washington and California Lotteries with more than 32 of industry experience, is now on board to provide consulting services to Pro-Lite and its customer. From designing state-of-the-art signs to providing creative promotional and POS items to developing incentive sales programs, Pro-Lite can be your one-stop solution provider.

Also, Pro-Lite is developing sales guarantee programs for customers who use Day of Drawing technology that will prove to be productive to lotteries' overall sales efforts. Come by the Pro-Lite booth at the NASPL Conference in Portland, OR, to learn more about these innovative programs.

Nothing else drives sales more than simply making sure the consumer knows there is a big jackpot happening that day (or the next). It might sound simple but as the 60s classic rock song say "Signs, Signs, Everywhere There's Sign..." Lotteries might want to keep that in mind as they're looking for ways to inform customers and drive sales. ■

MUSL is not only enhancing the Powerball® brand and game, it is also streamlining and enhancing how it operates. In July 2016, J. Bret Toyne was named executive director of MUSL. Toyne first joined MUSL in 1988 as the organization's finance manager, subsequently assuming the roles of chief financial officer and deputy executive director. For Toyne, the last year has been one of reviewing processes and realigning roles and responsibilities to better serve member lotteries.

"There has been a cultural change in how we think and view things. We are looking at all MUSL functions through the lens of risk and security, and we have aligned our operations accordingly," said Toyne.

After a thorough examination of its operations, MUSL is now at the point of defining a new future and establishing milestones for success. In March, the MUSL Board of Directors began laying the groundwork for a five-year strategic plan. The process allowed board members to hit the "refresh" button on MUSL's structures and priorities.

"This strategic planning process has really focused the members on how best MUSL can use its resources to accomplish what is important to the organization," said Garland.

The planning process relied heavily on the input and experience of the MUSL Board of Directors. Every board member participated in the process through brainstorming sessions, surveys and follow-up discussions. The culmination was a strategic plan that focuses on growth in four key areas: International Opportunities, Powerball® and Other Games, Organization Excellence and Industry Collaboration.

Protecting the integrity of the Powerball brand emerged as a top priority across MUSL's 36-member Board of Directors. Over the last 25 years, Powerball® has generated billions of dollars in revenue for many great causes supported by U.S. lotteries. Board members acknowledged that the newly adopted strategic plan will begin to address brand threats posed by parties that are either reselling Powerball tickets or

taking wagers on Powerball drawings without authorization.

"MUSL is going down two separate but compatible tracks to attempt to address this issue," said Grief. "First, MUSL will vigorously defend its trademarks and logos both in the U.S. and abroad. Second, and this goes directly to the strategic plan, MUSL, through its Development Committee, will engage in discussions with strategic international partners to expand the reach of Powerball and, at the same time, authorize select international consumer groups to purchase Powerball-branded products."

MUSL has experienced success in implementing the strategic plan already, as the organization has seen a rededication of its member lotteries to MUSL's core mission and heightened involvement in the Association. MUSL anticipates the continued collaboration of its 36 member lotteries and others will fuel innovative products that spark excitement with players and within the lottery industry. ■

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Alice Garland
Continued from p 18

The N.C. Education Lottery gives North Carolinians a chance to “Dream a little”

The N.C. Education Lottery is showing a new look to North Carolina as it refreshes and rebrands for another decade of service to the state.

The introduction of the new look comes in conjunction with the installation of all new lottery equipment, from the centralized operating system to point-of-sale terminals and vending machines in all 6,850 lottery retail locations.

The ad introduces the new brand logo following a series of scenes of reflection capturing every day people’s dreams – a scuba diving vacation, a son remodeling his mom’s kitchen, and a student graduating from college. The lottery’s new logo keeps the familiar mountains to the sea scene, graced with a shooting star, but it now has evolved into a dreaming look with its first tagline: “Dream a little.”

Alice Garland, executive director of the lottery: “When North Carolinians are asked why they play the lottery they say over and over again they have fun thinking about what to do if they win. They talk about their dreams. Essentially a lottery is in the business of possibilities. Lottery games offer prizes that deliver some joy and thrill to winners. Along the way, the dreams that fuel the fun raise millions for education. And the money raised for education helps the dreams of students and educators across our state come true.”

