

magazine

For Sustainable Global Gaming Excellence



The enduring attraction of retail

Retail is a unique opportunity for lotteries to engage with their players. Even operators with a well-established online presence rely overwhelmingly on the convenience of retail channels to drive sales and acquire new customers. But as retail evolves and players become increasingly connected, lotteries are redefining the role of their bricks-and-mortar outlets.

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In memoriam: Jean Jorgensen



On Saturday, February 20, 2016 the lottery world lost a trusted friend and staunch advocate. After a brave three-year battle with cancer, Jean Jorgensen, WLA Executive Director, peacefully passed away in the presence of his family in his home city of Copenhagen.

Jean was a lottery veteran of 25 years, having made his entry into the lottery world in 1991 when he began working for Dansk Tipstjeneste (now Danske Spil) as assistant to the CEO. He served in various capacities at Danske Spil, working his way up to acting CEO before leaving in 2005.

From 2005 until 2009 Jean worked as an independent adviser and lobbyist in Brussels, Belgium, reporting on European gaming politics to the Nordic Lottery block. During this time Jean also served as seminar moderator for the WLA and for the European Lotteries (EL). He also aided the Danish government on the revision of their gambling legislation and was instrumental in the establishment of the multi-jurisdictional game, EuroJackpot, which went live in 2012.

When Jean assumed the position of WLA Executive Director in January 2009 he set clear priorities for the WLA going forward. Having been educated as an economist, he sought to strengthen the association financially. The comfortable financial position the WLA enjoys today is due in large part to Jean's economic policies and sound management. Jean also worked at developing good relations with the five regional associations, collaborating with them to avoid redundancies in member services and to establish a cooperative educational program. Championing the provision of comprehensive lottery data to the members, the WLA Quarterly Lottery Sales Indicator and the WLA Global Lottery Data Compendium count among his most important and valued legacies.

Jean was loved and respected throughout the global lottery community for his diplomacy, his humanity, and his sense of justice. We will all miss him greatly.

Remembering Jean

Jean was well liked throughout the industry for his professional knowledge, his diplomacy, and his sense of humor. He had a profoundly positive influence on the global lottery community and he left a lasting impression on all those who knew him. The countless letters that we received upon Jean's passing is testament to that fact. With a few photos and a selection of quotes from WLA members who sent in their condolences, we wish to dedicate these two pages to the memory of Jean.

I had the opportunity to get to know Jean and always appreciated his great competence and commitment to the association. He will



truly be missed and will always be remembered by the world lottery community.

Jean was very dedicated in his work, well liked, and respected by all in the lottery fraternity ... We will remember him fondly, especially his enthusiasm for his role as Executive Director of the WLA.

Nous avons perdu un grand responsable qui aura marqué son époque grâce à sa forte personnalité, à ses idées novatrices et à son attachement profond aux activités de l'Association.

Jean was always full of ideas, was always able to efficiently solve problems and creatively deal with challenges. He was always able to create a positive working environment and deliver results for the benefit of the lottery sector.

During many years Jean has been a real friend and a great mentor to the whole world lotteries. His activities and legacy will stay with us forever.

I was a newcomer to the business. Jean went out of his way to make me feel welcome and included. I admired his intelligence and his wit – he was a very funny and good teacher. I

enjoyed the seminars I went to when he was the lead speaker. And I admired his courage when he was faced with this terrible illness. But above all it will be his kindness I will remember that shone through in the way he treated everyone.

Tuvimos la gran satisfacción de conocer, compartir y trabajar con Jean y, sabemos de su intensa dedicación con la WLA.

Dignity, humor, compassion, humility, courage, optimism, perseverance, intelligence. These are but a few of Jean's attributes.

Some people are professional but sacrifice humanity to achieve that professionalism. Jean combined both. I have lived and worked around the world. I have met many people that I admire. No one – underscore – no one surpassed Jean in my admiration.

Jean was always a consummate professional who exhibited courage and strength and maintained a positive outlook even in the most difficult of circumstances.

Our Gaming Industry lost Jean, a person who was characterized by ethical values and



principles, elements hard to find nowadays. We all lost a real friend, a caring colleague, a partner who was always there to struggle to promote the lotteries' values and stand

for their rights. I truly believe that It was an honor to have met such a great person and I am sure that we will all miss him.

Jean was a generous person who willingly shared his vast knowledge and insights from the gambling world. Charming, curious, down to earth, serious but with a great sense of humor is how we will remember him. Jean will be greatly missed by all of us.

Dear Jean, what an earthquake in the lottery world! You were more than a colleague. You were a friend with a big heart and a great



smile. I already miss you (and your whistle! ;) but I will keep so many good memories during the Sports Betting Seminars we have shared together during these years.

Jean was first and foremost a gentleman. I don't think I ever remember him losing his cool or being anything but courteous in his dealings with everyone. He was not only intelligent but also had that much rarer quality – emotional intelligence.

Jean was a great, great individual who always cared about those around him. Having worked with Jean on several occasions, we all had the opportunity to get to know him as a man, father, husband and friend. His sense of humor and gracious demeanor made Jean a true bright light, and one that will shine on

forever in the hearts of so many.

Jean was a valuable and highly respected member of the lottery industry but above all he was a true friend. He will be remembered for his inspiring leadership and brave character. All these years, we had shared the same vision joining our forces to drive our industry forward. The lottery industry will be poorer from his loss.

We fully appreciate Jean's inspiring leadership and pursuit of excellence. As we reflect upon the high standards he espoused. We are sure that the strength, standards and services he Jean maintained till the very end will inspire us and every person who has crossed paths with him for years to come.

We believe WLA's reputation and success is in large measure due to Jean's dedication, hard work and professional expertise.

Je crois que le monde des loteries vient de perdre un grand homme dont le nom restera inscrit dans l'histoire de la WLA et de la loterie danoise.

I have been working with Jean on WLA lottery topics during the last years and have got to know his professional and human qualities. He had shown highest discipline and



admirable fortitude in the performance of his tasks even in times of exhausting medical treatment. But first of all, I was impressed by his incredibly positive attitude toward life, which he never lost.

We all miss Jean very much. He was a good friend and great colleague to us all – a unique person!

Whatever your problem was, Jean found a solution. Whether when he was living in Brussels, or later working in Basel, traveling throughout the world and living in Den-



mark, he always mastered the art on being on top of any subject at all times and drive projects forward. His sense of humor is unmatched. His genuine passion for lotteries and for numbers will always remain an inspiration.

Jean was in many ways, the face of the WLA. I certainly found him to be a kind and generous man, always happy to help.

I always appreciated Jean's pragmatic, no-nonsense approach and energy in promoting the best interests of WLA and the lottery community. He will be sadly missed.

We will remember Jean as a dedicated and much appreciated ambassador of the widely shared values of the world lotteries.

He was a tremendous example for all of us and we should continue with the same energy and spirit Jean shown through his life.

I will remember Jean as a true friend with so much energy, sympathy and so much knowledge about the international gaming market.

C'était un immense Monsieur à qui je serai éternellement reconnaissant.

Jean Jorgensen will be remembered for his visionary leadership and his essential contribution to the advancement of the lottery sector.

Dear Jean, thank you for bringing the vision of this global lottery community to life and contributing so much of your experience to its success. We will keep you in our hearts

and continue your work in our daily operations. You will be missed dearly by the entire community.

Dear Jean, you have always been a big inspiration to me. I will carry your warm and sincere approach for always in my memory. May you find the rest that you well deserved.

We had the chance to know Jean as a passionate and professional lottery leader and a personal friend for years. He was always helpful, kind and interested in people and the world around him.

Jean's dedication and commitment to the WLA and the lottery industry was appreciated by all of us within the global lottery community.

There are so many wonderful memories of our collaboration with Jean over the last years. We will always remember his creativity, sense of humor, positive attitude and effi-



ciency and he was simply great to be around. And most importantly, his kindness and friendliness will be always dearly missed. Actually, it is quite rare for somebody to be so deeply appreciated by everybody he has worked with and Jean was exactly the case.

Retail and interactive sectors working hand-in-hand

Following the continued growth of the online and mobile sectors over recent years, 'interactive' is by now a familiar term to all those working in the lottery industry. In an informal conversation, WLA President Jean-Luc Moner-Banet discusses the ways in which traditional lottery retail operations are driving sales using interactive channels. He also touches on the newly established Global Lottery Monitoring System for sports betting and the upcoming World Lottery Summit in Singapore.

This issue of the WLA magazine includes a feature article on lottery retail networks. What role does the retailer play as a sales channel for lotteries?

The retail environment is the stage upon which a lottery's brand identity can unfold and perform its magic. To the player, it is for all intents and purposes the public face of the lottery. It is the direct point of contact between the player and the lottery. As such, the retailer is a key lottery stakeholder. The retail sales channel is probably also the most important sales channel for many lotteries. For some lotteries, up to 90% of overall sales are delivered through the retail network.

But lottery is just as important for the retailer, as retail is for the lottery. Retailers understand that lottery sales contribute significantly to their growth. The lure of winning a huge jackpot drives people into the stores as we witnessed with the recent USD 1.5 billion Powerball jackpot in America.

Without doubt, the Internet has had a profound effect on the way consumers shop, with the result that today, there is a lot of talk about Internet sales. Do you foresee a day when the online sales channel will supplant the retail sales channel? If not, why?

It is a commonplace to say that the importance of interactive channels – Internet, mobile phones and tablets – will continue to grow for the lottery and sports betting sectors, and that this growth will be driven across all generations, not just the young. However,

I remain convinced that physical distribution networks will, in the medium to long term, remain very important for lotteries – particularly through the introduction of new technologies and the development of increasingly modern sales tools in outlets.

Efforts are being made to merge retail and online channels through the use of so-called 'omni-channels'. What are the benefits of such a sales approach?

The omni-channel approach has a number of benefits. First of all, it offers the player convenience. It brings lottery games to players wherever they are. Whether they are at home in front of their PC, on the go with their mo-

In what ways can Internet sales channels enhance retail sales channels?

As mentioned above, Internet and retail channels work together to enhance each other. It is not one against the other. Amazon realized this when they opened their first bricks-and-mortar store in Seattle, Washington, last November. They did this after two decades of online operation, and establishing themselves as the world's premiere online retailer. Amazon knows that people still yearn for the physical shopping experience, and their many years as an online retailer has created fertile ground for the launch of a physical store. In many ways, Amazon is demonstrating that the brick and mortar retailer of the future will be a data-driven digital business.

On another topic, the Global Lottery Monitoring System for sports betting (GLMS) became a reality last year when it went live on June 1, 2015. How is this new association developing, and what mea-

sures has GLMS put in place thus far for preserving the integrity of sports?

The WLA reached a key milestone with the official launch of the GLMS, which went live on June 1, 2015. Developed in conjunction with the European Lotteries (EL) and 27 lottery members, the GLMS establishes a global, systematic surveillance system to monitor sports betting with the purpose of detecting any unusual or suspicious betting patterns. It is a main asset for the lottery industry to demonstrate its commitment towards the protection of clean sports competition.

"To the player, the retailer is for all intents and purposes the public face of the lottery. As such, the retailer is a key lottery stakeholder."

Jean-Luc Moner-Banet

bile device, or at the retailer, players always have access to their favorite lottery games. Getting players to register online also has huge benefits for the lottery and retailer alike. Capturing valuable player data helps us better understand our players, their playing habits, and their likes and dislikes. For the lottery it also offers a means to implement player protection controls and responsible gaming measures. And through the use of second chance games and online promotions, lotteries and retailers can work together to drive players into the stores.

The WLA and EL have worked together closely on this project since 2012, as mandated by delegates of the 2012 WLA General Meeting. Today, the expanded system provides 24/7 coverage of the various betting markets offered by government-authorized lotteries as well as for-profit bookmakers in every corner of the globe.

I understand that GLMS will be working with the International Olympic Committee to help ensure the integrity of the Olympic games in Rio this coming summer. Could you say something about this collaboration and what it means for the lottery industry as a whole?

Forming a united front against corruption and match-fixing in sports continues to be a priority for the WLA. More than half of the world's state-licensed lotteries offer sports betting products to their customers, so the lottery industry is clearly a key stakeholder in the fight to keep sports fair and honest.

At the same time, GLMS is reinforcing its relations with international sport and football governance bodies (notably the IOC, FIFA and UEFA) in order to work together to follow up on suspicious patterns. In particular, during the Rio Olympic Games in the summer 2016, GLMS will collaborate with IOC to monitor the competition.

Where would you like to see the GLMS in the next five years?

One of the WLA's objectives is to help the global lottery industry to speak with a united voice and act in a coordinated fashion on lottery-related issues as they arise. The world lottery community is gaining momentum in its efforts to combat match-

fixing and preserve the integrity of sports. The launch of the GLMS is a testament to that fact. Our cooperation with the EL in founding the GLMS – aided by the Sportradar's state-of-the-art technology – will help us unite our member lotteries across five continents in the fight against fraud in sports. Through GLMS we look forward to continuing our partnership with the IOC and FIFA, providing them with the information on irregular betting patterns in accordance with our respective agreements. We wish the GLMS a continued success in protecting the integrity of sports all over the globe.



Looking forward, the World Lottery Summit 2016 (WLS 2016) will be held from November 6–9, 2016, in Singapore. How are preparations for this event proceeding?

I just returned from a meeting in Singapore with Singapore Pools, our partners for WLS 2016. I can assure you that preparations are progressing nicely and Singapore Pools has the situation well in hand. The WLA staff has also been working at our end to ensure optimal organization of our flagship event. The business program is taking shape. We have a number of renowned keynote speakers

lined up, some of whom you can read about in this issue of the WLA magazine.

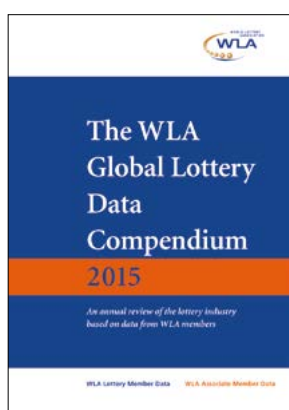
In 2006, the WLA held its flagship event in Singapore. Once again, WLS 2016 will take place in this island city-state. How does it feel to be holding the WLA's flagship event on the Asian continent again after ten years?

Asia is one of the most progressive regions in the world today. Economically, technologically, and socially, the continent is advancing rapidly, setting the pace for the rest of the world. Singapore is the threshold to Asia, and holding WLS 2016 in Singapore will give participants the opportunity to feel the vibrant energy that this enchanting continent has to offer.

Why does the WLA hold this important industry event on a different continent every two years? Would it not be more practical to hold this event each time in the same place?

The WLA is a global organization. As such, we strive to hold all our events – seminars as well as our biennial convention – evenly distributed across the globe. Although all our member lotteries share the same mission, the way the mission is fulfilled from land to land varies. We all benefit from the rich variation in cultures, the diverse

approaches to gaming regulation, and the creative application of technological innovations. This gives us new insights and serves to keep the association growing. In holding our flagship convention on a different continent every two years we hope to give all our members the opportunity to share their experiences and to learn from their international colleagues. The World Lottery Summit is always the highlight of the lottery industry and this year will be no exception. I hope to see as many of you as possible in Singapore for the WLS 2016.



New edition: WLA Global Lottery Data Compendium

The WLA Global Lottery Data Compendium (GLDC) is a digest of the lottery industry worldwide, as embodied in the WLA membership. Now in its second year, the GLDC provides the WLA membership and external stakeholders alike with timely, comprehensive, and accurate data on the state of the global lottery industry.

Based on data contributed by the WLA membership, the GLDC is an almanac or compendium that disseminates aggregated, quantitative, and other statements about state-authorized lotteries and suppliers to the lottery industry. The WLA introduced the WLA Global Lottery Data Compendium (GLDC) towards the end of 2014 to meet the regulated global lottery community's ongoing need for factual, detailed, and up-to-the-minute data on the state of the global lottery industry. Following on from the success of the inaugural edition of the compendium, the WLA presented the second edition of the GLDC to the global lottery community in December 2015.

Expanded second edition

Considerably revised and expanded, the second edition of the GLDC showcases the activities of approximately 90% of the WLA's regular membership of state-authorized lotteries and approximately 88% of the WLA's associate membership of providers of goods and services to the lottery industry. With its near-blanket coverage of the entire WLA membership, the GLDC comprises the most authoritative and accurate account of the state of the global lottery industry available today.

For the second edition of the GLDC, contributing WLA members once again provided key descriptive statistics for the years 2014 and 2013. The Key Performance Indicators (KPIs) collected remained unchanged from the first edition, focusing (for WLA Lottery Members) on baseline metrics

relating to sales revenue and money for good causes, and vendor-oriented metrics such as descriptions of key products and services (for WLA Associate Members). In collecting the data, every effort was taken to ensure its completeness and correctness, with many corrections in particular being made to FY 2013 data that was originally published in the inaugural edition of the GLDC.

The headline figures announced in Table 1 below summarize the main findings of the 2015 edition of the GLDC. Further information on both individual WLA Lottery Members and WLA Associate Members or the state of the global industry as a whole may be found on consulting the GLDC directly. Electronic copies of the GLDC may be downloaded from the WLA website at www.world-lotteries.org; to order hard copies, please contact the WLA Basel business office at info@world-lotteries.org.

Warm reception

As with the first edition, the second edition of the compendium has been applauded by the WLA membership for the high quality of its data, for its timeliness, and for its comprehensive coverage. WLA Lottery Members have appreciated the GLDC for highlighting the role played by lotteries globally as institutions raising money in support of good causes, while WLA Associate members have welcomed the opportunity to market themselves to WLA member lottery organizations through advertising, via vendor-oriented KPIs, of the services and products they of-

fer. Both lotteries and suppliers alike have recognized the importance of the GLDC both as a point of reference for benchmarking performance against global lottery best practice, and as a repository of historical data that can be used, over time, to analyze long-term global trends in the lottery industry. As a result, the entire WLA membership is enthusiastic about the next edition of the GLDC.

