

A Global View on Lottery Growth Opportunities

Jay Gendron, IGT Chief Operating Officer Global Lottery



PGRI INTRODUCTION: Since December 2017, Jay Gendron has been the Chief Operating Officer of Global Lottery at International Game Technology (IGT), ensuring that IGT’s resources, products, and services support the diverse and unique needs of Lottery customers around the world, excluding Italy. His role includes leadership of lottery operations and customer relationships, instant ticket printing, and global field operations.

In October 2015, Jay was inducted into the Lottery Industry Hall of Fame at the North American Association of State and Provincial Lotteries (NASPL) Annual Conference in Dallas, Texas.

Since joining IGT in March 1995, Jay has held various positions in Government Relations, Lottery, and Video Lottery sales. Prior to stepping into the position of COO, he served as Senior Vice President, North America Lottery, from 2014 until 2017. These positions of increasing responsibility over his 29-year career provide Jay an incomparable understanding of lottery operations to better serve the company’s worldwide customer base.

Jay is a member of IGT’s Global Diversity, Equity, and Inclusion (DEI) Council, and the co-executive sponsor of ACE, one of seven Employee Impact Groups at IGT. ACE stands for Advancing Cultural Education, whose primary purpose is advancing people of African descent through recruitment, professional development, and networking within the company and the gaming industry.



Jay recently shared his thoughts on lottery opportunities for the year ahead and other current topics:

Paul Jason: Your role expanded six years ago from managing sales and operations in North America to managing them worldwide. What have you observed about the industry during this time?

Jay Gendron: Europe is far more advanced in the interactive space and cloud computing. The lotteries face similar challenges to those in the U.S. with illegal lotteries, plus they are facing an increase in commercial operators especially in the digital space, as well as challenges due to restrictions on consumer advertising and the continued challenge of “How do we continue to grow responsibly in an ever-changing gaming environment?”

Since Covid and the significant growth in the digital space, the priority for lotteries is to know their customers and provide appropriate content that competes with the aggressive commercial operators and retains the core of responsible gaming.

International customers also realize that retail remains important, and they need to strike the delicate balance of building their digital sales while maintaining their strong retail sales, which they are accomplishing with innovative omnichannel offerings.

What opportunities do you see in the field today?

Jay Gendron: From a global and holistic viewpoint, I see the opportunity to accelerate growth and technology innovation via advances like the cloud. Other highly regulated private and public entities — as well as government services — have migrated to the cloud to enhance security, improve scalability when demand requires it, and ensure that they always have the latest and greatest software updates available. Lotteries also need to be prepared and positioned to do the same.

We're taking a multi-phased approach: Where cloud makes sense, we're moving those applications to the cloud right now. For instance, wherever we anticipate a dynamic demand, where we don't control the volume of the activity that will occur, that's a priority for cloud. If you think about the retail network, for instance, the number of retailer touchpoints is fixed. That's a lower priority for coming onto the cloud than, say, a player-facing website. On a jackpot night, suddenly a large volume of players wants to check their numbers to see if they won. Accordingly, our approach is that all internet-facing applications will be the first wave to migrate to the cloud — and, in that respect, IGT is cloud-ready now. IGT's Remote Game Server (RGS) for eInstant content — our fastest growing cloud product — is live in the cloud for our U.S. customers in Georgia, Kentucky, and Rhode Island, and internationally in Belgium, Italy, Lithuania, Norway, and Poland.

With regard to iLottery, we have already migrated to the cloud all our eInstants content and digital draw game management. Our digital-lottery platform has already been deployed with Switzerland's Loterie Romande and Poland's Totalizator Sportowy.

In the next wave to the cloud we migrated

IGT's "wizards" — Learning Wizard, Retailer Wizard, Sales Wizard, and Performance Wizard, IGT's data and analytics platform — and AnyWhere, our API gateway. Having completed this work, we are now moving to migrating the lottery central system and applications. It will be truly groundbreaking when we get our core software operations in the cloud. We're not there yet, but we are moving toward that horizon.

As in other industries, lotteries are highly concerned about cybersecurity and want to protect against hackers gaining access to their systems. How does IGT approach security?

Jay Gendron: When a cybersecurity attack happens to one lottery, others are rightly concerned. Cybersecurity is something we take very seriously. We monitor closely what happens in our industry, and especially with our customers. Any attack has the potential for similar impact on our operations. As a result, we monitor published security incidents, the root causes if they are made known, and intelligence we can gather from the dark web regarding that or related attacks. Using that information, we can ensure that the controls we have in place, whether technology or process, will successfully mitigate any potential for that event to occur for us. In general, information security controls are put in place to minimize the effect of any successful attack.

Understanding that no company can prevent an attack, especially given the ever-evolving threat landscape, IGT places a great emphasis on early detection, alerting, and response. This positions the company to act with speed to contain and mitigate any potential adverse impact, should an attack occur. Layered security with automation is key to this strategy, and having the people in place to use that telemetry effectively is of paramount importance to the company.

What's your point of view on growth in the instants category, particularly in the U.S.?

Jay Gendron: The industry has seen unprecedented growth particularly with instants and multistate games in recent years, even during Covid, when people not only continued to play, but lottery also attracted new players and player demographics. The importance of the digital channel also came into focus as a frontline for attracting and communicating with players, even for lotteries that can't offer sales in that channel.

The resulting record-setting growth has reset the bar higher — and, as often happens, the industry's success also presents a challenge: continued sustainable growth.