Garland said new equipment and the new look will position the lottery for continued success in raising money for education during a new decade of service. It now raises more than half a billion a year for the state with total contributions since the start of the lottery in 2006 crossing the \$5 billion milestone as of March 31st.

The Education Lottery’s new look can be seen in its new logo and its new brand commercial.

To see the new ad, go to:
youtube.com/watch?v=hR5WsaBc2fE.



news stories like ours can be.

Not only is the ROI on this kind of “earned media” much higher than paid media, I would think it would have more impact for the audience to hear it from the players instead of from the Lottery.

Alice Garland:

Exactly. These are real stories. These are dreams that have come true. Putting a face and a story with the lottery playing experience is vital. Our questionnaires include mostly open-ended questions that elicit the winner’s own unique story and allow their personality to shine through. We give a lot of attention to optimizing this opportunity to engage with our winners and share their stories. We usher them into nicely decorated winner’s rooms, offer them water or soft drinks, and provide information to them to help them deal with their big win, both financially and with the publicity that could accompany their good luck. And the whole experience is done in a friendly conversational way so they feel at ease and comfortable. Again. Many winners don’t mind sharing their stories. But when we do meet someone who does, we respect that and their stories present only the public information available on any lottery winner.

How can we create stories that meet the higher bar for news set by media in major media markets?

Alice Garland:

It’s not easy. Does the story have to be more interesting or the prize amount higher? Yes. Is the bar higher because major media don’t like us, don’t like lotteries? No. And it would be a mistake to work that way. No self-respecting

reporter wants to publish PR pieces for a lottery. They want news. They want good stories. We have both. And when we present our news as stories, we can clear the bar. The big advantage today is we all have our own communication channels to go directly to the public and players. So as we produce good storytelling about lottery winners, not only are we creating great content for our website, our blog and our social media channels, but we are producing newsworthy media releases too. It’s hard for anyone to resist a good story when it is well told.

How can Lottery differentiate itself from other sectors of the games-of-chance industry?

Alice Garland:

We try to appeal to people’s sense of civic pride and consciousness. Lottery’s mission is to serve society, to channel economic benefit to good causes like public education. Lottery is far more transparent in every aspect of our operations than many other brands, including others in the gaming industry. We hold ourselves to the highest standards of security and integrity. The N.C. Education Lottery worked hard to achieve Level 3 certification under the Responsible Gaming Framework from the World Lottery Association and hope to soon make it to the top, Level 4. We want to make sure our brand reflects that focus on integrity and the mission to serve society, and bring this message to civic groups and the business community every chance we get.

We do a great bit of R&D on gaming, but increasingly we focus our research on the brand messaging we do too. We listen more often and more intently to see how that messaging resonates and to test if the values

of our brand are understood by the public we serve: players, retailers, and all our stakeholders.

We have installed a number of channels to elicit input. Our customer service helpline receives around 1,500 calls a week. Our players' club, which we call the Lucke-Zone, is phenomenally active with over 800,000 members, which is over 10% of the playing age population of North Carolina. One popular feature is our Lucky-Zone blog and our data indicates that many members read that blog on a daily basis. The Lucky Zone blog posts information about game promotions, instructions on how to play, winner stories, Q & A sessions, things like that. We have multiple social media channels to make it easy for players to post comments and questions, and we respond to all questions or complaints.

And we have really stepped up our corporate social responsibility program because that's an essential part of our brand. Our extensive volunteer efforts are well-staffed to serve the community and schools. Communicating our values is an integral part of our LinkedIn page and all employee recruitment initiatives. We sponsor four Thanks to Teachers programs with our draw stations. Every week during the school year, each station produces a teacher-of-the-week story, profiling one of North Carolina's great teachers. We join two of the stations as they honor the teachers and other educators at the end of the year at dinners. We work very hard to deliver the message that we are part of our community, and to make that be part of our brand.

It just seems like part of the answer to my question about how brand lottery might improve public perception is to focus more on grassroots strategies.