Future developments

Currently, the WLA is planning the third edition of the compendium. For 2016, the annual data collection exercise should begin in March for WLA Associate Members, and in April for WLA Lottery Members. The GLDC for 2016 should appear towards the end of this year.

Looking forward, a key goal remains to increase the participation rates of both WLA Lottery Members and WLA Associate Members in the GLDC, until such time as the WLA is in a position where it collects and publishes data from 100% of the WLA membership on a regular basis. For future editions of the GLDC, the WLA is also looking to broaden the scope of the KPIs collected to include metrics such as Internet and online sales, and to deepen the analysis of the collated data, for example through the use of time series analysis.

Make your data count!

If your lottery or company would like to participate in the GLDC, and your organization is a WLA Lottery Member or WLA Associate Member, please forward an e-mail to the WLA at its Basel business office (info@world-lotteries.org) registering your interest.

The lottery industry at a glance

Total sales 2014 (WLA Lottery Members)	USD 273.4 billion
Total sales 2014 (Global)	USD 292.7 billion
Total money for good causes 2014 (WLA Lottery Members)	USD 77.8 billion
Total direct employment 2014 (WLA Lottery Members/WLA Associate Members)	108,197 employees

Table 1. Key findings of the WLA Global Lottery Data Compendium 2015.

Internet .lotto domain to be regulated

The discussion on the operation of the Internet generic Top-Level Domain (gTLD) .lotto has been concluded, allaying any fear of misuse by illegal gaming operators. Last year, the WLA, in accord with EL and NASPL, reached an agreement on .lotto with Afilias Ltd., ensuring its proper and regulated operation.

As previously reported in the WLA's year-end retrospective, "The year 2015 in review", new Internet gTLDs, similar to .com and .org but denoting brand names or generic categories (like .sport), came into effect in 2013.

In mid-2013, the Internet Corporation for Assigned Names and Numbers (ICANN), which oversees the Internet domain name system, approved a bid by the Irish Internet registrar Afilias, Ltd., the second largest Internet registry operator worldwide, to operate a new gTLD called .lotto.

The WLA, EL, and NASPL have reached an agreement with the registrar to help Afilias ensure that the .lotto gTLD is operated in a regulated manner. At the initiative of the lottery associations, an official request was submitted to ICANN asking that .lotto be recognized under its Category 1 Safeguard Advice, which provides special safeguards for regulated markets to ensure that new gTLDs are operated in compliance with applicable laws. In the case of the lottery industry, these safeguards protect the .lotto gTLD from misuse by illegal gaming operators.

This proactive, cooperative effort by the lottery associations has helped to avert unrestricted use of .lotto domain names, which could have had a negative impact on state-authorized lottery organizations and their beneficiaries, and caused significant harm to the playing public.

The issue is now closed and the outcome for state-authorized lotteries can be considered satisfactory. The initial response to .lotto has been positive and interest from lotteries around the world has been growing. More than 140 registrants, many of them WLA members, have been recorded for a .lotto domain name.

May Scheve Reardon named NASPL President



May Scheve Reardon, Executive Director of the Missouri Lottery, was named NASPL President last October.

May Scheve Reardon didn't waste any time getting started after she was named President of the North American Association of State and Provincial Lotteries last October. The Executive Director of the Missouri Lottery is heading an industry effort to develop a

strategic plan to take the association into the next few years in a manner that best helps lotteries navigate the technological and retail challenges they face.

"Once we decide on what the top priorities for our industry are, we can work together as a group to accomplish those goals," she said. Challenges to tackle include attracting big box retailers, providing more cashless payment options, developing new national games and protecting states' rights when it comes to developing new sales channels.

In addition to her role as NASPL President, Reardon also serves on the NASPL Vendor Relations, Government Relations and Business/Product Development committees.

She has been with the Missouri Lottery since 2009, and annual sales during her tenure have grown from USD 968 million to more than USD 1.1 billion. Last year, the Lottery raised USD 270 million for public education in the state. She oversees a staff of more than 150.

Reardon brought an extensive background in the financial, nonprofit and government sectors to the Lottery, including a twelve-year term as a state representative, serving on several committees including budget, appropriations, and a joint committee on gaming and wagering.

She has a bachelor's degree in communications from Saint Louis University and a master's degree in communications from Webster University.

Scientific Games takes top honors at ICE 2016

For the second year in a row, Scientific Games has been named the world's leading lottery supplier at an annual awards ceremony hosted by Gaming Intelligence.

Diversified gaming and lottery solutions provider Scientific Games Corporation won top honors in the 2016 Gaming Intelligence Awards, which took place at the ICE Totally Gaming conference and tradeshow in February.

The company took home the 2016 'Lottery Supplier of the Year' award at the world's largest business-to-business gaming show, which brings together leading innovators from the global gaming industry.

Commenting on the award, Gavin Isaacs, president and CEO of Las Vegas-based Scientific Games, said: "It is an honor to be recognized as the 'Lottery Supplier of the Year' by Gaming Intelligence and its well-respected panel of judges. We believe this recognition is the result of our investment in market-leading innovation, world-class customer service, and powerful consumer research and analytics

to help lottery operators continue their growth. We are proud to be a trusted supplier to such an entertaining, generous, and vibrant industry."

This is the second year in a row that Scientific Games has been named 'Lottery Supplier of the Year' in the annual Gaming Intelligence Awards. A prestigious panel of judges from the global gaming and lottery industry evaluates the nominations.

Jim Kennedy, chief executive of the group's lottery division, accepted the award during a presentation at the company's ICE booth at ExCeL London.

"Our entire company is honored to win 'Lottery Supplier of the Year' two years back-to-back in a very competitive category," Kennedy said. "We will continue to work hard to earn the trust and business of lottery operators across the globe by creating and delivering the world's best lottery experiences."

The Gaming Intelligence awards recognize online and land-based gaming and lottery suppliers and operators spanning 18 categories. The awards recognize the best performers in each category purely on merit.

With operations on six continents, Scientific Games provides lottery games, services, systems, and retail technology to more than 150 lotteries globally, including nearly every North American lottery.

Among its many products and solutions on display at ICE this year, Scientific Games highlighted PlayCentral HD, which makes lottery games easy and convenient for both retailers and players.

The award-winning lottery retail technology features an interactive self-service kiosk with a 42-inch LCD touchscreen display, immersive 3D graphical user interface, ticket checking and validation, age verification, an integrated advertising display, and a 'shopping cart' experience.



Photo: Gaming Intelligence Magazine

Jim Kennedy, center, Scientific Games Group Chief Executive of Lottery, accepts the company's 2016 'Lottery Supplier of the Year' award at the ICE 2016 Totally Gaming conference in London on Tuesday, February 3, 2016. The award was presented to Scientific Games by Gaming Intelligence Magazine editor-in-chief, Bobby Mamudi, left, and editor, Steve Hoare, right, in both 2015 and 2016.

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The World Lottery Summit 2016 is approaching



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Winning in the New World
Meet the challenge, Make the change

From November 6-9, 2016, lottery professionals from around the globe will converge in Singapore for the World Lottery Summit 2016 (WLS 2016). Organized in cooperation with Singapore Pools, the WLS 2016 promises to be the lottery event of the year. As excitement builds for the convention, we provide you with a brief preview of what awaits the industry in Singapore.

Singapore is the gateway to the burgeoning Asian continent. This vibrant global region, with its rich and diverse culture, has embraced innovation and a new spirit in the 21st century and is showing the world its determination to succeed. WLS 2016's theme of 'Winning in the New World' is therefore particularly apt.

One of the highlights of the WLA's biennial convention is its comprehensive business program. The WLS 2016 conference

agenda will include a host of illustrious keynote speakers supplemented by nine parallel sessions that will provide insights into industry-relevant topics such as social responsibility, the latest in digital and mobile technology, sports integrity, and omni-channel marketing. Below we present a selection of some of the keynote speakers who will address WLS 2016 delegates, as well as an outline of the themes to be covered in the parallel sessions of the business program.

Keynote speakers

Kerry Jane Brown

*Vice President,
Southeast Asia,
at comScore, Inc.*



Kerry has over 15 years' experience in media research and analytics from both the UK and Asia. In her current position at comScore she is responsible for the commercial business throughout Southeast Asia for Audience and Advertising Analytics.

She started out as a graduate planner within a global media agency, and went on to work within one of the UK's largest Media Owners, specializing in research to support the commercialization of its portfolio of broadcast, online, and mobile offerings.

Determined to be at the heart of research and analytics, she then moved to the vendor side, taking on roles at both Kantar Media and Nielsen. As a Director at Kantar Media she provided a broad spectrum of media clients with custom research to help them contextualize the digital space and prove the effectiveness of their offering. In her time at the research agency she was responsible for developing an MRS award-winning media planning tool.

Wanting to focus on Digital and to broaden her horizons, Kerry then took on the challenge of leading Nielsen Online in developing its business for syndicated online audience measurement solutions in Southeast Asia. This role expanded to helping Nielsen work towards delivering its cross media measurement planning tool.

Jean-Claude Biver

*President of the
Watches Division,
LVMH Group; CEO,
TAG Heuer; Chairman
of the Board, Hublot*



A motivator and mover, Jean-Claude Biver has been credited with revitalizing the Swiss watch industry following the 'Quartz Crisis' in the 1970s and 1980s. Since then, the Swiss watch industry has staged a remarkable

recovery, with exports in 2014 exceeding CHF 21 billion.

Jean-Claude is President of the Watches Division for the LVMH Group. LVMH Moët Hennessy Louis Vuitton SE – better known as LVMH – is a European multinational luxury goods conglomerate, headquartered in Paris, France. He is also CEO of Tag Heuer, a Swiss manufacturing company that designs, produces and markets watches and fashion accessories, as well as Chairman of the Board for Swiss luxury watchmaker, Hublot.

In terms of marketing, Jean-Claude's constancy and consistency are just as remarkable as his need to keep turning received ideas on their head, as illustrated by his strategy: 'Go where potential customers can be found'. This approach resulted in him becoming the first to integrate a luxury brand into the world of football. In 2008, Hublot became the 'Official Timekeeper' of the UEFA EURO Championship. In 2010, the brand also became the historic first 'Official Watch' and 'Official Timekeeper' for FIFA and the World Cup.

Jean-Claude is also known for his exclusive cheese, which he parcels out to family and friends as well as select restaurants.

Lea Meyer, PhD

*Evaluator/Project
Manager at the Parli-
amentary Control of the
Administration (PCA)*



A specialist in multi-dimensional performance management, Dr. Meyer focuses on the influence of regulation on an organization's strategic and performance orientation. Her key area of professional interest is facilitating organizations' understanding of how to better define their own performance dimensions and add value to their relationships with key stakeholders.

Dr. Meyer obtained her PhD in Public Management from the University of Lausanne (IDHEAP) in 2013. At IDHEAP, she was a key researcher in a lottery-funded project focusing on the regulation of gambling. In 2013, Dr. Meyer was a visiting scholar at Columbia University's School of International and Public Affairs. She holds a Master's Degree in International Relations from the Graduate Institute of International and Development Studies in Geneva.

During her PhD, Dr. Meyer developed a performance model allowing organizations to identify the multidimensionality of performance and how it is influenced by regulatory intensity. Dr. Meyer facilitates organizations in developing a more sophisticated and proactive approach to performance allowing a more meaningful and collaborative interaction between regulators and industry actors.

Dr. Meyer lectures at the University of Lucerne in Switzerland and is currently project manager conducting evaluations for the Swiss parliamentary overview committee.

Yu-Kai Chou

*Pioneer, Author
and International
Keynote Speaker
on Gamification*



Yu-kai Chou is an author and international keynote speaker on Gamification – a term that refers to the application of typical elements of game playing to other areas of activity, particularly marketing, to encourage engagement with a product or service.

He is the original creator of the Gamification framework, Octalysis, and the author of 'Actionable Gamification: Beyond Points, Badges, and Leaderboards'. Yu-kai is the Founder of The Octalysis Group and has been a regular speaker/lecturer on Gamification worldwide, including at organizations like Stanford University, Accenture, TEDx, SxSW, Gamified India, Huawei, the Innovation Center in Denmark, Kingdom of Bahrain, and many more.

As one of the earliest pioneers in Gamification, Yu-Kai started his work in the industry in 2003. In 2015 he was rated first among the 'Gamification Gurus Power 100' by UK-Based Rise. Global, and was awarded 'Number One Gamification Guru of 2014' by the World Gamification Congress based in Spain. He has worked with a range of companies, from seed-stage startups to Fortune 500 companies such as eBay, Huawei, Fidelity, AIG, Verizon, HP, Cisco, and Wells Fargo. His work has been featured in Forbes, The Wall Street Journal, The World Journal, Business Insider, and PBS.

Yu-kai is a Board Director for Morf Media, a gamified training and learning platform. He is also a Board Advisor for many organizations and companies throughout



North America, Europe, and Asia, including BALANCE Edutainment (creators of Pacha's Pajamas), Loki Studios (creators of Geomon and sold to a Yahoo), The Catch (Gamified Dating Site), Plug.DJ, and Lucky Diem.

Parallel sessions

Below we offer a brief synopsis on each of the nine parallel sessions at WLS 2016.

Corporate Social Responsibility and Responsible Gaming now and in five years

State-licensed lotteries are mandated by law to contribute all (or most) of their profits to society. Their continued success depends on retaining the confidence of their stakeholders. Therefore, Corporate Social Responsibility (CSR) is vital to the existence of our member lotteries. In this regard, CSR and the measures taken by lotteries to encourage responsible gaming are inseparably linked. In 2006, the WLA adopted its Responsible Gaming Principles and developed a Responsible Gaming Framework (WLA RGF) aimed at protecting lottery players around the world. In this session, responsible gaming highlights of the past

decade will be explored. As well, the session will examine what the next five years could bring – RG activities expanding to integrate global CSR.

Social safeguards for gambling and implications for lotteries and sports betting

In order to curtail social problems such as gambling addiction, underage play, and money laundering, social safeguards such as player registration, stake limits, and caps on money spent are needed. With today's technology, customer relationship management systems enable the implementation of such safeguards, while benefiting the lottery operator by providing valuable data on their players. However, there are limits to the effectiveness of such systems. Playing at the retailer, for instance, is for the most part still done anonymously. This session will explore the pros and cons, and the implications of such social safeguards.

Targeting the millennial-generation customers, and using social media to engage customers and the community

The revenues and customer base of some traditional lottery products and services have been stagnating or even, in some cases, gradually declining. Lotteries and sup-

pliers are sometimes accused of not being innovative in finding new lottery products and services that appeal to the younger generations. What attracts the millennial generation – Internet and mobile services? Personalization? Social media? Cool, innovative, or intellectually challenging games? Instant gratification? And how should lotteries and suppliers adapt their innovation process? For social media, what content is relevant? Will people want to see the content again, and will they want to share it with their friends? Have lotteries found social media more effective for communicating stories of winning, or stories of giving? Which types of social media are more useful?

Are lotteries and sports betting ready for Big Data?

Player cards, loyalty programs, and online registration allow lotteries to collect and store real-time data about their players' behavior. How can this data best be employed, in a responsible manner, to service and benefit customers and the lottery? How much of the retail customer base remains anonymous and how does this affect the significance of the data collected? How ready are lotteries and sports betting operations for Big Data?



The scenic and modern Singapore skyline, dominated by the majestic Marina Bay Sands Hotel, venue for the World Lottery Summit 2016.

Proactive and constructive regulatory relationship management in a changing regulatory environment for lotteries and sports betting

The Internet has driven the need for new gambling regulations to ensure that new technologies are used ethically, that our players are protected, and that the laws are enforced. As a result, gambling regulations are rapidly evolving around the globe, particularly in Europe. The fight against illegal operators, maintaining the integrity of sports betting, and preventing gambling addiction are among regulators' main priorities. In this changing environment, how can lotteries manage relationships with regulators proactively and constructively?

The Global Lottery Monitoring System (GLMS) – appraisal, achievements and aspirations in the global fight for sports integrity

The launch of the GLMS is a major milestone for the WLA and EL, who have collaborated on the project since 2012. It is a shining example of what the worldwide lottery community can achieve when its members work together toward a common goal. The GLMS is based on the European Lottery Monitoring System (ELMS) for sports betting, set up in 2009 by the European Lottery Association (EL). Today the expanded system provides 24/7 cover-

age of the various betting markets offered by government-authorized lotteries around the globe. The GLMS held its inaugural general assembly on January 21, 2015 and went live on June 1, 2015. This session will present the achievements of the GLMS since its inauguration and discuss its aspirations going forward.

Managing a retail network of 'Bricks and Clicks'

Many lotteries around the world remain highly dependent on their retail networks. Although online gambling has yet to be legalized in many jurisdictions, it is starting to take hold and is becoming an important sales channel for lotteries. This has been viewed critically by retailers, who see the Internet as a potential threat to their businesses. How can lotteries leverage the power of the Internet and mobile gaming to move their retail sales channels from traditional 'bricks and mortar' into a 'bricks and clicks' business? This session will discuss the potential of the omni-channel and how it can be used to augment lottery sales at the retail level.

Introducing the new WLA Security Control Standard (WLA-SCS) and addressing cyber-security risks

The WLA Security Control Standard (WLA-SCS) is the lottery sector's only internationally recognized security standard. To ensure the

standard is relevant and up-to-date, the WLA Security and Risk Management Committee (SRMC) has strengthened the standard in the area of Internet gaming, for the secure operation of sports betting, and for the secure operation of VLTs. SRMC Chair, Thierry Pujol, will present the new WLA-SCS:2016 in this session. Selected security professionals from WLA SCS-certified member lotteries will also discuss their best practices and in particular, how the WLA-SCS has been useful in addressing potential cyber-security risks.

