

TECHNOLOGICAL TRANSFORMATION AND THE ENGAGEMENT OF THE MODERN PLAYER

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PGRI Introduction: BCLC (British Columbia Lottery Corporation) manages all commercial gambling and lottery products in British Columbia including lottery tickets, casinos and online gambling. Based in Kamloops, with a secondary office in Vancouver, BCLC consists of three lines of business: Lottery, Casino and eGaming. With more than 1,300 employees, its annual net profits exceed CDN \$1.5 billion, all of which goes back to the province through investments like health care, education and community programs. Its service providers, who run casinos on its behalf under contract, employ an additional 8,300 people across the province.

In May 2024, BCLC completed its most ambitious transformation to date: replacing and modernizing its legacy lottery equipment and systems, to both support the organization's future success and increase benefit to the province, its retail partners, and importantly, its players. Dan Beebe, chief operating officer, shares his thoughts on this and other integral organizational transformations and their enduring impact.

Paul Jason: BCLC is immersed in every game-of-chance category and distribution channel. How did the need to replace your lottery systems lead to transform your enterprise-wide technology architecture?

Infrastructure determined that 90% of BCLC's legacy technology resided in our lottery systems and infrastructure. Our lottery systems were due for an upgrade. As we explored potential new IT strate-

Dan Beebe: Lottery was the genesis of this company and is foundational to our DNA. And we were proud of our lottery systems which for 20 years were incredible, very efficient and dependable. And because of this, we were able to focus our innovation efforts on casinos and new game categories, like online gambling and sports betting.

However, in 2015, a governmental review of our lottery

gies to enhance operations and the lottery player experience, we were inspired by the possibilities and decided that modernizing our lottery systems could be the cornerstone to something much bigger: the transformation of our business's IT infrastructure.

That's almost ten years ago. Was it a long and winding road to get to where you are now?

D. Beebe: Following the whole RFP process, we were all set to implement the new lottery system in 2017. INTRALOT was the technology partner on the hardware side but not the software side of the system. The vendor responsible for software had a different strategic vision, so we essentially started from scratch again in 2018 with INTRALOT as the hardware, software and application provider. We took the following four years as an opportunity to study the way technology was evolving and to think about the ways that IT infrastructure



does not just produce specific technological outcomes - it defines the overall corporate architecture and ultimately the player experience.

It was also becoming apparent that cloud technology was primed to occupy a much bigger, more central role in the modern IT infrastructure. We realized we needed to pivot and not just replace our lottery terminals and the lottery game engine behind it but transform our entire lottery ecosystem. On May 26, 2024, BCLC became North America's first cloud-based lottery system.

So you had no blueprint to follow in this technological transformation?

D. Beebe: While BCLC was the first in North America, we had both the benefit of studying other cloud-based ecosystems and INTRALOT had extensive experience with executing switchovers of the type we were considering. They had also completely redesigned their systems to be modular, easier to update and easier to integrate with.

We affectionately called this a “big-bang” approach because we decided to rip out everything that is connected to our lottery system that does not comport with the most modern presentation or operational layers we are adding, and replace it with the most advanced version. INTRALOT was excited about it because they had done this before and could attest to the benefits of this approach. We were confident that INTRALOT’s experience and technical vision combined with our willingness to push the envelope, would

produce the results we wanted. We think it was the perfect marriage for achieving the ambitious outcome of going live with a cloud-based system supporting 30,000 staff on 3,800 retail machines throughout the province. While this system was created for lottery, it is actually going to end up also fueling and providing a casino-style sports book that we never contemplated before.

We are happy to share our experience with others who may want to explore a similar transformational path.

The lottery system does not directly support the other game categories, does it? **D. Beebe:** While the different game categories like casinos, sports betting, and online gambling require different technological functionalities, the new lottery IT infrastructure opened up a whole new view on what we could achieve as well as what we would need if we wanted to integrate those functionalities.

We are now asking the fundamental question of how we can move our entire gambling technology infrastructure into more modern cloud-based, modular and service-oriented architecture.

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It sounds like the starting point for integrating the most advanced IT systems is unrestricted open-ness and interoperability.

D. Beebe: It’s about the freedom to think beyond the parameters and assumptions that may have existed in the past. For instance, we also needed to replace our retail sports betting platform. We asked INTRALOT for ideas on how we could create a player-experience that would enable seamless migration from lottery to sports betting. Now we have deployed new INTRALOT-powered sports books in retail.

Doesn’t “thinking-out-of-the-box” incur additional risk?

D. Beebe: Of course any large-scale transformation will carry at minimum a modicum of anxiety - but INTRALOT did have a lot of experience with the implementation of forward-looking technologies that reflected where we wanted to go. We were still nervous but were assured that everything would work fine – and we’re happy to report that they were right.