Alice Garland:

We think so. The way people get their news, consume information and media in general has changed so much over the last twenty years. As mass media channels reach smaller segments of the population, we really need to focus our resources on grassroots efforts to connect with our audience. Our strategy is to interact more directly with our audience, hopefully influencing hearts and minds to appreciate all that the N.C. Education Lottery stands for. We think that if we can provide our own positive story to smaller groups of key people of influence in communities all across our state then that will have a powerful residual impact over time.

Do you have a metric for the time and/or other costs relating to the creation of the winner stories that you do?

A. Garland:

We do. We include in our monthly status reports information that allows us to track our effectiveness. We have a monthly value for the earned media we receive on television and we track the potential audience from the news stories based on the visitors to their news websites. We use Google alerts, of course, and some of the analytics that come with Google. We subscribe to Critical Mention, a service that captures what's said about the lottery on TV broadcast and provides a dollar value of the news report. And we use a second media monitoring service called Meltwater

to track with the help of key terms what's posted about the lottery on websites of newspapers, blogs, and some social media.

A typical month for earned media on TV is valued at \$63,000, and our stories through all media reach an audience of about 1.5 million. That's a pretty big audience in a market with an adult population of 8 million. That's a great addition to the results we get from our investment in paid media.

You are chair of the Responsible Gaming committee for NASPL. There's been a lot written about how the next generations of consumers of young adults are more socially conscious. Does that mean that it will be increasingly important to highlight CSR as a part of the enterprise mission and brand?

Alice Garland:

Absolutely. I witness every day how important it is to the millennial generation to give back to the community. I think social consciousness is just as important to them as the salary they are paid. They want to give back. They want to be a part of the community. They want to volunteer. They want to share their values and convictions on social media. And they want to affiliate with employers and brands that share those values. CSR will absolutely be an even more vital component to the brand of lotteries all across the U.S. as we work to appeal to the next generations of consumers. ■

Some North Carolina Winning Headlines From The Last Couple Weeks

'It's For My Boys,' Says Fayetteville Woman Of \$100,000 Win
Icee Stop Brings Davidson County Man A Cool \$1 Million Win
Family Tradition Leads To 17 Sharing Record \$1.7 Million Cash 5 Jackpot
Birthday Numbers Help Rocky Mount Man Win \$109,619 Cash 5 Jackpot
First Try With Lottery Wins Charlotte Woman A \$150,000 Prize
With \$750,000, Vietnam Veteran Takes Aim At New Truck, New House
\$200,000 Lottery Prize Will Let Charlotte Man Take Dream Vacation
\$100,000 Lottery Prize Will Help Selma Man Start His Dream Business
Coffee Run Turns Into A \$400,000 Win For Granville County Grandmother
\$100,000 Lottery Prize Means Construction Worker Can Get Dream Home

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Scenes from SMART-Tech 2017
March 20 to 22, New York City





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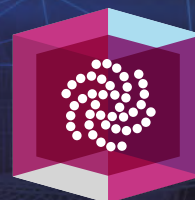
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Pulse of the Industry



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

World News

LOTTOLAND TO PAY £150,000 FOR MISLEADING ADVERTISING

An operator who did not make it clear to consumers that they were betting on the outcome of a lottery draw and not actually taking part in a lottery is to pay £150,000 to socially responsible causes.

Lotteries are different from other gambling products as a portion of proceeds must go to good causes. The Gambling Commission and the Advertising Standards Authority (ASA) therefore consider it important that consumers are made aware of the type of gambling they are participating in. The Commission’s investigation found that Lottoland also failed to make it clear in its third party marketing, website and social media promotions that consumers were betting and not participating in a lottery. Lottoland is required to pay £150,000 to a socially responsible cause, pay Commission investigation costs, and agree to a public statement outlining its failings for industry wider learning. email: communications@gamblingcommission.gov.uk

MISLEADING’ HEALTH LOTTERY ADVERT BANNED BY UK WATCHDOG

The UK Advertising Standards Authority has told the Health Lottery that it must not to use an advert, which featured a man

saying “I would encourage anyone to go out and buy a Health Lottery ticket. You’ve a very good chance of winning”. The ad’ was deemed by the ASA to in violation of rules for being misleading, being unsubstantiated, exaggerating the chance of winning, and for using a testimonial that could be interpreted as fact. The Health Lottery protested that it is legitimate to publicize a testimonial from winner.