Lottery organization – global good practices

Traditionally, lotteries were organized by product groups with a strong business-to-business approach. Today, focus has shifted from selling lotteries not only at retail but increasingly directly to the player through the Internet and through mobile platforms. How does this change impact the organizational structure of lotteries and suppliers, their culture, and their human resource policies?

The above-listed parallel sessions are subject to change before the start of the convention. For the most up-to-date information on WLS 2016, please refer to the official convention website at wls2016.org.

Retail and the customer experience

The difference between success and failure in the gaming business is often the way that a game is distributed. Retail has traditionally made a key contribution to lottery sales and growth, but the advent of online sales has raised new questions about the future role of the bricks-and-mortar lottery outlet. We asked both operators and vendors for an update on the retail landscape and its changing relationship with customers who are more connected and better informed than ever before. Many thanks to all the Lottery Members who took part in our survey and to the WLA Platinum Contributors for providing their insights for this feature.



Photo: MARK RALSTON/AFP/Getty Images

People line up to buy California Powerball lottery tickets at the famous Bluebird Liquor store, considered to be a lucky retailer of tickets, in Hawthorne, California on January 13, 2016. Record sales drove up the largest jackpot in US history to a whopping USD 1.5 billion as people dreaming of riches flocked across state lines and international borders to buy tickets.

From big-box outlets to street vendors, from concept stores to self-service terminals at the gas pump – the range of lottery points of sale is enormous. Lotteries select their retailers carefully, based on commercial, financial and strategic factors. They run background checks on candidates and permanently monitor sales patterns once they qualify as official lottery retailers. The types of businesses vary by jurisdiction, of course, but local convenience stores and neighborhood businesses account for the lion's share of overall retail licenses worldwide.

Lottery is just as important to the retailer as retail is to the lottery, and retailers understand that lottery sales contribute significantly to their revenues and growth potential. But retail itself is undergoing fundamental changes, both in terms of the range of products offered and the way customers and retailers interact. For commerce in general, and for lottery in particular, the business environment is far more complex and fluid than it was just a few years ago.

Brand values

Retail is the face of the lottery. The retail environment is where a lottery's brand identity can unfold and perform its magic. Even in the digital age, bricks-and-mortar points of sale remain the single largest point of contact between the player and the product, and the top customer acquisition channel. Retailers still account for an estimated 90% of overall lottery sales worldwide. Few experts believe that local lottery retailers are already on the list of endangered species – but all agree that their role will change as lotteries embrace their digital transformation.

For lottery products, productivity and profitability are traditionally measured by square centimeter of counterspace. Today this metric is sorely inadequate. As new consumer habits and demands emerge, lotteries are rethinking their delivery models to optimize the customer experience. They are seeking – and finding – new ways to lure the player into the retail outlet and to make that experience more compelling and more fulfilling.

Follow the money

Conventional wisdom has it that lottery should be sold where people have their wallets out – and more and more people

"Omni-channel is our long-term goal, so it is critical that we continue to maintain our primary support for and significant investment in the retail network."

Tatts Lotteries, Australia

are making their purchases online. Does that mean retailers are the next victims of the digital revolution? The latest research suggests quite the opposite. In most jurisdictions, experts predict that retailers will remain key stakeholders in the lottery distribution model for many years to come. This is because they have a hugely important social and human role to play as touchpoints in the interaction between players and the lottery. They are part of the social fabric. As such they are in a unique position to drive player engagement with the lottery's values and emphasize the connection between licensed gaming and support for worthy causes and the greater good.

The customer experience

The concept of interactive gaming has been around for years and has become something of a cliché. Today the retail community and lotteries alike recognize that interactive is

more about creating the optimal consumer experience than it is about selling products online.

In terms of customer experience, experts believe that the ideal distribution model today and in the foreseeable future is "omni-channel". Omni-channel is more than a new buzzword. It's a comprehensive marketing and sales strategy that makes sure lottery games are accessible to players wherever they are, at home or on the go.

This integrated approach not only offers players a seamless experience across different devices (computers, tablets, smartphones, etc.). More importantly, as it is designed to optimize convenience for customers, it means that bricks-and-mortar retailers are an integral part of the distribution equation and will play a critical role in driving future lottery growth in the hyper-connected world of tomorrow.

Player registration: the holy grail?

Until now, lotteries have tended to develop products based on broad player profiles and without much specific knowledge about who their players are. Today the industry is moving toward greater product customization, evolving products on a player-specific basis.

Nowadays customers have almost limitless choice, so it is more important than ever to know who they are, what they like, what they do, and which groups and communities they belong to.

"Knowing the customer" takes on a whole new dimension in the age of Big Data. Privacy considerations notwithstanding, many lotteries are looking at ways to get more players to register. There are huge potential benefits for lotteries and retailers alike. Capturing valuable player data helps lotteries understand players, their playing habits, and their likes and dislikes. It also gives them added leverage to implement player protection controls and enforce responsible gaming measures.

So is registration the holy grail? During the "Bricks & Clicks" panel session at PGRI Lottery Expo 2015 in Florida, Michael Lightman, Senior Vice President Lottery Interactive, Scientific Games, reminded us that only about 35% of a lottery's player base will register. And only 5%-20% of those registered are active monthly players.

In other words, unregistered players represent a huge goldmine of untapped potential!

The age of retail innovation

Product innovation has always been a key success factor in the lottery industry. New retail and interactive technology has become a constant. Today we are entering the era of retailer innovation, not just with new POS technology, but with innovative processes and delivery models, and a whole new breed of cross-channel play styles.

More broadly, lotteries are finding new ways to enhance the customer value proposition at the retail outlet. With second-chance

games and online promotions, lotteries and retailers can work together to attract players into the stores.

New generations of consumers engage more easily with an interactive marketplace and multiple channels, and they dispute the assumptions of conventional marketing. In this new context, opportunities for retail innovation abound. By the same token, training is becoming increasingly critical because retail employees and field staff need to be at least as well informed as the digital natives they serve.

Lotteries are already adapting to a rapidly shifting retail landscape. As new play styles emerge, they are also working hand-in-hand with their retail partners to step up to a new set of lottery-specific challenges. Importantly, there is growing awareness that online and omni-channel are not retail killers. With the right strategies in place and careful execution, these new models have the potential to complement the customer experience and breathe new life into the lottery retail value chain.

Staying in touch

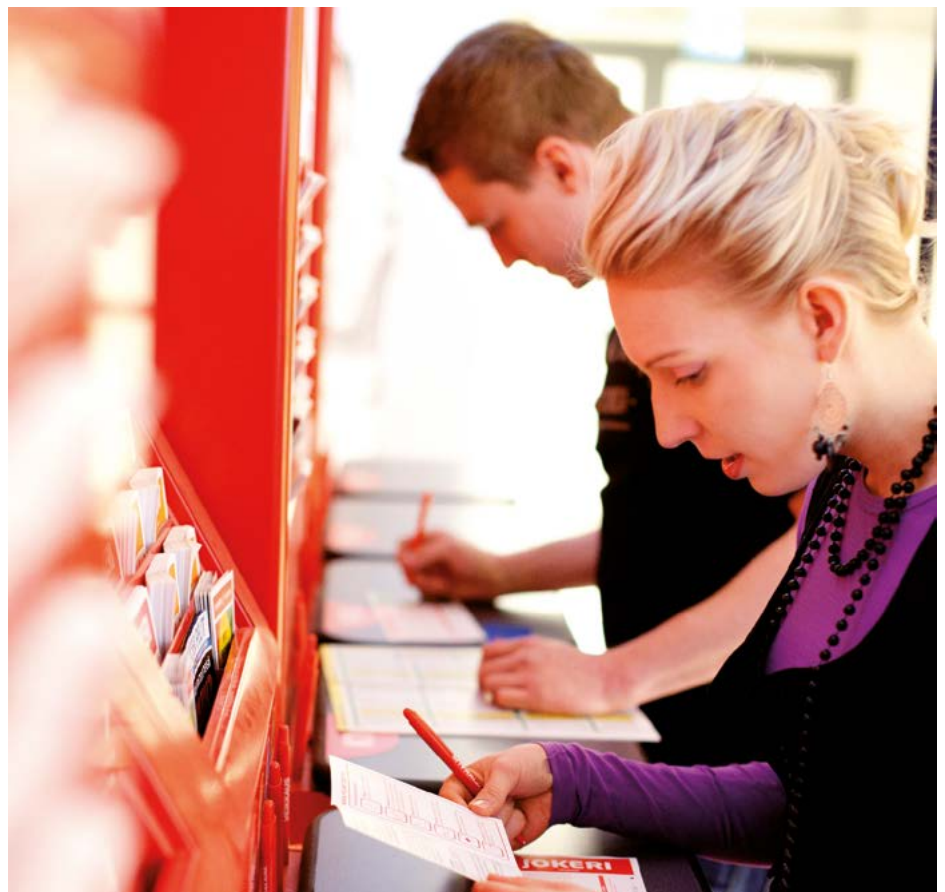
Lottery retailers don't just sell a commodity. They are the ambassadors of the organization's values and commitment to good causes, and they play a front-line role in keeping gaming fun and safe. For lotteries, taking care of retailers – and helping them take care of their customers – is a key differentiator in today's marketplace. We asked them how they communicate and negotiate with their retail network in practical terms.

Veikkaus Oy, Finland

We negotiate at the management and chain management levels. Cooperation and negotiations at the management level provides an operational framework. Our Executive Business Vice President, Sales Director, Partner Manager and Key Account Managers have clearly defined and important roles in the annual planning of negotiations with partners.

Communication is an important and comprehensive part of our work. Communication takes place at different levels, from managerial to operative. Our retailer sales department always has control over communication. Also, many experts from different departments support us in content production. At the management level, content such as results, analyses, and follow-ups plays a central role. At the operative level, the focus is more on informative and educational content.

We communicate with our retailers in many different ways, for example, through our external information platform (www.myyynet.fi), emails, a monthly retailer magazine, events, a Facebook group, and in more traditional ways such as mailshots.



Veikkaus Oy, Finland: Even lotteries with a well-established online presence rely on retail channels to acquire new customers.

Lotto NZ, New Zealand

Lotto NZ's dedicated sales support team are the main point of contact for retailers within their area and are responsible for maintaining relationships and providing relevant information and support to retailers on a daily basis.

As part of their weekly activities, each member of our sales support team sends a newsletter to their retailers each week with key information they need to know, along with any news specific to their region. Lotto NZ also publishes a monthly retail network magazine, Newsflash, which is sent to all retailers on the last Friday of each month. Retailers are also sent regular instant messages direct to their sales terminal.

In addition, Lotto NZ holds national retailer roadshows for major game changes and events, which enable us to share detailed information around key events with all stores in our retail network in a more engaging way.

Camelot, The National Lottery, United Kingdom

We communicate with retailers on a day-to-day basis through regular email/postal contact, as well as via text messages, phone calls and face-to-face meetings.

The smaller, independent retailers are looked after by a team of over 80 field sales executives who are based throughout the UK. They are responsible for maintaining relationships with these retailers. We also have a National Account team which works closely with the larger chain stores, such as supermarkets and high-street outlets, and explores new business opportunities.

La Française des Jeux, France

Prospecting and dealing with small independent retailers is handled by our field organization. Negotiation with national retail chains is organized at head office level through a new Key Accounts department.

General operational communication with our retailers uses different media: direct salesforce contact, the FDJ magazine, and a variety of other online and offline materials.

Ohio Lottery, United States

Each retailer is assigned a lottery sales representative who visits the store on a regular basis. A business designated as a chain account (typically a business with five or more sites under the same owners), have a chain account representative assigned as well. These two positions provide the front line of communication with retailers. Retailers are organized into regions, with regional sales office providing additional support. Customer service representatives contact retailers every two weeks to place instant ticket inventory orders. In addition, a retailer publication, called Ticket Seller, is sent out monthly, with other retailer publications sent out seasonally. Other communication is sent out or provided via terminal message and website.

Advertisement

There are things you want to be told about immediately.

Winning the lottery is one of them.

The world's first lottery app for the Apple watch.



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Georgia Lottery Corporation, United States

Sales representatives are assigned retailers within a territory and visit them on regular basis. At these visits they communicate initiatives, game changes, sell-in new games, place POS, and negotiate optimum product placement at the point of purchase or within the store.

Florida Lottery, United States

Sales representatives call on retailers weekly or bi-weekly depending on need. A typical sales call includes a condensed business review, showing retailers the status of their business along with suggestions on how they can increase sales. Retailers receive a promotional sales presentation showing upcoming game launches/retailer incentives. The sales rep also uses the visit to negotiate additional space and location to improve awareness, including point-of-sale pieces, additional product facings if sales warrant, and improved location based on traffic flow. The visits are also an opportunity to handle any problems the store might have, including removing old, slow-moving inventory and making sure the store has enough supplies.

Corporate account representatives communicate with their contacts at headquarters on a regular basis in addition to conducting face-to-face visits, also to share information and work to improve overall in-store brand awareness and sales.

Lotería Nacional para la Asistencia Pública, Mexico

The lottery communicates with retailers through its area sales managers and staff from the specific departments in charge of coordinating sales, fixed retail outlets, outdoor kiosks and street vendors.

Maryland Lottery, United States

We communicate with our retailers in a variety of ways, including email and the Retailer



Area sales representatives from the Georgia Lottery Corporation visit retailers on a regular basis.

Corner section of our website. The most effective way of communicating, however, is through the face-to-face meetings that take place during regular visits made to the retailers by members of our sales team.

North Carolina Education Lottery, United States

The retailers are visited every three weeks by lottery sales representatives and are contacted weekly by retail sales specialists for instant ticket orders. They receive quarterly updates detailing sales, marketing, and operational information; and communications are sent via terminal messages as needed.

Tatts Lotteries, Australia

Tatts Lotteries takes a proactive approach when communicating with our retailers. To do this we engage with them using a variety of electronic and face-to-face channels that include a retailer intranet site, email, terminal messages, a dedicated contact center phone number, newsletters, and presentations.

One of the key communication touch points is the retail territory manager. Each retail territory manager focuses on providing sales support and business coaching to meet the unique needs of each of our retailers in the network. In designing this approach, our goal was to leverage the scale of our lottery operations whilst recognizing local market conditions and regulatory requirements.

Loto-Québec changes its lottery ticket distribution model

For more than 45 years, Loto-Québec's ticket distribution model was based on weekly visits by its wholesalers to all lottery retailers. The wholesalers used these visits not only to deliver and take returns of instant tickets but also to explain the products to the retailers and answer questions. To do this, the retailers of the province of Québec were divided into 112 districts served by as many wholesalers. The task was quite impressive as Loto-Québec launched some 80 products a year.

However, in an endeavor to increase efficiency and improve its business process, and after a yearlong review, Loto-Québec is launching a revamped distribution system in April. The new distribution process will better serve retailers and consumers alike by relieving Loto-Québec's sales force of ad-

ministrative tasks in order to focus on product marketing and network development.

The heart of the new model is ticket activation at the point of sale. "Beyond the projected annual savings of almost CAD 10 million, the changes to the model will considerably facilitate retailers' tasks," explained François Tremblay, Vice President of Sales and Marketing. Inventory costs and ticket shortages will be significantly lower, while payment and collection processes will be more to their advantage. Finally, retailers will benefit from the services of an expert to provide advice on how to increase sales.

In the new organization, our telephone sales personnel will take retailers' orders, which

will then be prepared by warehouse staff. An external transporter will deliver tickets (along with supplies and POS materials) to retailers at lower cost, and, because they are activated directly at the point of sale, less stringent security measures will be needed during transportation. The new field sales force made up of sales and marketing advisors will maintain Loto-Québec's privileged business relationship with its 8,600 retailers: From now on, they will focus on marketing products and developing the network's potential while ensuring responsible commercialization.

Starting next April, Loto-Québec is confident that, with the cooperation of all stakeholders, its new distribution model will meet with success and thus contribute to reaching its business objectives.

“Florida’s emphasis at retail includes training the sales team to provide professional sales calls, share best practice and listen to retailers to understand their needs.”

Florida Lottery, United States

New Jersey Lottery, United States

Northstar New Jersey Lottery sales personnel have daily interactions with retailers to discuss business building opportunities. The New Jersey sales staff is trained on the ISpeak proprietary selling platform. This has enabled consistency at every level of the organization to help communicate and negotiate with our retailers.

The basis of our negotiations is to understand the unique needs of the retailer and to customize the product inventory refresh cycle

to match their profile. Once in alignment, the sales team and retailer work together to achieve top and bottom line growth solutions.

In addition to face-to-face communications, the lottery prints a monthly retailer exclusive newsletter that highlights new games, special promotions, and consistent reinforcement of responsible play messaging, among other communications messages.

Retailers also have a customized website that allows them to access invoices, instant ticket inventory, and sales reports. There is a comple-

ment of training documents and videos and other self-help tools. The website provides a platform from which the Lottery can communicate about promotions, game information, game expiration notifications, etc. The reports and tools are customizable to meet the unique needs of independent retail stores and national chain retailers. For urgent communications, retailers are updated and contacted through terminal messaging. This medium can be used to relay a network-wide message or to provide information to individual retailers.

Pennsylvania Lottery, United States

We communicate in several ways: through terminal messages sent daily, through our vendor’s call center, and through direct communication via our area offices, district lottery representatives, and corporate account managers. We do not have a formal negotiation process for retailers.

What’s in it for the retailers?