You referred to the impact this has on “corporate architecture”. What does that mean exactly?

D. Beebe: It’s about ensuring that the processes supporting our products are inter-connected across multiple game categories and distribution channels – with the capability for instantaneous communication. We used to execute somewhat linearly, executing one task at a time. Data that used to take days to process and post for analyses – for instance, game results – is now available instantly. This new “corporate architecture” removes bottlenecks and facilitates the process of converting data into actionable intelligence.

Continued on page 41

What is forefront on your radar right now?

D. Beebe: We have three major IT platforms: one for the casino, one for lottery and sports betting, and one for digital. Bringing those three platforms together so that our player can conveniently move across them is one of the major initiatives.

There are around five and a half million people in BC. Three and a half million played lottery within the last year. That connection with the vast majority of the adult population can help us drive growth in other game categories like casino gambling and sports betting, but only if we provide a convenient, seamless, pathway to migrate from one space to the others.

The same underlying technologies that enable a friction-free player journey can also provide us with a single 360 degree view of the player which enhances our ability to provide the right information and the right promotional offers to the right players at the right time.

I don't think we have used the word "omnichannel" yet, but that is what you're describing.

D. Beebe: We want to make sure everything is as easy and convenient as possible for the player, whatever games they want to play, wherever and whenever they want to play.

For example, a casino player is required to show their I.D. at the door to be admitted. They know that's to prevent players who have self-excluded. But it also results in a friction-point where the player is asked to show an I.D. What we can do is build on our modular retail lottery system so that, for example, a player who registers for lottery digital prize payouts can use that same registered ID when entering a casino – reducing that friction, sharpening our ability to reflect the preferences of our players and making them feel valued.

It's great that you see a short-term ROI for the investment you are making, because everyone knows long-term sustainability depends on modernizing like this.

D. Beebe: It becomes not only a way of thinking, but also doing, and I am encouraged to see our other technology partners embracing this philosophy as well.

BCLC is a social purpose organization. Everything we do is to generate win-wins for the greater social good. "Sustainability" is not limited to revenue for good causes. We think it means to maximize overall benefit to society. This includes our commitment to ESG (Environmental, Social, and Governance), shrinking our carbon footprint and stretching to find new ways to be the best corporate citizen.

Cloud technology: What role does it play and why it is important?

D. Beebe: BCLC has its main data center in our head office in Kamloops and then we have a backup data center just outside of Kamloops. That's rows of server stacks that need maintenance, lots of energy, and operational attention. Moving the data storage and management to the cloud enables us to shrink our physical technology and server footprint, reducing the amount of energy, security, controls, maintenance and staff required to manage that physical footprint. It enables us to focus our human resources on higher value-added activities like innovation, improving data-analytics process, optimizing the player experience, and inventing better games. Of course, we now need to manage cloud-based infrastructure, but that is a leaner, more specialized task. Physical data centers require backups, so you have to build two systems in case one goes down. In a cloud-based system, these are all virtual so if you lose the primary, it automatically fails-over with no loss of service to the secondary. Lastly, we do not need to spend time and money updating the hardware as it is all part of the cloud service.

It may be a little too soon to ask, but has player registration increased since the cutover to the new systems?

D. Beebe: Player registration is a good indicator of player engagement and forms the basis for future revenue growth. We are seeing quite an increase in our regis-

tered play. Some of it is due to improvements to the registration process, some of it is just the increased utilization of mobile phones to process digital selection slips. Of course, we are always developing new features and benefits to add value to the mobile playing experience.

BCLC players have increased their mobile lottery play and that does not seem to be tapering off. Pre-pandemic, our digital lottery sales were around 5% of total sales. After the pandemic, we are up to around 15% and almost 900,000 downloads of our lottery mobile app. It is the single biggest ticket checking device in the entire province. It would be important also to note that our retail business has grown right alongside of digital sales growth and is as vital a part of our business as ever.

You referred to registrations as a good indicator of player engagement and the basis for long-term growth.

D. Beebe: It is really about the experience. And that experience includes the land-based retailer. Our digital lottery platform and lottery mobile app need to be an enabler of the retail experience – think of it as a retail companion app.

The partnerships with our retailers are critical to the success of our business. Digital is a great convenience, but it is not always the destination. Our players tell us that there is nothing like buying a lottery ticket and enjoying the dream. We need to preserve those moments because that is the heart and soul of our product.

In the end, our goal is to build out a playing field, a constellation of options for how to engage with BCLC that includes convenient access to all the benefits that we hope will thrill the player, drive ongoing engagement, and inspire everyone to dream. ■