LOTTOLAND SOLUTIONS SIGNS A LOTTERY BETTING AGREEMENT WITH BOOKMAKER WILLIAM HILL AUSTRALIA

In spite of operating illegally in many markets where it has no license, Lottoland continues to find creative ways to insinuate its model of enabling consumers to bet on the outcome of legal lotteries (like Powerball, Mega Millions, EuroMillions, and many other branded games) into markets throughout the world

FRENCH ONLINE SPORTS BETTING REACHES RECORD LEVEL

Gaming regulators in France announced that online sports betting in the country increased by 23% in the first quarter of 2017 compared with the same period the year before, and that the total euros wagered established a record. The number of players who made at least one online bet in Q1 2017 increased year-over-year by 10% to 1.5m, establishing a quarterly

record. Betting on tennis rose by 41%, generating €129.5m in revenue. Increases also were reported in football and basketball, rising by 18% (€348m) and 19% (€81.6m), respectively. Online horseracing play decreased 1% from €247m to €246m.

BRITISH GAMBLING REGULATORS WIN IN COURT

British gambling regulators can prevent pubs from providing gambling services even if they satisfy the criteria required for obtaining a license, the Court of Appeal in London recently confirmed. The court ruled that regulators are not required to issue a license to pubs if they believe that doing so would “be harmful to the statutory licensing objectives” established in the Gambling Act.

BRITISH GAMBLING COMMISSION AND E-SPORTS WATCHDOG SIGN AGREEMENT

Reflecting a growing concern with integrity in the rapidly developing e-sports betting market, the British Gambling Commission has signed an agreement to receive reports on suspected corruption. Esports Integrity Coalition (ESIC), a not-for-profit organization whose members include e-sports companies and gambling regulators, will provide market intelligence for the commission.

INDIA PLACES CASINOS AND BETTING SERVICES IN HIGHEST TAX BRACKET

Gambling and race club betting have been categorized in the same 28% tax bracket with other “luxury” services, such as movies and five-star hotels. Entry fees in casinos and other entertainment venues also will be charged at the highest rate. Online skill games, which are not categorized as gambling, will be subjected to an 18% rate. This rate is lower than gambling activities, but still higher than the 15% currently paid by online rummy, poker, and fantasy sports operators in India. The tax rate for lottery tickets or services provided by lottery distributors has not been revealed, but reports indicate the government will classify the US\$7.78-billion lottery business in the 28% bracket.

DUTCH AUTHORITIES CRACK DOWN ON ILLEGAL ONLINE GAMBLING

Gaming regulators in the Netherlands have announced an increase in their efforts to stop online gambling enterprises that operate illegally in the country. Online gambling is illegal in the Netherlands, but several operators use links from Netherlands web domains to direct consumers to gambling sites outside the country. The country’s gaming regulators have encouraged international gambling operators to block Dutch IP traffic and stop processing payments from any Netherlands-based bank.

GOOGLE TRANSACTION MINING COULD CHANGE AD SPEND

In a move that could change the landscape of ad spending, Google will begin to mine its credit- and debit-card transactions to demonstrate to advertisers that Google digital ads drive purchases in the brick-and-mortar channel. By analyzing the payment transactions, Google will be able to tell merchants how many sales can be associated with specific digital ad campaigns. If this plan is successful, Google could realize a significant advantage over its competitors and attract ad dollars previously spent on television campaigns.

SMARTPHONE PLAYERS NOW 85% OF SOCIAL CASINO GAMERS

An industry report reveals that 85 percent of social casino gamers play on smartphones. Players using personal computers declined to the lowest market share ever at 49 percent. The popularity of slot games fueled the growth of smartphone and tablet usage among social casino players: 74 percent of smartphone users and 72 percent of tablet users play slots. Player preferences have migrated from applications that contain several games to those that are fast and easy to start. Developers are responding to consumer demand and directing their energies to the creation of single-genre apps.

PC users are the most willing to spend both time and money on games, playing an average of 69 minutes per session and spending \$79.45 a month on games. Mobile players play 57 minutes per session and spend \$39.87 per month.