Some retail outlets earn limited revenue from lottery sales alone, but they generally agree that lottery products drive strong traffic into their stores. It turns out that commissions, at least for traditional products, are relatively uniform all over the world – but some jurisdictions also run incentive programs that encourage retailers to meet their milestones, exceed their targets, and earn extra cash.

Maryland Lottery, United States

Commissions are set by law and are the same for all product categories. Retailers receive 5.5% commission on all lottery sales, and 3% commission on the value of all prizes they cash.

Incentives

Retailers may earn bonuses for selling top prizes on select instant tickets, draw games and jackpot games. The amounts of the bonuses vary by game and by prize value. Occasionally, the Lottery conducts bonus periods for activations of specific instant games or to promote specific draw game sales.

North Carolina Education Lottery, United States

North Carolina law sets retailer commissions at 7% of sales, regardless of product category.

Retailer Incentive Prize Table			
Game	Eligible Prize Tier	Retailer Incentive Award	Comments
	Tier 1 (Jackpot) 5 of 5 + Powerball	USD 50,000	Shared pari-mutuel between NCEL winning tickets
	Tier 2 5 of 5 + Power play	USD 10,000	
	Tier 2 5 of 5	USD 1,000	
	Tier 1 (Jackpot) 5 of 5 + Mega ball	USD 50,000	Shared pari-mutuel between NCEL winning tickets
	Tier 2 5 of 5 + Megaplier	USD 10,000	
	Tier 2 5 of 5	USD 1,000	
	Tier 1 12 of 12 or 0 of 12	USD 5,000	Max. liability per draw: USD 30,000 (after which shared pari-mutually)
	Tier 1 (Jackpot) 5 of 5	USD 1,000 per jackpot roll Maximum of USD 10,000	Shared pari-mutuel between winning tickets
	USD 1,000,000 + Top Prizes	USD 10,000	Only includes instant games launched after 1/1/12

Lottery retailers in North Carolina are eligible for cash incentives when they sell winning tickets.

Incentives

Retailers earn extra income when they sell a ticket that wins a major prize. These incentive awards range from USD 1,000 to 10,000 on NCEL products, but selling a ticket that wins the jackpot in the Powerball or Mega Millions multi-jurisdictional games is worth USD 50,000 to the retailer.

New Jersey Lottery, United States

New Jersey sets retailer commissions at 5% plus 1.25% for payout of prizes up to USD 600. Baseline commissions are not differentiated by product but there is a system of bonus commissions by product type.

Incentives

The New Jersey Lottery uses retailer incentives to achieve different fundamental goals – reinforcing business best practices, encouraging retailer/customer behavior, and promoting various product mixes.

As an example, retailers were offered incentives to sell a bundled set of draw-based games to their customers during a specific incentive period. Rewards were based on the individual retailer's selling history and the achievements made during that promotional period.

The “Keep it Full” promotion was used to achieve a behavior modification goal. In order to encourage store managers to keep their ITVM machines full, spot store checks were done by sales representatives. Stores were rewarded if their machines were kept full as per the program parameters. Additional promotions include, “Ask for the Sale” and “Activate and Display” for new instant games.



New Jersey runs retailer incentives to reinforce business best practices and promote various product mixes.

“Retailers can earn an additional 0.2% of extra commission linked to seven ‘responsible-gaming’ criteria, which are checked yearly.”

La Française des Jeux, France

Promotions are also offered in-store to drive demand creation with players. We focus on both player and retailer promotions to help with awareness of the New Jersey Lottery by targeting segments that allow for expandable growth.

To attract new players, coupons, digital targeting, displays, co-op promotions, and other targeting tactics are utilized to attract players to games, increase trial and awareness, and engage light and lapsed players.

Camelot, The National Lottery, United Kingdom

UK National Lottery retailers earn 5% commission for each draw-based game sold and 6% on each scratchcard sold. They also earn 1% on certain prizes paid out in-store. On average, established independent retailers earned over GBP 6,500 in commission in 2014/15. To date, National Lottery retailers have earned over GBP 5.5 billion in total sales commission.

The retailer commission amounts for the UK National Lottery are agreed with our regulator, the Gambling Commission, as part of our license to operate The National Lottery.

In addition to all of the equipment we provide to retailers – such as the lottery terminal, scratchcard dispenser, and digital media screen that promotes the most up-to-date products and jackpots – we also regularly

provide bespoke posters and point of sale materials to advertise special draws, new scratchcard ranges and messaging about UK good causes that have benefited from National Lottery funding.

We also offer a number of retailer-specific promotions and incentives over the course of a year. For example, to celebrate recent changes to our Lotto game, we held a retailer-exclusive “Win Big Together” campaign, which saw more than GBP 125,000 in prizes paid out to retailers.

La Française des Jeux, France

FDJ sets retailer commission at 5% on sales of all products. Retailers can earn an additional 0.2% of extra commission linked to seven “responsible-gaming” criteria, which are checked yearly.

The main incentive is a yearly contest offering a week-long vacation package for two people. These incentives are designed to boost the launch or relaunch of a product and generally last for a month. Two-thirds of our retailers generally take part and a total of 360 packages are offered yearly.

Georgia Lottery Corporation, United States

Retailer commission is set by law at 6% of sales, regardless of product type. We are restricted by law to not incentivize retailers more than their 6% sales commission.

Ohio Lottery, United States

The Ohio Lottery sets retailer commissions, with different levels for different game types. For traditional games, the Lottery pays 5.5% commission on sales, a cashing commission of 1%, and an opportunity to earn a 0.05% cashing bonus for a cash to sales ratio of 49.5% or more.

The Ohio Lottery is also responsible for licensing and monitoring the state's seven racinos, a role it has played since 2012. Racinos operating video lotteries receive 66.5% of net win (minus 0.05% for problem gambling services), while the Ohio Lottery receives 33.5% of net win.

Winning in the New World

Meet the challenge, Make the change

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Marina Bay Sands, 6-9 Nov, 2016

Singapore, a bustling metropolis set in the crossroads of the Asia Pacific, plays host to the World Lottery Summit in 2016. The business program covers a diverse range of topics with winning strategies and best practices by distinguished external keynote speakers from various industries both in Asia and around the world, as well as speakers from the lottery industry.

The WLA and host organization Singapore Pools have crafted an exciting business and social programme for delegates befitting the Republic's status as a top convention and meeting venue. A world-class integrated resort, vibrant festivals, delectable cuisine, fabulous shopping await you.

Join us in Surprising Singapore from November 6 to 9, 2016 for a truly unforgettable experience!

**Singapore
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THE
DATE!**

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For EZPLAY® Tap games, retailers in Ohio receive 40% of net revenue after prizes and vendor payments. Tap games are the exclusive domain of veteran and fraternal organizations and clubs.

Lotto NZ, New Zealand

Lotto NZ sets retailer commission at 7% of sales, regardless of product category. Lotto NZ also charges a service charge, which is calculated at 1% of weekly sales, capped at NZD 95 per week.

Incentives

In addition to commissions, Lotto NZ also runs an established retailer program called WinWin, which recognizes and rewards high-performing retailers with additional support, rewards, and team experiences.

Tatts Lotteries, Australia

Tatts Lotteries operates in seven states and territories throughout Australia under a variety of Government license models, each with unique regulatory and legislative frameworks. Retailer commissions are, in the majority of instances, the same across the product range, with some markets having minor differences across the product range.

Incentives

Our business has been restructured around a multi-jurisdictional operating model, which leverages the combined scale of our lottery operations whilst recognizing local market conditions and regulatory requirements. To generate sales and leverage our model we periodically offer retailer incentives to drive sales of particular products at key times during the calendar year. These are most commonly aligned with key gifting opportunities such as Christmas, Mother's Day, Father's Day, and Chinese New Year.

Lotería Nacional para la Asistencia Pública, Mexico

Retailer commissions are the same for all categories of lottery products. The level of the commission is set by law.

Incentives

Incentives are offered for productivity and for prompt, timely payment of lottery receipts.

Veikkaus Oy, Finland

Retailer commission is differentiated by products and is generally in the 6-8% range. Retailers receive 6% commission on scratch cards and 8% on lotto games.

Incentives

Engaging and motivating retailers are the key concepts in successful POS practices. Encouraging cooperation, meetings at different levels from managerial to sales staff, and regular POS visits provide the basis for genuine and true partnerships between the Lottery and the retail network.

Active sales campaigns implemented at chain and sales staff levels have been good motivators. Chains and staff are rewarded with whatever suits them best (according to our budget). In our experience, money and different events have been the most popular motivators among our business partners. Free training (adapted to customer needs) and events also work as incentives, and a bonus points program for sales staff is currently under development and it is due to launch in May 2016.

Florida Lottery, United States

The Florida Lottery pays retailers 5% commission on all Florida Lottery ticket sales (terminal and scratch-offs). In addition, retailers receive 1% commission for cashing Florida Lottery winning tickets at their retail locations. These amounts are set by state administrative rules on retailer compensation.

Incentives

Lottery retailers have an opportunity to earn extra cash with a number of retailer incentives. In particular, they receive bonus commissions for selling jackpot- or top-prize-winning tickets. These start at USD 10,000 and increase by USD 5,000 with each rollover up to a maxi-

mum of USD 100,000. If the jackpot-winning ticket includes a bonus number, the retailer will earn an additional bonus. In the event of multiple winners, retailers share the bonus incentive.

Smaller bonuses are also paid to retailers who sell winning tickets with lower prizes. For example, retailers receive USD 1,000 for selling a USD 1 million winning POWERBALL ticket (5-of-5 winning numbers) and USD 5,000 for selling a USD 2-million-winning POWERBALL with Power Play® ticket (5-of-5 winning numbers).

Retailers who sell winning Scratch-Off tickets of USD 1 million or more will receive a bonus commission of USD 2,000 per USD 1 million in prize money claimed.

Various other retailer incentives run in order to promote timely activation and sales of new games

Pennsylvania Lottery, United States

The Pennsylvania Lottery sets retailer commission at 5% of game sales for all products. Also, retailers may earn a total of 10% commission on the sale of all holiday-themed instant games (generally between late October and late December).

Incentives

The Lottery offers periodic promotions designed to encourage retailers to activate and settle games in a timely manner as well as to fill all vending units and points of display.



Roughly two-thirds of the Pennsylvania Lottery's 9,000 outlets are independent retailers.

The critical role of retailers in responsible gaming

The responsible gaming measures in place at the retail level are central to a lottery's ability to protect the public from the pitfalls of pathological gambling or underage play. But what does this mean in practice – and how is it possible to enforce responsible gaming policies across thousands of independent retail outlets?

Hong Kong Jockey Club

The Hong Kong Jockey Club endeavors to promote a responsible gaming policy and has established its own responsible gaming guidelines at the retail level. Promotional materials including responsible gaming information are found at prominent locations at shop fronts, in-shop and at betting terminals. On top of printed materials, guard services are deployed to control underage access so that persons under 18 years of age are strictly prohibited from entering.

Technology-wise, a shortcut to a self-assessment test is installed in all tablets to avoid addictive gambling. Moreover, customers can voluntarily suspend or close their betting accounts and reject any new applications to avoid gambling problems.

Pennsylvania Lottery, United States

We start at the very beginning to make responsible play an area of emphasis during initial retailer training. The Lottery also produces responsible play brochures, posters and resource cards for retailers to give to customers or display with game information. We include lots of responsible play information in our quarterly retailer newsletter and also promote the availability of our problem gambling help line, in other retailer communications, and on tickets and terminal messages.

Maryland Lottery, United States

Having achieved Level 2 certification from the World Lottery Association in December 2015, we are now in the process of further developing responsible gaming programs across a variety of constituencies, including retailers. Active efforts include responsible gaming brochures in "Take One" boxes on the counter; digital messages on in-store monitors; and the updating of point-of-sale materials, play slips, and tickets with a re-



Retailers in the UK may have their terminals removed if they sell to underage players. Camelot checks compliance using mystery shoppers who are over 16 but look younger.

sponsible gaming message that includes the 1-800-GAMBLER toll-free helpline.

A comprehensive retailer education program on responsible gaming is a key element of Level 3 certification to the WLA Responsible Gaming Framework, which we expect to achieve in 2018.

La Française des Jeux, France

We have a full program including initial training on responsible gaming, regular communication on different media targeted at retailers, and inspections of retailers by "FDJ inspectors" who are independent of our sales force.

Retailers who adhere to seven specific responsible gaming criteria earn an extra sales commission of 0.2%. All or part of that amount can be retained at the lottery's discretion if any problems are identified.

Georgia Lottery Corporation, United States

We provide play responsibly messaging on all our POS, vending equipment, tickets and printed communication to retailers. We provide a gambling anonymous hotline phone number on printed materials posted at retail. We also provide a segment on responsible gaming when training new retailers and coaching current retail staff.

"A comprehensive retailer education program on responsible gaming is a key element of Level 3 certification to the WLA Responsible Gaming Framework."

Maryland Lottery, United States



Information about responsible gaming is always available and accessible at the point of purchase.

Camelot, The National Lottery, United Kingdom

We make a wide range of responsible play information available to all of our players on the National Lottery website, by email and in retail outlets. So, no matter which advertising/marketing communication a player has seen, this information is always available and accessible at the point of purchase, be it online or in-store.

Working closely with GamCare (the UK's national center for information, advice and practical help regarding the social impact of gambling) we have put in place a wide range of carefully developed practical tools to protect National Lottery players and guard against excessive or underage play, while ensuring that our customers can enjoy playing our full range of games responsibly, both online and in-store. These include account limits, play limits, play and expenditure records, self-exclusion opportunities, ways for players to moderate play and limit session lengths. Game design itself plays an important role. In addition, measures are in place to prevent underage play. Retailer training is provided, and payers have access to free, independent advice from GamCare.

In addition, our innovative Operation Child retail program involves mystery shopping visits carried out by young people who are over 16 but look younger. Retailers who sell

on three separate occasions to mystery shoppers may have their terminal removed.

Ohio Lottery, United States

The Ohio Lottery has a small staff dedicated to responsible gambling advocacy. All Ohio Lottery retailers are provided with information on the State of Ohio's problem gambling helpline and are encouraged to display this information. VLT retailers are required by law to provide 0.05% of their commission to a problem gambling services fund. The Ohio Lottery has also organized training sessions on problem gambling for VLT retailers.

Florida Lottery, United States

The Florida Lottery includes "Play Responsibly" messaging on its tickets. Its website also warns visitors that gambling of any kind can be a problem for certain people, and provides a toll-free referral service for players with gambling problems and anyone else with a concern related to somebody's gaming habits.

Veikkaus Oy, Finland

Supervision of age limit (18+), banning credit as a payment method, and money laundering supervision are among the measures our partners take every day. They also collect data and measure the age limit supervision digitally. Cash registers make it impossible to sell our products on credit. Our partners also do mystery shopping to control the reliability of these actions and sales staff awareness about the age limit control and other actions.

Game transactions are monitored to prohibit money laundering. Retailers need to identify each customer if their total purchases are EUR 3,000 or more. Likewise, retailers need to identify the customer for all payouts of over EUR 1,000. These actions are subject to an automated and mandatory control by our game system.

Although customer identification in Finland is optional, we encourage our customers to register and we follow how many of our customers choose to do so. The average rate of registered customers at the points of sale is currently 34.5%.

We ensure the implementation of the responsible gaming policy by training. All new retailers have to participate in basic learning lessons (e-learning or class teaching). Responsibility plays an important role in both digital and traditional POS marketing materials.

New Jersey Lottery, United States

Retailers are trained to recognize the signs of compulsive gambling and are provided with tools to inform their customers that assistance is available. Each retail outlet has responsible gaming and "no lottery for minors" brochures that are placed with the play slips for easy player and retailer access. All retail POS materials include the responsible gaming tagline and the toll-free support line phone number. In addition, each terminal has a button that when pressed prints out the support line phone number



All Ohio Lottery retailers are provided with information on the State of Ohio's problem gambling helpline.

and responsible play message that can be discreetly handed to a customer.

Problem gambling support services include a 24/7 toll-free hotline, player awareness campaigns and a problem gambling self-evaluation test that is available to players. Information on problem gambling is available on the New Jersey Lottery website. The Lottery is also engaged in cooperative efforts with the Council on Compulsive Gambling of New Jersey.

To prevent underage play, "Must be 18 or older to buy a lottery ticket" notices are included on all tickets, play slips, and marketing and advertising materials. Age restriction notices feature on all self-service vending machines, and store personnel can shut down the vending machines remotely when warranted. Wherever possible, vending machines are installed in the direct line of sight of the retailer or check-out clerk.

Responsible gaming issues are included in retailer training programs. In-store reminders are posted to remind sales staff to check for proof of age, and statewide sales meetings also cover responsible gaming.

Lotto NZ, New Zealand

For our players, our retailers are the face of Lotto NZ and they provide a crucial channel for preventing underage play and passing on information about responsible gaming and problem gambling services to our customers.

All retailers are required to attend training that provides an overview of our games and businesses, including the prevention of underage play and identifying and providing support for problem gambling. Lotto NZ's Retailer Operations Manual forms part of our agreement with each of our retailers and it outlines the rights and obligations of each retailer, including the importance of encouraging responsible play and not playing ex-

cessively. Regular reminders of responsible practice are provided to retailers through our regular communication channels.

We also have a "staff purchase" button on all Lotto terminals for all purchases by Lotto operators whether in their own store or another store. This enables us to monitor retailer spending on our products to support proactive responsible gaming initiatives.

We evaluate retailer compliance with our responsible gaming policies through regular mystery shopping operations.

North Carolina Education Lottery, United States

The NCEL runs a responsible gaming awareness program for both retailers and staff. NCEL retailers are trained on responsible gaming initiatives during new retailer training and/or during the three-year renewal process. This training includes a responsible gaming video,

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which is tracked with a database to ensure compliance. NCEL sales representatives are also trained on problem gaming awareness.