I think many lotteries still have opportunity to diversify their price point mix — by this, I don't necessarily mean increase their price points, but optimize the mix. For lotteries that offer iLottery, there's a chance to cross-promote and offer omnichannel content and games across retail and digital channels to continue to expand and diversify the player base.

Some lotteries still have opportunities to expand distribution — whether through self-service or by engaging with those corporate chain retailers who are increasingly innovating within the lottery category. Walmart is a prime example — IGT started working with Walmart more than a decade ago with one pilot in Florida, and that partnership and relationship has not only grown, but has seen Walmart bring its own point of view to the category — in how they use data to automate different aspects of the business to improve execution, reduce labor hours, and improve overall performance. We're proud to have been a catalyst, working with that team in its efforts to advance the industry in collaboration with U.S. lottery partners.

We recognize that staying at the forefront is possible because we're able to work with forward-looking customers with whom we can innovate. We continue to develop and introduce new ways to advance in-lane sales, and we are engaged in multiple pilots with retailers in Texas, which we think have great potential for adoption by others. We also maintain our commitment to and involvement in advancing the NASPL API, and as that technology progresses we have complementary solutions that can enhance and improve the experience for players and retailers, such as our LotteryLink in-lane solution, which we previewed at the most recent NASPL conference. LotteryLink enables retailers to sell lottery games on their point-of-sale device without the need for programming.

Do you see similar opportunities on the traditional draw-based game side?

Jay Gendron: We're excited about the Mega Millions game change to \$5 in April 2025, as it will have an embedded multiplier feature and higher jackpots. We've seen this strategy work very well with in-state Lotto games in Colorado, Florida, Indiana, and

New Jersey, and are looking forward to seeing it on the national level.

With regard to the multistate games, including Cash 4 Life and Lucky for Life, what strikes me is the importance of having a plan and continuing to introduce new games and enhancements, work that IGT has been involved in. Going back to about 2010, almost every year there's been a multistate innovation of one kind or another. The industry has benefitted in recent years from great jackpots and momentum, but we can't rely on that, and it's great to see that there's renewed discussion and innovation. We encourage more discussion and collaboration to enable innovations to be planned over several years in advance, so lotteries can know and integrate with other game and/or portfolio changes.

We are supportive of the discussions around merging the two games Lucky for Life and Cash 4 Life into one larger national product with increased brand awareness and a \$1 million per year for life top prize to advertise. This opportunity could lead the way to additional states launching the successful Doubler add-on to the new combined game, which has proven to be a solid performer in the New Jersey market on Cash 4 Life. There is also a current opportunity for more lotteries to add Double Play as an add-on option to Powerball. Currently, 22 jurisdictions offer the Double Play option on Powerball, with an average play-through of 15.3%. We look forward to more discussions with both groups to move that initiative forward.

And, as lotteries are looking to plan the Mega Millions change, they're also looking at other portfolio changes that are jurisdiction specific. What are their other windows? IGT's Cash Pop draw-based game, which has been a breakout success, fits into this category. Cash Pop continues to have successful roll-outs, with the most recent being in Washington state in October 2023. The next IGT customer launch is scheduled



for Michigan in April 2024, and we are very excited about the licensing of Cash Pop to the Maryland lottery with a launch planned for May 2024. With the multistate game changes not slated until 2025, we're happy to work with customers and non-customers to help facilitate 2024 launches.

How else is IGT demonstrating its commitment to customers through technology innovation?

Jay Gendron: In the past year or so, we've introduced the industry to OMNIA™, IGT's holistic, end-to-end omnichannel solution. It comprises all the products and solutions a lottery needs to operate in an omnichannel, player-centric way, and is not only comprehensive but highly configurable to suit individual lottery and player needs as they evolve. And, for lotteries that are not regulated to sell online, the Connected Play functionality within OMNIA modernizes the retail environment with convenient, digitalized player journeys, bringing the in-store experience in step with contemporary consumer expectations and paving the way for the time when a lottery can offer online sales.

Omnichannel games and play is a hot topic – lotteries who can do so want to offer the same games to players via any device or channel. We're supplying lotteries with the opportunity to offer the fun of players' favorite games in store and via digital channels with a variety of omnichannel games – and IGT was recognized in February this year with the IGA Lottery Product of the Year Award for our omnichannel game portfolio.

Customers are embracing these new possibilities and technologies. I mentioned Poland earlier as the first in Europe to deploy iLottery in the cloud. We've also supported Totalizator Sportowy in launching the first Fast Play games in Europe and have been working with them on another groundbreaking omnichannel deployment that we presented at the EL/WLA marketing seminar.

Beyond this, we recognized several years ago that the system for producing instants was ripe for reimagining and introduced two instants category-changing innova-

tions: Infinity Instants™ games and IGT's patented, blockchain-enabled NextGen Security process — a new and superior game-programming platform and security process that can and is being used for any instant game, not just Infinity games. Now, with the combined capabilities of our NextGen game-programming platform and Infinity Instants digital printing platform, we can provide players with new, highly engaging play mechanics that can't be replicated with traditional printing technologies. With these new capabilities, we're starting to introduce into the market all-new game mechanics, such as Linked Wins for Infinity Instants.

Another recent, successful launch demonstrating how these combined technologies give us new means to innovate is the 12-scene game, Ghostbusters™ with Infinity Instants, developed by IGT specifically for the Michigan Lottery.

And, as discussed, the coming year will see further expansion of our Cash Pop draw-based game and more new product and game launches to keep driving the lottery category forward.

The result of IGT's investments over recent years is that we have been able to add value for lottery customers and players with entirely new propositions. We're proud of these advances and excited to bring to market new innovations that make more possible for customers, players, and the industry. ■