The report also found that the lifetime value of gamers who play slots on smartphones is \$324, but that casino-style players on computers have the highest lifetime value at \$623. Tablet slots games have the highest conversion rate (8%) of all social casino games. Three fourths of social casino players are women, and more than half (55%) of all social players visited a brick-and-mortar casino in the past year.

HUNGARY’S ONLINE LICENSING REQUIREMENTS STRUCK DOWN BY COURT

The European Union’s principal court has ruled against the Hungarian government’s online gambling licensing framework, holding that it created unfair business conditions for European operators trying to enter the Hungarian market. European sports betting operator Kindred Group brought the legal challenge. Kindred said Hungary created online gambling provisions that could not be met by non-national stakeholders.

ABACUS EXPAND IN-LANE SALES NETWORK IN HOLLAND

Abacus is pleased to report that through use of the Abacus Fusion Platform® its

Dutch client Nederlandse Loterij has further expanded its in-lane sales network in The Netherlands, with the addition of two Dutch supermarket retailers: Albert Heijn and Dirk.

Dirk went live earlier this month with 119 stores and 1,052 points of sale, and today Abacus has enabled nearly 11,000 points of sale in 899 Albert Heijn stores nationwide. This brings the total of in-lane points of sale selling Lotto and Eurojackpot tickets to just under 21,000 tills.

Abacus CEO, Simon Butler, commented; “Supermarkets are an ideal environment for in-lane sales, placing the ability to play right in front of the consumer as they are buying their groceries. Our research shows that, in supermarkets in particular, only around 5% of customers visit the area of the store where the lottery terminal is sited. An in-lane solution puts the lottery in front of 100% of the store’s customers and fits in to their existing behaviour. We are very excited by the addition of Albert Heijn and Dirk”.

OPAP ACHIEVES STABLE OPERATING PROFITABILITY & STEADY PROGRESS ON NEW PROJECTS’ IMPLEMENTATION

OPAP S.A. consolidated financial performance for the three month period ended March 31st, 2017: Revenues (GGR) up 5.3% at €358.9m (Q1 2016: €340.7m), moving higher for the quarter despite the persisting stagnant macro trends. Both Lotteries and Instant & Passives rose by 10.9% and 3.7% respectively, while sports betting came in lower by 6.9% y-o-y.

SPANISH COURT RULES FOR CODERE, AGAINST POKERSTARS

The Spanish Supreme Court in May ruled in favor of the Codere Group in its lawsuit against Pokerstars on the grounds of unfair competition, holding that “the game of poker offered on the website of (Pokerstars) was not a legal activity in Spain.”

KAMBI GROUP PLC SIGNS A CONTRACT WITH CORREDOR EMPRESARIAL S.A. GAMES OPERATOR IN COLOMBIA

Corredor Empresarial S.A., is Latin America's largest private 'games-of-chance' network, founded by the 32 Colombian provinces' Chance Game operators. Kambi will be the exclusive supplier of sports betting services for the BetPlay brand, Corredor Empresarial's new vertical - online sports betting - and in the casino vertical business.

Kambi will supply its state-of-the-art sports betting services to Corredor Empresarial's entire Colombian land based lottery and payment service network through the Chance Game operators, which consists of more than 25,000 retail outlets and to its new online operations. Together with Kambi's customer, platform and casino content provider, R. Franco, Kambi will provide Corredor Empresarial's seven million daily customers with a seamless sports betting experience across all verticals

CAMELOT UK ANNOUNCES IN-DEPTH REVIEW OF THE NATIONAL LOTTERY STRATEGY

Camelot UK Lotteries Limited ('Camelot') is carrying out a strategic review after achieving total National Lottery ticket sales for the 2016/17 financial year (1 April 2016 to 31 March 2017) of £6,925.3 million. Although the fourth-best sales performance since The National Lottery's launch in 1994, the figure represents a fall of 8.8% when set against last year's record sales of £7,595.2 million.

On behalf of the Board, the review is being led by Nigel Railton, CEO of Camelot Global, who took over Camelot's UK operations following Andy Duncan's decision in April to step down. It is focusing on four key business areas – commercial plans to boost sales performance; investment in technology and systems; the current business structure; and long-term succession – and an update will be given when Camelot announces its half-year sales later in the year.