Lottery terminals now also include a “Responsible Gaming” button to provide players with information on the gambling hotline.

Tatts Lotteries, Australia

At the core of the Tatts Lotteries responsible play program is the Responsible Gambling

Code of Conduct. To ensure compliance with this program, retailers are formally checked annually and informally checked each time the retail territory manager visits the store. In a number of our jurisdictions an external provider is used to audit sites and report accordingly. Tatts Lotteries is committed to ensuring that its lotteries continue to be delivered, marketed, and sold in a socially responsible manner now and into the future.

Lotería Nacional para la Asistencia Pública, Mexico

Lotería Nacional para la Asistencia Pública promotes gambling as a social activity. Games should be considered a form of entertainment and played in moderation. Promoting responsible gaming is an integral part of the Lottery’s duty to meet its mandate from the government to raise funds that help to ensure equality for Mexicans unable to meet their most urgent needs.

Keeping track of winning tickets and transactions

It can happen, from time to time, that dishonest retailers or members of their staff will get around security measures and find ways to avoid paying out winnings when a prize is claimed. To make that as difficult as possible and minimize risk, lotteries have a whole arsenal of measures at their disposal to prevent retailer fraud and investigate suspicious patterns and transactions.

La Française des Jeux, France

By April 2016, all retailers will be equipped with a terminal to validate all games. There is a rule in place whereby every non-winning ticket must be given back to the customer. In addition, larger points of sale are equipped with self-service machines so that players can check their receipts themselves to see whether they have won a prize.

Ohio Lottery, United States

Instant tickets are barcoded so that the tracking of the instant product is secure and monitored at each of the following stages: Shipped, Issued, Active, De-Active, Returned, Partial Returned, and Sold.

The Ohio Lottery has a watchdog program that monitors spikes in sales and cashing. The Lottery monitors for retailers who claim

prizes, investigates complaints about prize cashing, and spot checks retailers for proper behavior through the agency’s Retailer Compliance Inspection program.

VLT retailers are monitored and audited by dedicated Ohio Lottery staff.

Georgia Lottery Corporation, United States

Our investigations department provides weekly reports to the districts and fraud team on high sales spikes and validation inquiries by retailers. The district follows up with retailers to understand if the sales or inquiry spikes are legitimate. Investigators conduct regular compliance checks at retailers from player complaints, district/sales representative requests, suspicious sales/validation activity, possible contract violations, and as directed by the Fraud Committee. The Fraud Committee meets weekly and reviews fraudulent activity at retailer locations and recommends next steps to mitigate risks, as well as suspend and/or terminate locations.

Camelot, The National Lottery, United Kingdom

We expect each and every one of our retailers to act as an advocate for, and uphold the



Florida Lottery retailers who sell winning tickets of USD 1 million receive a bonus commission of USD 2,000.



The North Carolina Education Lottery has more than 6,800 points of sale for a population of 10 million.

values of, the UK National Lottery. Where we receive information that suggests that the National Lottery's integrity could be undermined in any way, including allegations of illegal activity, our security team will investigate. In addition, our security team proactively monitors in-store transactions and flags any suspicious activity. It's worth pointing out that allegations of illegal activity are very rare, given the number of retailers we work with and the millions of ticket transactions that take place every day.

Veikkaus Oy, Finland

Deposit money is collected from all retailers to prevent fraud. Clear security measures are in place to secure prize payouts and the scratch ticket selling process, and to prevent money laundering. Security methods like game management and game transaction monitoring raise the alarm if unusual game purchasing behavior is detected at a point of sale. In case of suspicious activity or if any discrepancies are discovered in the automated weekly commission flows we contact the point of sale. In very rare and extreme cases the game terminals can be closed down.

Florida Lottery, United States

The Florida Lottery, Division of Security, in cooperation with the Lottery's Office of Inspector General, has developed a retailer integrity program that involves lottery staff visiting and testing lottery retailers using winning lottery tickets to ensure the retailers are properly paying prizes to players on winning lottery tickets and are compliant with lottery retailer rules and procedures.

In these "sting" operations, retailers are selected for visits both at random and also based upon complaints from players. In rare occasions when tickets were not correctly

processed for payment and an attempt has been made to steal a player's winnings, store personnel have been arrested and the retailers' contracts have been suspended and/or terminated.

The Division of Security also investigates every complaint received from players in an effort to ensure the integrity and fairness of the operation of the lottery and with players' interactions with lottery retailers. Any information regarding criminal activity that is discovered or received by the Division of Security is either acted upon by the Division or forwarded to the appropriate law enforcement agency.

Maryland Lottery, United States

The Maryland Lottery's Security division has a multi-faceted plan in place that protects both players and retailers. Examples include compliance checks, complaint investigations, sales call quality checks and more.

Lotería Nacional para la Asistencia Pública, Mexico

Lotería Nacional para la Asistencia Pública ensures high levels of confidentiality, integrity, and availability, based on effective risk management, and an IT security management system that complies with international standards. The Lottery's certifications to ISO 27001:2013 and WLA-SCS:2012 are valid until 2016.

In addition, a number of security elements are included on lottery products to minimize the potential for producing counterfeit tickets. These include high-resolution micro-texts, watermarks, images that are specifically generated for each draw and are invisible to the naked eye. Magnetic codes are also included, with specific information (draw, type, ticket number, series number, etc.), and a control digit that customizes every set of 20 tickets.

A two-dimensional Datamatrix code included on each set of tickets is used by both the Lottery and the retailer during the retail

sales and prize-paying process as an additional way to ensure that sales made after the cut-off time are not eligible to take part in the draw.

North Carolina Education Lottery, United States

The Security department conducts random inspections of retailer sites and investigates all reports of potential retailer fraud.

In addition, a database is utilized to track any owners that present winning tickets of USD 600 or more, which are investigated on an individual basis. High-tier wins are investigated at the retailer level and include procurement of available video to confirm player identity.

Best practice accounting principles are followed and retailers are visited for training when multiple occurrences of selling tickets from confirmed packs are identified.

Sales reps conduct regular instant inventory audits, and regional managers follow up on any player complaints against retailers.

New Jersey Lottery, United States

The New Jersey Lottery is staffed with a security team and investigators that work with the Northstar organization (the company established by IGT and Scientific Games that runs New Jersey's sales and marketing operations) to help identify and prevent any type of retailer fraud. Both teams are aligned and keep each other informed of any type of activity that is suspicious.

Pennsylvania Lottery, United States

The Pennsylvania Lottery monitors for unusual claim activity involving retailers. We will undertake an immediate investigation if an allegation of wrongdoing is made, including reports of game sales to persons under the age of 18. For any violation of the Lottery statute or policy, a retailer's license may be suspended or revoked.

"We gather data on a number of fraud indicators for each store to identify retailers that pose a higher risk of committing fraud, then put in place specific controls to help minimize the risk."

Lotto NZ, New Zealand



With over 1,350 outlets serving a population of 4.5 million, the retail network in New Zealand remains an integral part of Lotto NZ's business.

Lotto NZ, New Zealand

Lotto NZ has a range of security measures in place to prevent retailer fraud. An "at risk retailer" program gathers data on a number of fraud indicators for each store to identify retailers that pose a higher risk of commit-

ting fraud, and then puts in place controls to help minimize the risk. A formal process is in place for investigating all retailer prize claims. Terminal locks are activated for all prizes over NZD 5,000, and players have access to self-service ticket checkers in all retail outlets.

Tatts Lotteries, Australia

To ensure the lawful and ethical conduct of our retailers, and more importantly to ensure our integrity as the lottery operator, we have implemented a range of initiatives aimed at mitigating the risk of retailer fraud. An awareness and education program ensures customers understand the correct process for the claiming of prizes and how to secure their entries. A customer hotline is available for the reporting of any suspicious retailer behavior.

Winning tickets are branded as such when validated through the gaming terminal. Retailers are required to return all tickets, winning and non-winning, to customers. The gaming terminal produces an audible tone on validating a winning entry, and self-checking devices are also available in-store for customers to independently validate entries.

Registered entries are promoted, and wins on such entries can only be claimed on the validation of the customer's player card through the gaming terminal. All wins above the retailer prize payment limit must be claimed

Any future for the concept store?

Apple does it. Nespresso does it. Amazon successfully opened its first bricks-and-mortar bookstore in 2015 and rumor has it that they will open more in the future. So how about a concept store for lotteries? Some members already have a few of their own retailers, often doubling as prize payment centers. Others have tried them and found them to be unprofitable. We asked lotteries around the world whether concept stores could have a place in the branding strategies of the future.

Hong Kong Jockey Club

The Hong Kong Jockey Club operates its own retail network of 102 Off-Course Betting Branches in Hong Kong. In addition to retail, we also provide Telebet and Internet betting services. We value retail locations as key customer touch points and they also serve as the top customer acquisition channel.

New Jersey Lottery, United States

We do not have our own retailers. We had tried to provide that service at various

locations for which a licensed retailer was unavailable such as in an airport location and a racetrack, but the model proved to be unprofitable so it was discontinued.

La Française des Jeux, France

La Française des Jeux had a few dedicated stores that were closed some time ago because of profitability concerns.

Lotto NZ, New Zealand

Lotto NZ operates one retail store – our "concept store" – that serves as a retail test environment. As the largest retail network in New Zealand, it's important that Lotto NZ has a controlled environment where new retail ideas can be tested before they are rolled out across all 1,350 Lotto stores nationwide. What we learn from trialing new ideas in our concept store is used to benefit all Lotto retailers in the long term.

Tatts Lotteries, Australia

The retail network is a key channel for the distribution of lottery products and to

support this Tatts Lotteries has adopted a franchise model. However, we do have two organization retailers – one in the head office in Queensland and the other in New South Wales, but the primary function of these retail counters is to pay larger prizes to our winners.

Georgia Lottery Corporation, United States

We currently sell as retailers at the airport, district offices and corporate headquarters. These locations are also set up as payment claim centers regionally throughout the state. The locations provide a convenience to players around the state for payment of prizes higher than USD 600 which retailers are restricted to pay.

Florida Lottery, United States

Florida's nine district offices serve primarily as a prize redemption center, but they also sell a full product line like any other retailer and are staffed by lottery employees.

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directly from the lottery operator, and retailers are not able to submit claims on behalf of customers.

Retailer behavior is monitored via the gaming system and investigated as necessary. System alerts are produced for high value purchases and cancellations, instant ticket validations, and first division winning ticket validations. Retailers and their staff must register their entries, and should they win a prize identify themselves as a retailer or staff member on the prize claim form. Retailer and staff claims are subject to additional prize claim processing checks. Prize payment teams monitor for, and investigate, multiple claims lodged by individual retailers and their staff.



Tatts Lotteries is the only licensed lottery operator in both Queensland (pictured here) and New South Wales.

Many thanks to the following lotteries for their participation in the survey for this study: Camelot, The National Lottery, United Kingdom; Florida Lottery, United States; Georgia Lottery Corporation, United States; Hong Kong Jockey Club; La Française des Jeux, France; Lotería Nacional para la Asistencia Pública, Mexico; Lotto NZ, New Zealand; Maryland Lottery, United States; New Jersey Lottery, United States; North Carolina Education Lottery, United States; Ohio Lottery, United States; Pennsylvania Lottery, United States; Tatts Lotteries, Australia; and Veikkaus Oy, Finland.



香港賽馬會
The Hong Kong Jockey Club



Omni-channel: the best of both worlds

The advent of online sales raised concerns about channel conflict and potential cannibalization of retail business. Those initial fears may have been overstated, but the truth remains that online and offline need to co-exist – and the relationship between the two is complex. Today, experts agree that the key to a harmonious future lies in a more holistic approach to the customer experience across all delivery channels.

Tatts Lotteries, Australia

Tatts Lotteries has, like many other businesses, added an online purchasing option to meet changing consumer shopping patterns and to offer players another convenient way of playing their favorite games.

In the lotteries market, despite the Internet offer being well established (around 15 years), around 90% of Tatts Lotteries overall sales are still delivered through the retail network. Our clear objective is to grow both channels in order to maximize overall lottery sales and return profits to our stakeholders with our long-term goal to be omni-channel. To achieve this goal, it is critical that we continue to maintain our primary support for and significant investment in the retail network, as well as partnering with our retailers to present and promote our products in a way that will maximize player interest and visitation.

Tatts Lotteries also has a number of authorized re-sellers who sell our products online.

Camelot, The National Lottery, United Kingdom

Accounting for around 80% of sales, retail is the largest UK National Lottery sales channel. So, while we have a very successful website – national-lottery.co.uk – which is seeing accelerating sales growth, retail is still continuing to grow too.

We're always open to new ideas and opportunities for digital partnerships, with both commercial and charitable partners. Any organization which would potentially like to be a partner should get in touch with our Digital Partnerships Team.



Maryland Lottery customers can already see how the digital revolution is transforming the retail environment.

La Française des Jeux, France

So far, channel conflict has been limited by the continued growth of our offline business and the limited size of our online activities.

However, our strategy is to develop digitalization of our overall activity, including in-store, for example by enabling players to choose their Lotto numbers on their smartphones and then scan their tickets in-store to complete the purchase.

Georgia Lottery Corporation, United States

Internet wagering is available to registered players in Georgia, but there is no evidence of channel conflict with bricks-and-mortar retail locations.

Hong Kong Jockey Club

The Hong Kong Jockey Club is promoting an Integrated Channels strategy. We proactively migrate offline customers to online channels. The strategy aims for a seamless betting experience for our customers and

at the same time promote cost-efficient solutions to our business in view of the market trend.

Lotto NZ, New Zealand

Lotto NZ operates an online sales platform, MyLotto.co.nz, which gives players the ability to purchase tickets for our lottery games, excluding instant-win scratch games. MyLotto is the only authorized online seller of Lotto NZ tickets.

Veikkaus Oy, Finland

We do not consider multiple channels as a source of conflict. Rather, we see them as complementing each other: our customers use multiple channels to play.

Contributor insights

In the following pages, the WLA Platinum Contributors offer their insights into the future of retail as a strategic link in the lottery value chain. They share their experiences in different regions and jurisdictions, and outline some of the new opportunities that lie ahead for developing the lottery point of sale both in its own right and as part of an integrated, omni-channel approach to product delivery. →

"Our Internet offer has been well established for 15 years, but around 90% of Tatts Lotteries overall sales are still delivered through the retail network."

Tatts Lotteries, Australia



Retail still the primary driver of lottery engagement

IGT is the world's pre-eminent provider of lottery retail solutions, both retailer- and player-operated. Our innovative solutions – some of them already deployed and many more in our pipeline – build from our experience both as a lottery supplier and as an operator, from which we gain a unique understanding of the challenges and opportunities lotteries face. This enables us to bring lotteries the broadest offering of technology and services, backed by proven performance across more deployments than any other supplier.

IGT provides a wealth of solutions and services to assist retailers in serving consumers and driving sales. We provide high-performance, easy-to-use terminals, data-driven optimization, and professional services to build flexible retail solutions including a full line of terminals, printers, and in-lane sales across diverse retail and chain store operated tradestyles.

Our product portfolio encompasses a world-class suite of lottery retail solutions, including a family of clerk-activated terminals to accommodate high and low volume lottery retailers:

- The high-performance full-size Altura™ GT1200, and its smaller-footprint counterpart, the Altura GT1200 Compact, meet the ever-evolving requirements of lotteries quickly and efficiently. Both terminals offer an easy-to-use graphical user interface (GUI), a fast and reliable playslip reader, 2D barcode reading technology, a modular design for ease of service, and multiple interface ports for peripherals in support of future growth. Altura terminals are based on years of research; consultations with retailers; and the experience of building, deploying, and maintaining more than three-quarters of a million points of access worldwide.
- The Imagine™ GT1100 camera-based terminal is a robust, full-function lottery terminal that combines digital-camera technology



In-lane lottery display in Poland builds awareness and excitement.

with IGT's exclusive ImageCam™ software to scan playslips and process validations. With its solid-state scanning functionality and the absence of moving parts, the Imagine GT1100 requires minimal maintenance, which leads to increased retailer productivity and maximum uptime.

- In times of high jackpots, speed counts. The AccuTherm™ Ultra printer is the fastest lottery printer available and it's loaded with features that retailers appreciate. With its quiet printing, sharp and dark images, easy-load features, advanced thermal technology, optimized receipt stacker, and space-saving form, the AccuTherm Ultra is the perfect complement to our family of retailer terminals. Other key features include True Type font, translucent paper roll cover for easy viewing of paper level, and paper jam detector for continuous operation.
- Mobile Handheld Terminal (MHT) is a small, lightweight, wireless point-of-sale solution equipped with a barcode reader and a thermal printer targeted for mobile lottery sales. Street vendors and retailers can sell instant tickets and draw games, like Lotto, with ease on the streets and in stores, thereby increasing lottery revenues. The MHT offers secure gaming transaction processing and standard terminal reporting.

"IGT remains deeply committed to research and development in the critical retail area. Our current retail innovation investment to drive retail expansion and optimization is unprecedented."

Mike Chambrello, CEO, North America Lottery

"Given the speed of change in retail technologies, it is imperative that we continue to innovate in the area of flexible retail solutions to assist our global customers enhance their players' experience and increase sales."

Declan Harkin, SVP & COO, International Lottery

Self-service solutions

Gemini™ is IGT's dynamic, fun-to-play self-service machine. With its sleek, contemporary look and easy-to-use player interface, Gemini lottery vending machines (LVMs) offer a new sophistication to self-service vending and a buying experience that is intuitive and inviting. Players simply put money in, push a button, and retrieve a ticket. Gemini Ultra is IGT's full-sized LVM and is equipped with an integrated Aurora™ MultiMedia display. It can accommodate up to six quick-pick online game buttons and up to 24 instant ticket bins. Gemini solutions capitalize on impulse play and attract new players in a secure, player-friendly package.