Camelot's performance in 2016/17 saw

players and Good Causes share over £5.4 billion – underlining how The National Lottery is continuing to transform the lives of people and communities throughout the UK. Combined with the Lottery Duty it pays to government and the commission it pays its retail partners, Camelot returns around 95 pence of every pound in revenue back to society – one of the highest percentages of any major lottery operator in the world.

Total ticket sales and all related financial results figures for 2016/17 are subject to final audit. For further information, please contact: Camelot Press Office: 020 7632 5711

GLI TESTING WORK GROWING IN ASIA

Online gaming compliance testing has become a major part of the work being conducted by Gaming Laboratories International LLC (GLI) in Asia. GLI opened its first Asian gaming testing facility in Macau in 2006. The company expanded that operation to a full-service testing laboratory in 2009. The company tests all areas of iGaming offered via the Internet or mobile devices and wireless in-venue platforms.

Skill-based games are beginning to appear in the Asian markets, but the existing regulations are lagging the technological development. Some jurisdictions in the U.S. have approved regulatory changes allowing the use of skill-based and arcade-like features on slot machines. Regulatory requirements for skill-based games are mostly common across jurisdictions, with the differences usually relating to how much of the player's return can be exclusively attributed to skill.

LUDOVICO CALVI IS THE NEW GLMS PRESIDENT

In the annual GLMS (Global Lottery Monitoring System) General Meeting held on June 8, 2017 in Krakow, following the EL Congress, a new GLMS Executive Committee has been elected and a new GLMS President has been appointed: Ludovico Calvi, Senior Vice President - Global Product Marketing Betting of

Lottomatica has been designated Chair and President of GLMS Association. GLMS is the Lotteries' mutualized monitoring system on sports betting.

Other appointments: Thierry Pujol remains as Vice-Chair; Sami Kauhanen has been designated Treasurer; Younès El Mechrafi remains as Secretary.

INTERESTING TRENDS IN CHINA GAMING AND LOTTERY MARKETS

China's sales of official lottery products in May increased by 8.9 percent year-over-year from May 2016. Total sales in May were approximately US\$5.51 billion. The Welfare Lottery sales decreased by 0.8 percent year-on-year, to US\$2.66 billion, while sports lottery sales rose by 19.8 percent to US\$2.84 billion.

North American News

JIM POPPELL APPOINTED TO HEAD THE FLORIDA LOTTERY

Gov. Rick Scott appointed Jim Poppell to be Secretary of the Florida Lottery. Mr. Poppell will start his new duties on July 10, replacing Tom Delacenserie who left at the start of the month to become president and CEO of the Kentucky Lottery. David Mica, the chief of staff of the Florida Lottery, has been serving as interim secretary.

INNOVA AND POLLARD BANKNOTE AGREE TO FRIENDLY ACQUISITION

The Federal Trade Commission is challenging the proposed merger of the two dominant operators in the daily fantasy sports market, stating that the companies' combination would create an entity that would control more than 90 percent of the market. The DFS industry has declined in the past year. More than two-thirds of daily fantasy sports companies have closed, changed direction, or joined competitors.

EDDIE TIPTON PLEADS GUILTY OF DEFRAUDING LOTTERIES

The former director of information security at the Multi-State Lottery Association which administrates Powerball pled guilty to a felony charge of fraud that netted \$2 million in illegal winnings from five state lotteries. Eddie Tipton admitted that he wrote computer code sometime between 2005 and 2006 that allowed him to predict the winning numbers in certain lottery games. Tommy Tipton, a former Texas justice of the peace, admitted that he won lottery drawings in Colorado and Oklahoma using numbers that his brother Eddie had provided him. Together, both Tipton brothers are also expected to pay \$3 million in restitution to the lotteries they targeted. Both are also required to sit for a so-called “proffer” session with investigators to share details of how the scheme worked.

U.S. SUPREME COURT AGREES TO HEAR N.J. SPORTS BETTING CASE

Sports betting advocates see momentum building in Sports Betting. The U.S. Supreme Court agreed Tuesday to hear arguments on whether sports betting should be legalized at racetracks and casinos in New Jersey. If the court sides with New Jersey, sports betting could open at racetracks and casinos by next June, in time for the 2018 NFL season. A ruling in favor of the right of New Jersey to legalize, tax, and regulate sports betting would likely open the door for other states across the country to pass laws allowing such wagering.