Gemini™ Touch, IGT's evolutionary touch screen experience, takes the player experience to a whole new level. Its design embodies a contemporary aesthetic while providing the high level of security and reliability that is synonymous with the Gemini name. A 42-inch LCD touch screen draws the player through dynamic screens and a



IGT's Aurora Open Retail, a flexible, open terminal application, allows for expansion to retailers of any size or trade style.

main user interface that is intuitive and engaging. The Gemini Touch user interface boasts unlimited flexibility. Screens are fully customizable, allowing lotteries to showcase their brand identity and creatively display content that is unique and inviting. Up to 24 instant ticket games are supported, and the number of draw games is configurable based on customer needs. Gemini Touch leverages the best of the Gemini Ultra while introducing new features that will not only delight players but increase revenues and returns to good causes.

Retail expansion solutions

Aurora Open Retail – The solution is entirely based on Application Programming Interfaces (APIs) to ensure that the application is separate from the back-end services. This separation not only facilitates faster changes, but also allows opening up terminal application usage in unconventional devices, including Bring-Your-Own-Device (BYOD).

Lottery Inside – Leveraging the existing infrastructure of a retailer or chain store, Lottery Inside is a highly-scalable, cost-effective solution for multi-lane retail environments, allowing retailers to sell and distribute quick-pick lottery games without a dedicated lottery terminal. Players get one-stop access to lottery products. Retailers can provide consumers the lottery products they want without adding to the checkout time or the workload of the clerks. Lottery

Inside creates an in-lane solution to expand lottery sales specifically for multi-lane environments that is easy and convenient for all.

In-store player attraction

Aurora™ MultiMedia is an in-store, flat-panel advertising solution that enables lotteries to manage, distribute, and display vibrant multimedia content (games, lottery advertising, promotions, jackpot updates, and other messages) through a single point of control. Messages formerly communicated exclusively through posters, table toppers, and cardboard displays can now reach players and prospects through bright, animated digital signage. Each show can be composed of a combination of still images, flash animations, video, and dynamic text.

Ticket accounting make easy

The SmartCount solution assists retailers with reconciling their instant ticket inventory simply and effectively. This specialized application installed on Aurora utilizes an extended-reach or cordless barcode reader. Retailers simply scan the first ticket barcode when loading a dispenser and then scan the next ticket available for sale at shift change or at end of day to create an automatic record of all tickets sold.



In-lane display in Belgium of Euro Millions provides added convenience for players and retailers.

End-to-end solutions

From latest-generation terminals and peripherals to data-driven optimization, transactional software and world-class professional services, IGT offers a comprehensive portfolio of retail solutions. As both a supplier and an operator, our breadth of expertise allows us to build flexible, scalable solutions for lottery franchises around the world and to work with all categories of retailers to support their digital transformation.



Gemini Touch, IGT's touch-screen self-service vending machine. Currently being test marketed in Rhode Island and scheduled for deployment in Washington, Virginia and North Carolina.

Empowering lotteries to connect to consumers with multiple playing options

For more than 40 years, Scientific Games has created innovative products, services, and technology that meet the needs and wants of lottery retailers around the world. Our solutions make lottery products convenient and accessible to players, easy for retailers to sell, and effective in growing revenue for both our lottery and retail partners.

The player journey begins at retail. Our Retail Development team is a group of highly experienced retail professionals who stand on the front lines of our business. Backed by years of research, sales analytics and insights, they understand consumer behavior, consumer touch points and the priorities of retailers: lines, labor and losses.

"There is a tremendous opportunity to enhance the consumer value proposition by taking a broader view of the overall lottery player journey," says Jim Kennedy, Group Chief Executive of Lottery, Scientific Games. "Lottery's global network of approximately one million retailers is an invaluable asset, and building on that retail connection to the player will always be paramount."

At Scientific Games, we are thought leaders on the lottery business and the *retail* business so we can help lotteries grow successful retail networks and increase revenues and contributions to their beneficiaries.

To be successful, the retail network responsible for selling a lottery's products must fully understand the impact that a strong retail presence can have on the entire ecosystem's bottom line. We think of retailers as our partners, so we want to empower them in the lottery ecosystem.

Retail insights

Scientific Games' extensive retail insights come from our face-to-face interaction with retailers and associations around the world,

and from a focused effort to gather, investigate and study worthy information about the world of retail and the retail shopper.

With global convergence of lottery and gaming in retail, mobile and other channels, a consumer's world is now almost seamlessly integrated. And consumers are leading the convergence. In 2014, we conducted the first cross-jurisdictional, motivation-based player segmentation study for lottery and gaming to better understand today's consumer and their purchasing decisions. The findings from this study are further informing our product innovation, from games to retail technology.

Our knowledge library is also sourced from the following:



Jeff Sincacori, Vice President, Retail Sales Development for Scientific Games, puts the finishing touches on game dispenser installation at Sam's Mart in Athens, Georgia (U.S.) during a store make-over, part of the company's SalesMaker program for the Georgia Lottery.



A Scientific Games employee fills new instant game dispensers at Sam's Mart in Athens, Georgia (U.S.) during a store make-over, part of the company's SalesMaker program for the Georgia Lottery.

- **Impact 21 Group** – A leading global consulting company in the petroleum/convenience, c-store, and retail industries, Impact 21 consultants bring aggressive real world leadership and executive level retail relationship contacts to our business and technology initiatives. Scientific Games has retained Impact 21 Group to aid in direct retailer contact interaction and assist in ongoing research projects on the lottery retail environment and consumer.
- **Research** – In addition to the work done by our internal research department, We have an active membership in both the American Marketing Association and Market Research Association which give us access to broad retail marketing information, basket data, case studies, conference presentations, shopper insights, and more.
- **Profit Per Square Foot** – Another powerful marketing tool from our library is the profit per square foot analysis. Scientific Games contracts with a leading retail industry sales and marketing source to acquire up-to-date costs, margin, and sales data to prove the importance of lottery versus other store products.
- **CSPedia** – Through our annual membership to CSPedia, “the most in-depth source of information on c-store chains,” We have access to retailer profiles, chain overview and history, “Selling To” suggestions, chain-specific category insights, recent company news, CSPTV store tours and interviews, and updates on all North American c-store chains with 20 locations or more.

Active engagement in the retail industry

Scientific Games continually follows retail industry trends, asking the right questions, listening to the answers coming from the retail segment, and enhancing relationships with big box stores and corporate retailers. Since 2004, we have been an active member of multiple retail organizations, including National Association of Convenience Stores (NACS) and Petroleum Convenience Alliance for Technology Standards (PCATS), now rebranded as Connexus. We also participate in the annual conferences and trade shows for the Food Marketing Institute (FMI), supporting supermarkets and groceries, and the National Retail Federation (NRF), supporting the mass merchandisers and discount store segments. We are also members of multiple state retail, grocer and petroleum marketing associations.

In addition to our activities in these associations, Scientific Games’ recent retail initiatives touch almost every retailer in the U.S. in some way. Examples include:

- Collaborating with individuals within Connexus to develop retail technology solutions and standards. Janine Whiteman, Senior Director of Product Management for Lottery Systems at Scientific Games,

is a member of Scientific Games Retail Development team, was selected to head the Lottery Working Group for Connexus.

- Leading lottery’s recognition as its own product category in *Convenience Store Petroleum (CSP) Magazine*. Since 2003, *CSP Magazine* has ranked No. 1 in readership and market share over all other convenience store-related magazines – with more than 100,000 subscribers. *CSP* reaches the key convenience retailing decision-makers.
- Working directly with NACS and *CSP* research departments to provide lottery industry data for inclusion in c-store research and reports.
- Attending NACS State of the Industry annually.
- Providing annual attendance at NACS Shows – and the only lottery supplier to have a booth since 2013.
- Presenting at *CSP ‘Driving Impulse Sales’ Conference* – reaching a retail audience of more than 250.
- Hosting the industry’s first vendor Retailer Roundtable symposium at Scientific Games’ global lottery business center in Georgia, now an annual event. To date this symposium has included attendees representing 13 chain accounts and almost 15,000 locations.
- Attending NACS Insight EU annually to better understand key chain account business and best practices on a global level.
- Creating internal and external Retail Connect Teams to connect the dots between retailer needs and Scientific Games technology, marketing, services, and interactive offerings.
- Attending an annual Suppliers Summit for a leading big box retailer.

“There is a tremendous opportunity to enhance the consumer value proposition by taking a broader view of the overall lottery player journey.”

Jim Kennedy, Group Chief Executive of Lottery, Scientific Games

Retail chain expansion and growth solutions

One of the fastest growing and most disruptive trends at retail is an exponential increase in competition. Over the next decade, the lottery industry will continue to see a convergence of retail offerings as mass merchandise, box, convenience, grocery, drug and even quick service restaurants all try to capture revenue from a finite customer base. The result is expanded offerings at each of these store types and an increased need for the ease and speed of service that consumers expect.

The recent increase in mergers and acquisitions means fewer, larger chains with lower pricing models. Single site operators, in order to compete with the lower prices that can be offered through these economies of scale, will have to continue to differentiate themselves through unique, specialized offerings that generate loyalty.

"Creating an exciting in-store lottery experience for the consumer not only drives lottery sales, it drives store traffic and shopper engagement in ways that increase overall store profitability," says Jim Kennedy.

What this means for the lottery industry is that in the future – more than ever – a one-size-fits-all model will not work. Solutions must be customized to fit the needs of large multi-jurisdictional chain accounts while still serving the needs of smaller retailers. These solutions must include: variation in terminal and hardware offerings, customized reporting and accounting, aid in inventory ordering and tracking, service and maintenance models, and capitalizing on lottery branding through retailers' loyalty programs, promotions and couponing initiatives.

Scientific Games provides a customized solution for individual retail accounts based on our lottery customer's strategy.

Retailer relationships

Retailers, like any business, want to maximize profits and minimize expenses so that their return on investment is the highest it can possibly be. We have worked hard to develop the idea that selling lottery products isn't just a competitive necessity, it is a profitable and positive contribution to the retailer's bottom line.

Our global footprint supporting 240,000 retail outlets garners credibility with large-

SalesMaker training delivers results

Scientific Games developed *SalesMaker*, the first and most successful multi-jurisdictional retail development program in the lottery industry. The *SalesMaker* suite consists of a number of different options, but all have one thing in common: they are anchored in training and professional development.

Scientific Games has learned through decades of experience that a well-educated sales force and retail base are an indispensable component of any successful lottery. Merchandising alone will not provide a consistent lift in revenue; all parties involved in the chain of lottery sales must appreciate that their dedication to growth is a key element in building a successful program.

This foundation of mutual understanding and working toward a common goal is a large part of the reason that our *SalesMaker* training and merchandising programs have helped many lotteries not only grow their business but also bridge gaps that often exist between lotteries, their retailer community, and consumers.

Through the *SalesMaker* program, Scientific Games has so far completed retail training in 29 lottery jurisdictions and merchandising programs in 12 jurisdictions in five countries around the world. The most recent program is with the Georgia Lottery. As of December 2015, 85 weeks into the Georgia Lottery program, the results of the initial 200 locations yielded a net full-line sales increase of 16% (13% instant, 20% draw) over the statewide average when compared to the same weeks of the previous year. This equates to an additional USD 35 million in incremental revenue for the Georgia Lottery and a program ROI of over 300% (based on a profit margin of 18.5%).

Importantly, full-line gross gaming revenue since the inception of *SalesMaker* vs. the same stores for the same weeks the previous year has increased 18%. This powerful number indicates that *SalesMaker* can increase sales through price point, and can significantly increase returns to lottery beneficiaries.

Scientific Games will roll out the training and merchandising program to an additional 150 lottery retail locations in Georgia in 2016.

scale retailers and enables our Retail Development team to begin the dialog with non-lottery retailers with multi-jurisdictional accounts about the benefits of selling lottery products and enhance the focus on lottery at current retailers.

Big box and national corporate retailer support

An example of this type of partnership happened between Scientific Games, the Pennsylvania Lottery, and the c-store chain, WaWa. In addition to the standard suite of lottery sales reports, WaWa required additional information and functionality to help integrate lottery into their store accounting procedures before they would agree to sell lottery products. Scientific Games and the Pennsylvania Lottery created a support team and worked closely with WaWa to create and integrate a hardware and technology solution that

met the needs of both the Lottery and WaWa.

In addition to creating retailer specific reports, and accounting and security features, Scientific Games worked with the Pennsylvania Lottery to develop on-site training, training documents, and specialized call center procedures. The Lottery developed signage and merchandising as well as an ambassador program. What started as a 21-store pilot in 2010 has now expanded to 224 WaWa locations that sell lottery products, averaging USD 12,476 in weekly sales in 2016.

Other examples of our direct involvement with developing solutions for national corporate retailers include:

- **Big Box Retailer** – Scientific Games works closely with a leading big box re-

tailer to begin selling our systems in the states of Oklahoma and Pennsylvania in the near future. We were the first to implement lottery sales in these stores in 2012 through *PlayCentral* self-service terminals. Locations are currently averaging USD 5,019 in weekly sales.

- **Rite Aid** – A pilot of nine stores in 2010 has grown to sales in 406 locations with sales averaging USD 2,495 per week.
- **Racetrac** – Worked with their national category manager to create menu boards, dispensers, and play tables that fit into their new stores and redesigns. These merchandising elements are being paid for by Racetrac to increase their lottery sales.
- **The Pantry (Kangaroo Express)** – In conjunction with the North Carolina Education Lottery, a 2014 implementation of an eight-store co-branded lottery merchandising program was customized for Kangaroo Express. In year one of the program, the made-over stores have seen a net full-line sales increase of 31% over the state average when compared to the same weeks of the previous year. That equates to an additional USD 840,000 in incremental revenue from just eight stores.

Retail technology innovation

Scientific Games' innovation teams are focused on making lottery games easy for retailers to sell, highlighted most recently by *SalesDesign*, our first-to-market retail development tool that aids in lottery store design, as well as POS advertising, and lottery peripherals placement. *SalesDesign* is a patent-

"In our industry, the consumer values a diversity of options, great games, and easy access to game entertainment. The innovation that is shaping our industry will empower lotteries to connect to this consumer marketplace of multiple options."

Gavin Isaacs, Chief Executive Officer, Scientific Games

pending application deployed via iPads and smartphones that enables Scientific Games retail specialists to photograph, manipulate and post real-time images of retail locations before and after merchandising recommendations. Capabilities also include geo-demographic statistics, multiple search and sort functions, custom-designed reporting features, and the ability to tag and annotate by retailer or image. This tool serves as an indispensable means to gather real field data on store types, regions, owners, store layouts, existing merchandise, etc. in order to provide a retail landscape assessment and make strategic recommendations on which locations to focus resources.

We are also innovating player self-service technology with *PlayCentral* HD, an interactive self-service kiosk for lottery instant and draw games, and high-frequency draw games like Keno where allowed by law. The award-winning *PlayCentral* HD takes the retail self-service experience to a whole new level with a 42" LCD touchscreen display featuring an immersive 3D graphical user interface that engages players. This powerful self-service kiosk puts the player in command of the games and

information they want to access, and offers cash, coin, credit and debit card, near field communications and account-based mobile wallet payment options. *PlayCentral* HD also features ticket checking and validation, age verification, integrated advertising display and – for the first time in lottery retail self-service – a "shopping cart" experience similar to Internet retailers.

Scientific Games' retail technology innovations include solutions for in-lane selling, Play at the Pump and ATM, tablet ordering, proximity marketing, and more. Over the last year, we launched six lottery mobile apps with retail components, and further developed beacon marketing and shared-wallet technology to help make lottery games more convenient and accessible for consumers. In 2015, we also developed patented technology to support credit card processing on a closed-loop lottery system. Our iLab, a team dedicated to researching the applicability of new technologies through rapid prototype methodology, and other futurist teams tracking megatrends, are tasked with developing new technology concepts for lotteries, mobile, web, retailers, regulators, and players.



Jeff Sincacori of Scientific Games uses the company's *SalesDesign* technology to show how a store's exterior will look once door graphics are installed for a store make-over at Sam's Mart, a Georgia Lottery retailer in Athens, Georgia (U.S.).

"Our technology is all here, ready to be deployed," says Gavin Isaacs, Chief Executive Officer, Scientific Games, "but it is now much less about the technology itself than it is about applying the technology in the real world so that we create real value for the consumer. In our industry, the consumer values a diversity of options, great games, and easy access to game entertainment. The innovation that is shaping our industry will empower lotteries to connect to this consumer marketplace of multiple options. Innovation will position lotteries for long-term sustainable success."

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INTRALOT's customer journey shapes the future of retail

As both a lottery supplier and a lottery operator, INTRALOT brings to the table a unique combination of know-how and expertise. Our experience in jurisdictions around the world has provided us with important practical insights about the changing retail landscape and how lotteries can be part of the transformation.

INTRALOT offers a full spectrum of gaming solutions and services that addresses lotteries', retailers' and players' needs driving lottery sales growth and increasing players' retention rate. INTRALOT has successfully revamped the traditional retail shop into an engaging environment, where technological innovation, hardware solutions and advanced software offerings, are all seamlessly combined enhancing the omni-channel experience.

Transforming the retail experience

The rapid rising of e-gaming poses an additional challenge for retail gaming operators to attract and retain players in their shops. Customers get accustomed to the easiness and speed e-gaming offers; accompanied with the targeted communication and tactical campaigns run throughout the year, e-gaming has managed to create an ideal environment for the players to get informed, educated and ultimately play and interact with peers.

Convenience, proximity, and personalization are all aspects of the online gaming world that INTRALOT has incorporated

into its vision of the retail experience. Our players are engaged in a continuous manner, from the moment they approach the store, utilizing the personal devices to deliver targeted messages and promotions at the time when they are most receptive to the opportunity. Inside the store, we have introduced new ways of interaction and a full paperless experience via personal devices aiming to increase players' overall experience. Players' journey is now enriched with the opportunity to interact with the products they intend to buy through self-service terminals and become more engaged and involved. We strive to create a new gaming experience rather than one more selling store.

INTRALOT's retail shop of the future

INTRALOT introduced "Retail Plus", its concept for the retail shop of the future, at ICE 2016 in London. Retail Plus comprises products and solutions designed to specifically serve a vast variety of needs and requirements of both players and business partners. Among other innovations, INTRALOT presented its new product family, the Self-Service Terminal line (SST),

the TapnBet concept incorporated through the Dreamtouch terminal, the Cinematic Betting experience that differentiates operators with premium and attractive content display, and the "Betting Entertainment" product family, which targets to add new exciting gaming concepts for complementing sports betting offering.

Retailer: The business ally for a successful lottery operation

Either as a lottery supplier or as a lottery operator, INTRALOT adopts a retailer and sales development program focusing on sales growth and operational efficiency. At INTRALOT our retailer selection policy is based on the principles of maximizing the sales potential of our product portfolio through the most efficient utilization of the operator's investment. The commercial attractiveness of the store and the reliability, credibility and the entrepreneurial spirit of the retailer are the most important priorities during the selection phase.

Members of our experienced field sales force identify the most commercially attractive stores, under the rules and regula-

"INTRALOT's product strategy creates a new retail gaming experience for the player and secures long-term sales growth and operational efficiency for the lottery operator, while promoting industry's best practices for responsible gaming."

Antonios Kerastaris, INTRALOT Group CEO

tions set by local authorities. Each market in which we operate has a different sales channel mix taking into account the local market peculiarities, product mix and consumer behavior based on market research findings. INTRALOT operates in exclusive stores, convenience stores, coffee shops, kiosks, shopping malls, grocery/supermarkets, Internet cafes, bars/restaurants, post offices, gas stations, liquor stores, bookstores, pharmacies, with street vendors, etc. In some markets INTRALOT operates its own stores, while in some cases INTRALOT operates flagship stores. Flagship stores make sense in high-end locations due to the potentially high operating expenses associated with such stores. These flagship stores also act as winnings payment centers or consumables and scratch card distribution centers.

INTRALOT works with promising retailers to assess the store potential based on demographics, local population and retail density data. INTRALOT assesses retailers' capa-

bilities in terms of sales effectiveness and customer service, and assess their reliability, credibility and entrepreneurship to ensure they will fulfil their contractual and financial obligations, comply with our responsible gaming policies, and apply our brand guidelines. INTRALOT concludes a commercial agreement with a retailer as soon as the pre-defined terms and conditions are being accepted. Agreement with a retailer is the starting point of retailers training and development to ensure alignment of skills and qualifications with the necessary infrastructure to execute sales and customer service at the desired levels.

In order to reward retailers for promoting and selling INTRALOT's products to the final customer and maximize our customer acquisition and retention effectiveness, INTRALOT provides financial motivation through smart commission schemes to our retailers to drive sales. We also offer affiliate marketing programs in most of the markets

where we have an online presence. The programs are oriented toward maximizing customer acquisition and retention. In addition to retailer commissions, INTRALOT offers a portfolio of retailer incentive programs that may be a flat fee, a gift, a trip, etc. Loyalty programs are also offered in some markets as incentives to the retailers and their employees. Incentives are tied in with sales targets and/or competitions, and both retailers and employees are eligible depending on the incentive principles.

Responsible gaming

As a vendor to lottery operators, INTRALOT supports the principles and practices of responsible gaming. As a technology supplier we have been certified under the WLA's Responsible Gaming Framework for Associate Members. In the jurisdictions where we hold a license as an operator, the local subsidiary runs awareness campaigns, training programs, and outreach activities on responsible gaming in its retailer network.



For the first time INTRALOT presented at ICE 2016 its best-in-class innovative gaming solutions for the retail store of the future, the "Retail Plus".



INTRALOT adopts a retailer and sales development program focusing on sales growth and operational efficiency. The commercial attractiveness of the store, as well as the reliability, the credibility and the entrepreneurial spirit of the retailer are important priorities.

The retailers and the retailers' employees are contractually obliged to ensure the full compliance of the retailer with INTRALOT's responsible gaming policy. Non-compliance with that guidance may result in immediate contract termination.

When INTRALOT is the operator, strict guidelines on responsible gaming practices are provided to all retailers. Players who are less than 18 years old are not allowed to participate in any game provided by our retail networks, and a strict age identification process is in place and constantly updated.

Retailers are obliged to display in-store responsible gaming promotion materials in all high traffic areas of the store and must follow a number of other specific rules. They should not encourage people to play beyond their

means or as a way to recover past financial losses. They should not imply the certainty of financial reward or alleviation of personal and financial difficulties through gambling, nor that the chance of winning increases the longer one plays. Under no circumstances should they suggest that skill can influence the outcome, promote gambling as an alternative to work or everyday responsibilities, promote the consumption of alcohol while playing games or offer unreasonable loyalty incentives linking further winnings to further gambling. Retailers are also prohibited from cooperating with or supporting links to credit facilities that offer immediate credit for the purpose of gambling.

Field sales staff ensures compliance with the INTRALOT responsible gaming policy through tactical visits or mystery shopping.

Retail store: the baseline of a successful lottery operation

Offering an attractive and functional playing environment is clearly of vital importance. Merchandising principles that optimize the retail space – such as TV screens to offer live gaming and other information, monitor games to offer variety and excitement, ticket checkers to offer convenience, and functional coupon holders to enhance accessibility – are just a few of the elements of a successful retail shop.

Above all, the personal touch provided by retailers, particularly in neighborhood stores, is a key component of the omni-channel approach advocated by INTRALOT. While we seek to deliver a seamless customer experience across all channels, we continue to view the retail store as the baseline of any successful lottery sales operation.

“At INTRALOT, we continue to view retail as the cornerstone of any successful lottery operation. We have concentrated our efforts in revamping the traditional retail shop into an engaging retail environment for players enhancing a mutually beneficial and rewarding cooperation with our essential business partners, the retailers.”

George Vassilaras, INTRALOT Retail Group Director



canvas™

Time to meet your players

INTRALOT Canvas™ platform is designed
to offer centralised management
of **multiple game verticals** and focus
on providing to the players a **personalised**
and **consistent User Experience**
across all sales channels.



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Certified by WLA for its Responsible Gaming program, INTRALOT is committed to the principles of responsible gaming incorporating them at its best-in-class product solutions and global operations.



NOVOMATIC
LOTTERY SOLUTIONS

The flexibility to deliver customized solutions across continents

Novomatic Lottery Solutions (NLS) provides engaging customer-centric retail environments on several continents. We work closely with lottery partners to ensure that the retail environment we create delivers real value to the customer experience and helps retailers to provide outstanding service to players.

One of the keys points in our retail development program is offering hardware-agnostic solutions. As a result of our thin-client approach, all of our existing partners can have different hardware set-ups. Why do we think this is important? While there are several common trends in the ever-changing retail industry, NLS believes that there is no solution that fits all. The way our retail technology is built gives us the flexibility to deliver customized solutions according to the needs of each of our lottery partners and their distinctive retail environment.

In Spain, NLS is launching a full lottery system for Loteria de Catalunya including retail, Internet and mobile. The solution, due to go live this year, is managed end-to-end by NLS and the project includes migration from an aging central system. Our thin-client terminal application will be running on 2,500 lottery terminals. The terminal manufacturer and type were selected in cooperation with the lottery to achieve the best fit to their POS configuration. Retailers will also be equipped with digital screens to show the lottery's quick Keno game and display additional digital content to draw players'

Omni-channel is an essential element of NLS's retail development program. They believe that the key success factor for any lottery is that their games should be available on all channels relevant to today's players.



attention. Sales representatives will benefit from a market-leading lottery sales force automation tool.

BYOD in Africa

Our other lottery partner, Superior Games, went live last summer in Nigeria. The retail terminal there is an Android device specially designed to tackle the challenges of a retail environment with poor infrastructure and unstable connections. It offers 23 hours of battery life and is equipped with a built in barcode scanner, receipt printer, and dual SIM cards.

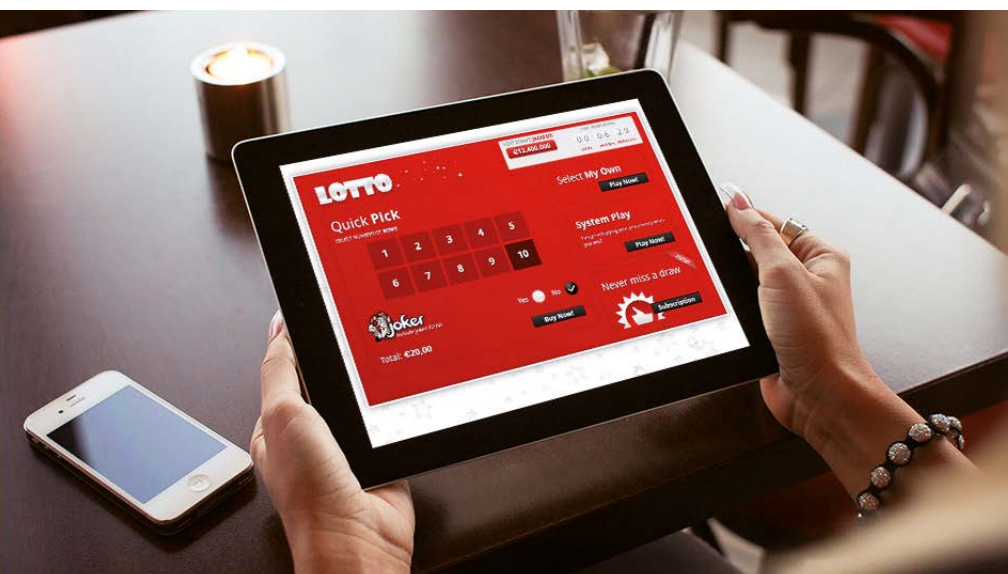
NLS deployed the entire lottery solution in less than six months. The number of terminals will soon reach 1,000, and the lottery's intention is to further grow their retail network to 10,000 points of sale. To support this growth, NLS will continue the rollout

of the Android lottery terminals as well as other retailer-specific hardware solutions. Taking advantage of NLS's Bring Your Own Device approach, retailers will be able to use their own tablets, smartphones, and portable printers connected securely to our system. This will enable Superior Games to increase growth even faster in a cost-efficient way.

After a competitive procurement process, Promosport, the National Sports Lottery in Tunisia, selected Novomatic Lottery Solutions to provide a pari-mutuel sports betting system that includes up to 3,000 lottery terminals – and in this case again, the lottery was free to select the terminal manufacturer of its choice. Tunisia's program will also involve a full migration from a legacy central system. The NLS thin-client approach makes it possible for NLS to

"The retail world has been forced to change by the onslaught of Internet-based sales offers. Retail has adapted, becoming more agile and working with the Internet in an 'omnichannel' way, by giving buyers the option to order online but collect at the store. That's what we do. Give the buyer options!"

Miriam Lindhorst, CEO NLS



offer the best technology that fits the specific needs of different lotteries, address the challenges facing the retail industry, and create customer-centric retail environments.

Omni-channel opportunities

Omni-channel is another essential element of the NLS retail development program, allowing players to enjoy continuity between channels. The seamless customer journey can start anywhere, depending on where the player finds the lottery – browsing on their smartphone or walking into a store. The key success factor today is that the lottery should be available on any of the channels that are relevant to today's customers. For example, players can buy lottery tickets at a retailer equipped with lottery terminal or in-lane by identifying themselves with a player card. They can even log in to the lottery's website, claim the retail winnings into their wallet, and continue playing with that amount online.

It also works the other way around: players walking into a store can ask for the online winnings to be paid out in cash. This is a powerful card in the lottery's hand as it is possible to drive players across channels. In addition, with effective sales techniques, it is a huge advantage for the retailer – if the player can claim online winnings in the store, they may buy new lottery games instead of cashing out the small winnings.

Retail has always been a very competitive environment, forcing market players to innovate continuously in order to retain their customers. But in recent years the evolution of retail technology has accelerated and to-

day it is more complex than ever before. As modern technologies became available and affordable for most customers, the traditional way of buying at retail completely changed.

Better informed consumers

The popularity of online shopping and the range of different product groups bought online is continuously growing, while the number of retail visits is decreasing. Even if a



customer decides to purchase in a shop, the buying decision is influenced in many different new ways other than advertising – social media, product comparison sites, or other mobile apps. So players are more informed

“Recruiting retailers, installing and maintaining terminals is an expensive exercise. It’s becoming harder and harder because retailers don’t want a great big lump of plastic sitting on their high-tech counter tops. If we reduce the number of points of presence in retail we place emphasis on fewer retailers to sell more, which means fewer players buy more, – is that responsible? If we can reduce the size/cost/footprint of a terminal, or indeed reduce it to an app sitting in an existing device, we keep everyone happy, the cost is much lower, so we can install many more terminals, we can increase our points of presence to reach a wider audience and also be present in places we never thought possible.

Think Bigger, Think Wider, Expect Better!”

Frank Cecchini, CEO and Managing Director NLS

than ever; they do their research before entering a store and they are more specific with their decisions. With NLS’s retail development program and unique solutions, we can prepare our partners for these developments.

We believe that mobile technologies will have a significant impact on the future customer experience by connecting traditional retailers with today’s customers. With the NLS Retail Companion mobile app we have created an environment for today’s players that is more familiar than existing smartphone or online interfaces. With this app’s innovative features, we believe that lotteries can drive players back to the retailers. According to a recent study by Juniper Research, more than three billion loyalty cards will operate as mobile-only or be integrated into mobile apps by 2020 – and this is where NLS’s Retail Companion app is positioned. Why would customers want to carry several different loyalty cards in their wallet when they can have them all in one smartphone?

Retail opportunities... and risks

Regardless of online purchasing trends, retail will always have something irreplaceable to offer: personal one-on-one connection. As retail clerks are the first point of contact with the customers, they are an important part of the customer experience. In the eye of a player, a retail clerk represents the lottery. That can be both an opportunity and a risk, as the lottery cannot directly control how a retailer communicates with the player.

Nowadays, players can easily access information anywhere, even while queueing inside a shop to get product information by scanning a QR-code or using an app. They expect retail clerks to be at least as well informed, if not better! NLS believes in technology that can deliver real value to the customer experience, and one way we do this is by providing the lottery with the technology and tools they need to help retailers become even more credible and accurate while dealing with players.

NLS's hardware-agnostic solutions can be customized to meet the needs of their lottery partners and are adaptable to individual retail environments.

Caring and Sharing in Malaysia



In addition to returning a portion of its lottery taxes to the Government, Magnum Corporation strives to foster a culture of “caring and sharing” and a company-wide dedication to community engagement, social responsibility, and a more inclusive society.

Since its inception in 1969, Magnum has pursued a proactive policy of corporate social responsibility. Today, a dedicated CSR arm called MagnumCares is in place to lead and support the Group’s community engagement activities.

Magnum adopts a holistic approach to CSR, organizing initiatives that address the multiple segments of the community’s needs in the key areas of education, charitable

giving, healthcare, welfare and culture. All Magnum’s CSR initiatives are implemented under the MagnumCares umbrella to continuously spread a spirit of caring and sharing that aims to be both impactful and sustainable.

There are four key values, formalized in the MagnumCares Charter, that guide the organization in meeting its CSR commitments:



Early detection of vision problems can be key to academic success. To date, more than 33,000 children have taken part in Magnum’s I Can See Clearly Now program.

- **CARING:** Before they can start to be caring corporate citizens, Magnum believes that companies need to genuinely understand that there are vulnerable members of the community who need assistance, and they need to recognize the potential – and the limitations – of the role they can play in providing that assistance.
- **SHARING:** Another key value is showing compassion and concern toward vulnerable members of the community, and also ensuring the well-being of its own workforce. For Magnum, sharing goes beyond providing financial support and includes supporting activities that help to retain the cultural heritage of all Malaysians.
- **SUSTAINABLE:** The assistance provided by Magnum has to be sustainable. Whenever possible, it has to go further than financial assistance and provide opportunities for vulnerable members of the community to become more independent and self-sufficient over the long term.
- **IMPACTFUL:** Prioritizing community engagement efforts is also a key value. MagnumCares endeavors to make a difference by providing assistance when it is needed most and offering help that can have far-reaching impact to beneficiaries.

Nobody can do Everything but Everybody can do Something

Magnum focuses its CSR efforts on four broad groups – the community at large, young people across Malaysia, Magnum Group employees, and like-minded partners – and concentrates on medical, welfare, education, and cultural activities. Following the mantra that “nobody can do everything but everybody can do something”, Magnum organizes numerous programs involving employees, sales partners, sales staff, and young people in Malaysia, empowering them to take charge and make a difference in their lives by offering voluntary services to help the community.

Education

Since 1995, Magnum has organized its Academic Motivation Awards program to motivate students to achieve their best academically. Other awards, including Most Improved Student and Most Caring Teacher, are also gaining recognition across Malaysia.

Magnum Corporation

Magnum became the first legalized lottery operator in Malaysia in 1968 and is a pioneer and market leader in 4D numbers games. With just over 300 full-time employees and nearly 500 points of sale, the lottery generated USD 881 million in sales in 2014 and returned more than USD 200 million to the state as taxes and duties and to fund good causes. Magnum has reached Level 2 of the WLA Responsible Gaming Framework and is certified to the WLA Security Control Standard. CEO Dato’ Lawrence Lim Swee Lin is the APLA representative on the WLA Executive Committee and Beh Swan Swan, Head of CSR and Chief Information Officer, is the APLA Secretariat Administrator.