IGT COMPLETES THE SALE OF ITS SOCIAL CASINO SUBSIDIARY, DOUBLE DOWN INTERACTIVE

International Game Technology has completed the previously announced sale of its social casino subsidiary, Double Down Interactive LLC, to an affiliate of DoubleU Games Co., Ltd. for a cash purchase price of \$825 million. IGT expects to use the proceeds from the transaction primarily to reduce debt.

“Today, we are also entering into a long-term game development and distribution agreement with DoubleU Games for social

casino content,” said Marco Sala, CEO of IGT. “This is an important development in supporting our strategy of leveraging our substantial content catalogue across multiple distribution platforms. Through this partnership with DoubleU, we will continue participating in the social casino market, as we will be collecting ongoing royalties on our casino game content.”

SCIENTIFIC GAMES ACQUIRES LEADING LOTTERY SALES FORCE AND RETAIL APPLICATIONS SUPPLIER, LAPIS SOFTWARE ASSOCIATES

Scientific Games has successfully completed the acquisition of long-time business partner Lapis Software Associates, LLC (“Lapis”), an international supplier of lottery sales force and retail performance applications called gem | Intelligence® and gem | Retailer™. Additionally, Lapis supplies technology consulting services focused on high-performance, mission-critical distributed applications. Scientific Games and Lapis share a vision of innovation in developing solutions that meet the individual needs of lotteries and their retailers.

Scientific Games has employed all existing Lapis staff, who will continue to fully support Lapis customers. McHugh said that in the long term, Lapis customers will benefit from Scientific Games’ market analytics, strong research and development pipeline, and other resources. Innovation from Lapis’ Rhode Island location will augment Scientific Games’ product development from its global labs and technology operation centers.

Key Lapis product brands in the marketplace, such as gem/Intelligence® and gemRetailer™, will remain intact and continue to offer industry-leading capabilities and flexibility.

SCIENTIFIC GAMES UNVEILS ADVANCED LOTTERY INSTANT GAME SOFTWARE SECURITY SYSTEM AND ROBOTICS

New, Patented Technologies Offer Lotteries Advanced Security in Each Stage of Company’s Secure Manufacturing Processes. The new, patented KDS360 software security system was developed through a series of advancements in Keyed Dual Security

(KDS) technology systems, the foundation of Scientific Games’ instant games security. KDS360 extends the protection of an instant game from initial game data generation through the final delivery of the game to the lottery or its retailers, including the critical process of prize balancing.

SCIENTIFIC GAMES DEBUTS FIRST SKILL-BASED SLOT MACHINE WITH CLASSICARCADE VIDEO GAME FAVORITE

Innovative new slot integrates authentic alien shooter bonus game, free games, and an option to Buy a Bonus. Scientific Games launched its first slot machine with a skill-based bonus — SPACE INVADERS™.

INTRALOT SIGNS EXTENSIONS WITH OHIO LOTTERY THROUGH 2027

The current contract with the Ohio Lottery has been renewed for the two-year period from July 1, 2017, through June 30, 2019. The value of this 2-year contract is estimated at \$ 71 million. The amendment of the current agreement with the Ohio Lottery providing the Ohio Lottery three additional 2-year renewal options, thus extending the contract term through June 30, 2027.

ONLINE GAMBLING LOBBYING GROUP OPENS SHOP IN DC

An online gambling lobbying group - iDEA (iDevelopment and Economic Association) - has established operations in Washington, DC. The group includes major operators in internet gambling, including Amaya, the parent company of PokerStars; GVC Holdings, owner of bwin and partypoker; and UK oddsmakers Paddy Power Betfair. Additionally, three brick-and-mortar casinos that are engaged in online casino gaming in New Jersey - Golden Nugget, Tropicana, and Resorts - are members. iDEA says it will advocate for the passage of federal and state measures that promote the expansion of online gaming, and will educate politicians on the economic benefits the industry provides. States can determine their own online gambling laws.



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