With seed money provided by Magnum, the company's employees raise funds across Malaysia to organize eye checks for schoolchildren and provide prescription eyeglasses to students in need.



Students receive a personalized eye care booklet including eye care tips and an individual eye screening report for future reference.

Multi-ethnic, multi-cultural Malaysia

With a population of 30 million, Malaysia enjoys a strategic location in the Asia Pacific region, sharing land or sea borders with six other countries (Brunei, Indonesia, the Philippines, Singapore, Thailand, and Vietnam). The head of state is the king, who is elected by the hereditary rulers of the nine Malay states and now plays a largely ceremonial role. Legislative power is shared by democratically elected federal and state governments. Resolutely multi-ethnic and multi-cultural, Malaysia has a newly industrialized market economy, ranked third largest in Southeast Asia. GDP has been growing at an average of 6.5% per annum for almost 50 years.

In addition, Magnum sponsored educational seminars for teachers with experts presenting various topics ranging from new classroom technology to more traditional subjects such as the appreciation of Chinese literary arts, couplets, and calligraphy. The company also supports the national secondary school Mandarin Debate Competition that cultivates oratory skills, analytical thinking and team spirit among young people in Malaysia.

I Can See Clearly Now Campaign

Since 2013, Magnum employees have been the major force in promoting and implementing the *I Can See Clearly Now* campaign to raise awareness on eye care and the need for early detection and corrective vision solutions for young children.

Members of the workforce initiate fundraising activities, identify primary schools, arrange for eye screenings and pay for corrective eyewear for children who need financial assistance.

The lottery provides seed money for the program, and Magnum employees themselves then carry out fundraising activities every year and invite family members and friends to help promote the campaign. To date, 122 eye-screening sessions have been conducted at 113 primary schools and 9 welfare homes throughout Malaysia.

More than 33,000 children ranging from 7 to 12 years old have had their eyes tested – and the results were alarming as more than

17% were found to need eye glasses to correct their vision.

Long-term impact

One key takeaway from the program is that most of the young children tested were not even aware of their poor vision until they took part. “If a child cannot see clearly in the classroom, they will lose interest in their studies and perform badly academically. It is likely that they will be labelled as slow learners and become discouraged,” explained Beh Swan Swan, Head of CSR at the Magnum Group.

I Can See Clearly Now campaign is helping to raise awareness and assist young children to detect early vision problems and to seek corrective actions. It also aims to enlighten parents and teachers and encourage them to monitor their children and young students and encourage proper eye care habits.

“We believe this campaign is both impactful and sustainable,” said Magnum CEO Dato’ Lawrence Lim Swee Lin. “I am proud to see the MagnumCares spirit shining brightly amongst our employees. Magnum will continue to stand by our people to support them in carrying out good and worthy causes.”

Welfare and community engagement

Magnum’s approach to community welfare is distinctly practical and hands-on. Over the Chinese New Year period, for example, Magnum staff visit senior citizens and children in welfare homes to bring them festive cheers and traditional gifts. The company also helps make improvements on the living conditions in the homes.

Magnum initiates community engagement projects to encourage and bring together like-minded partners, individuals and NGOs to volunteer their time for good causes.

Through the *Cepat Cepat Tolong* (“quick help”) program, for example, Magnum and its workforce provide emergency assistance to those in urgent need. In 2015, for example, the company stepped in to help one cancer sufferer meet her medical costs, while the Portuguese community center in Malacca received funds to repair a leaking roof so that free-tuition classes could resume.

On the community support program, the company teams with sales partners and sales



The carnival held to coincide with the UN International Day of Charity in 2015 raised funds for eight welfare homes and attracted support from like-minded volunteers including the scouts, the local Lions Club organization and the Canadian Association of Malaysia.

staff in different parts of the country to provide direct, practical support in their local neighborhoods by helping to raise funds for those in need. More than 200 individuals and families benefit each year.

International Charity Day Carnival

In 2015, in conjunction with the United Nations International Day of Charity on September 5 – which is also the anniversary date of the passing of Mother Teresa – Magnum organized an *International Charity Day Carnival* to raise funds for eight welfare homes.

The fun-filled carnival in the Taman Jaya district of Petaling Jaya offered varieties of food from different communities in Malaysia and further afield, as well as handicraft items, fashion accessories, merchandise, aromatherapy products and much more. Professional hair-stylists were on hand to provide their services, and other volunteers set up stalls offering face painting, henna painting and free consultation on traditional Chinese medicine.

Winners of the Magnum talent contest performed for guests, and local singer Hugo Wong made a special appearance as well. With games booths, clown acts, instant photo booths and a karaoke contest to round out the festivities, the carnival was a major attraction for members of the public and raised over USD 22,000 for the charity homes.

For the community by the community

Perhaps the biggest success of the charity event was the huge amount of support it attracted from volunteers eager to do something concrete to help organize the event. As soon as the carnival was officially announced in April 2015, contributions of items for the carnival sale started pouring in from supporters and like-minded Malaysians.

Magnum employees prepared food and made handicraft items to sell, as well as assisting as stall operators on the big day. All in all, some 300 people were involved in putting the event together and an estimated 3,000 people visited.

Welfare homes find it very challenging to make ends meet on a day-to-day basis, especially as food costs increase. Magnum is proud to have had this opportunity to help them take care of the physically challenged, mentally challenged, financially challenged, and the homeless. “Nobody can do every-

thing,” says Beh Swan Swan, “but this community-driven project really shows that everybody can do something!”

Youth

The flagship Magnum campaign in favor of young people is called *Youth In Charge*. It started with a creative talent contest that encourages young people across Malaysia to use their skills to design new communication tools for charity homes. Young Malaysians aged 18-35 are invited to design a video, a website, a brochure, or a T-shirt to help raise public awareness and draw more public support and assistance for the beneficiaries.

Shortlisted entries in each category are put up for public voting and a panel of industry ex-



a Magnum CSR Project

perts then judges the finalists' entries. Winners receive cash prizes and Magnum makes financial donations directly to the charity homes as well as covering production and hosting costs for the promotional materials.

Over the years, this CSR initiative has attracted a great deal of interest from charity homes as well as art and design students. “Course lecturers now encourage their students to participate, so we know we have



The flagship program Youth in Charge encourages young people to use their creative talent to help fundraising efforts by charity homes.



Dato' Lawrence Lim Swee Lin, Chief Executive Officer, Magnum Group (center) with some of the 2014 Youth in Charge winners and judges as well as charity representatives and senior Magnum staff members. Beh Swan Swan, Head of CSR and Chief Information Officer, Magnum Group, is on the far left.



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Headlining the Zumba Fitness party were popular Zumba Jammers Deno Au from Malaysia and Gerald Tay from Singapore, with seven leading ZIN instructors also performing their dance routines at the charity event.

managed to convince them that this is indeed a good project!" said Beh Swan Swan. "To date the campaign has donated the equivalent of more than USD 60,000 to 35 charity homes as well as helping them to generate sustainable sources of income by providing first-rate promotional materials."

Magnum Youth In Action

This program aims to encourage young people to participate in CSR-related activities. Magnum regularly partners with other like-minded organizations to have an added impact, and in this program the lottery has teamed with the Truly Loving Company (TLC) for the last several years.

The Truly Loving Company is a social enterprise that uses a corporate profit model to build a brand and in turn generate long-term, sustainable income for charities. The TLC brand produces mainly household cleaning products, and the company's relationship with Magnum is a further indication of the lottery's focus on the practical side of giving and raising funds for charity.

For the latest joint project, Magnum supported TLC by organizing a Zumba Fitness Party for Charity at the Mega Star Arena in Kuala Lumpur. The event was designed to help charity organizations cover their monthly grocery requirements and attracted a full house of more than 600 enthusiastic participants.

4D – the national game of Malaysia!

Hugely popular in Malaysia, the 4-Digits numbers game (4D) is a fixed-odds game similar to "Pick 4" in the United States and Canada. Magnum was the first operator licensed by the Malaysian government to operate the 4D game, although other lottery operators soon followed suit. Today Malaysia has three main number forecast operators – Sports Toto Malaysia, Magnum and Da Ma Cai run by Pan Malaysian Pools – all of which are independent private companies (and WLA Lottery Members). Magnum offers the classic 4D game as well as other variations including 4D Jackpot, 4D Jackpot GOLD and recently the 4D Powerball games, which include a pari-mutuel element and pay multi-million ringgit prizes.

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Lottery scams: a never ending plague

On a weekly basis the WLA office receives numerous queries from people who have been contacted by criminals posing as lottery officials informing them that they have won a substantial prize. Unfortunately, many innocent people still fall victim to this fraudulent ploy. In order to protect our player base and secure the integrity of our lotteries, it is essential that we inform the public about lottery-based scams and how they operate.

A scam is a fraudulent scheme that uses deception to induce persons to make disposal of their property, assets, or personal information for the sole advantage of the scammer. A lottery-based scam is one that misuses a bona-fide lottery's reputation or its lottery products as a means to deceive.

Lottery scams belong to a category of fraud known as the 419 advanced-fee scam. The scam typically involves promising the victim a large sum of money, for which the fraudster requires a small up-front payment from the victim in order for them to receive the larger payout. The 419 scam originated in Nigeria in the 1990s, when the country's oil-based economy went into recession. Unemployed university students first used the 419 scam as a way of manipulating business visitors interested in shady deals in the Nigerian oil sector. The number "419" refers to the section of the Nigerian criminal code dealing with fraud.

The earliest 419 scams were sent by letter, fax, or telex. The advent of e-mail significantly facilitated the distribution of scam letters via the Internet. Mass e-mailings sent to a hundred thousand e-mail accounts can propagate worldwide in a few short seconds and at a very low cost to the scammer. Given the thousands of responses that scammers will likely receive, even the smallest percentages of success yield tremendous gains for the criminals.

According to a 2007 article in the San Francisco Chronicle¹, losses to Internet fraud more than tripled from USD 68 million in



In 2015 fraudulent WLA RGF certificates were circulating claiming the recipients had won USD 1.5 million.

2004 to USD 198.4 million in 2007. Almost a decade later, the incidence of Internet fraud continues to grow unabated. Actual figures may be much higher, as many victims are either too embarrassed or too afraid to report their case to law enforcement authorities.

In the lottery-based scam, the victim typically receives a fake e-mail notice announcing that they have won a large jackpot. To avoid suspicion, the victim is usually told that they had been entered into the lottery draw as part of a free promotion spon-

sored by a well-known lottery or a fictitious lottery with a familiar sounding pseudonym. Scam artists have even been known to use the actual name of a lottery's CEO or the president of one of the regional associations in order to help their fraudulent e-mail appear legitimate.

It is not uncommon that scam artists put up fake versions of a lottery website with very similar URLs such as thepowerball.com instead of powerball.com. In such cases the victims are directed to these websites where they are asked to fill out an online claim form. To counter this action, it is advisable for lotteries to own multiple, similar-sounding URLs that redirect to their official websites. This has become particularly important today as new Internet generic top-level domains (gTLDs), similar to .com and .org but denoting brand names or generic categories (like .lotto or .sport), came into effect in 2013, expanding the possibilities for the creation of fraudulent lottery websites.

Once a potential victim has been convinced that the scam e-mail is from a legitimate organization, they are informed that in order to collect their winnings they will need to advance a processing fee. As soon as the processing fee has been forwarded to the bank of the criminal organization, the criminals break off all contact with the victims and make off with their money.

¹ Rosenberg, Eric (March 31, 2007). "U.S. Internet fraud at all-time high". San Francisco Chronicle.



Scams artists have even been known to use the name of an existing lottery, the name of a lottery's CEO, or the name of the president of one of the regional lottery associations, in order to help their fraudulent e-mail appear legitimate.

Each week, lotteries around the globe receive thousands of e-mails from people hoping to confirm the legitimacy of an e-mail stating that they have won big in a lottery. Even worse are the queries from anxious people on the status of a prize after they have paid the required "processing fee".

Although lotteries are not liable for scams or the harm done to the victims of scams, it is our duty to help people avoid being harmed by such fraudulent schemes as servants of the public good. WLA member lotteries should deploy a cooperation network with other member lotteries at the regional, national, and international levels, and engage in common actions such as public or Internet-based information campaigns. Member lotteries should also engage in cooperation with local authorities, including consumer organizations and law enforcement agencies, developing a network of contacts for public referral. Equally, when member lotteries are advised from another jurisdiction about an on-going scam against their residents, this information could be transferred to local law enforcement officials

with whom they have a prior established relationship. A guide to combating lottery-based scams is available for downloading from the WLA website at www.world-lotteries.org.

To help our players avoid falling victim to lottery scams, it is important that they are aware of the following points:

- You cannot win a legitimate lottery if you have not entered it.
- In almost all cases you must purchase a ticket to enter a legal lottery.
- You never have to pay a processing fee to collect winnings from a legitimate lottery.
- In countries where lottery winnings are taxable, you either pay taxes after you receive the winnings or the taxes will be deducted from your winnings by the bone-fide state lottery and forwarded to the tax authorities. Taxes are never paid in advance of receiving a lottery jackpot payout.

They should also be given the following practical advice:

- They should not respond to fraudulent e-mails.
- They should not pay any money in advance.
- They should protect their bank account numbers and other financial data.

Scams will never go away entirely; they can only be minimized. It is difficult, if not impossible, to address lottery scams by legal means. The perpetrators of Internet-based scams can dissolve their operations as quickly as they can set them up, often without leaving a trace. The only way to effectively contain lottery-based scams is through increased awareness and by offering assistance to people seeking guidance. Information and education are the proactive tools that lotteries can use to reduce the impact of scammers on the public. In mitigating the harm done to victims, we also avoid collateral damage done to the reputations our lotteries.

It is now time to look at opportunities for mobile devices beyond the obvious player-facing solution that many lotteries already have and others are looking to add, barring legal restrictions. Be they tablet or smartphone, mobile devices are compact yet powerful. They are built for Internet connectivity and human interaction. Go to any mall in Europe, walk through the stores, and notice the POS solutions in use.

The downside is equally clear: a reduced retail footprint limits the public's exposure to games and reduces the number of players from which revenue is being gathered. This has serious implications with regard to responsible gaming and further weakens the lottery's ability to react to sudden changes



NLS's tablet-based solution enables lotteries to expand their retail networks by making low-volume retailers affordable.



NOVOMATIC
LOTTERY SOLUTIONS

in trade styles or consumer behavior in retail. To put it another way, purebred dogs have a small gene pool and suffer from more health issues than mutts who often seem impervious to anything short of the slow march of time.

But there is another, more beneficial way of dealing with retailers who do not sell enough to justify the current setup: reduce the cost of managing a retailer.

There is no doubt that large-volume retailers merit special treatment. They require large terminals with fast printers and thick paper rolls. Depending on the volume, a dedicated line and often a backup line from a different provider can be justified to ensure that all steps have been taken so the retailer can continue selling regardless of the consequences. The opportunity today is in making low volume retailers profitable.

The growth opportunity is not “optimizing” but expanding the retail network by mak-

ing retailers of any size affordable. To do this mobile device and mobile solutions are key. Imagine a retailer with a tablet-based POS system, or even just a tablet or smartphone in the store, who downloads an app capable of selling lottery tickets. Tickets can be delivered to players either wirelessly or through shared or dedicated printers. Communication for this retailer can be done over the retailer's own Internet connection, wired or wireless. The cost of setting up this retailer is close to zero.

This retailer may not become the biggest retailer in the network but add enough of these small retailers to the network and the proverbial retail gene pool will deepen, making the lottery less susceptible to changes in trade styles. These retailers can also seriously grow revenue: 2000 retailers generating EUR 100 (USD 107.77) per week in sales adds up to EUR 200,000 (USD 215,460) per week, or EUR 10,400,000 (USD 11,204,308) per year. A lot of good could be done with that kind of money and the use of mobile

devices, Internet technologies and a different way of thinking is key to accessing that untapped revenue.

NLS provides solutions that enable lotteries to expand their retail networks by making low-volume retailers affordable. This is not an area where “one size fits all” but rather an area where NLS agile solutions work together to solve business needs in a more effective way. As an example, combining the NLS mobile lottery retail application with a printer and scanner from CUSTOM (<http://www.custom.biz/>) provides a more cost effective way of scanning, buying and printing lottery tickets. Another example adds the NLS In-lane lottery solution to the retailer's existing POS system. Lottery tickets can then be sold through the same POS system that the retailer uses during the normal course of their business. Both solutions reduce, or eliminate, the footprint of dedicated lottery hardware in the retail store while at the same time serving the same need at a lower cost to the lottery.

Inteltek's iddaa®: A sure bet in Turkey

intralot

Just over a decade since it was introduced as Turkey's first fixed-odds betting platform, iddaa® has reached a 99% brand awareness rate countrywide. The brand shows no sign of slowing in 2016, as new research indicates that the iddaa® customer base continues to grow.

Turkey is a country of strategic importance in the global gaming market. Thanks to its demographics and to the passion of the Turkish people for sports, the market is robust and presents great potential for sizeable growth.

In 2004, Inteltek, a joint venture of INTRALOT, one of the leading players in the global gaming market, operating in 57

jurisdictions in five continents, and Turkcell, the first and largest GSM communications company of Turkey, operating in nine countries with a total of 71.5 million subscriptions, were granted the exclusive operation of fixed-odds betting and pari-mutuel betting games on sports events in Turkey (including sales and marketing operations, technological infrastructure and risk management), by Spor Toto Directorate – the

Turkish gaming authority operating under the Turkish Ministry of Youth and Sports, which holds the largest share of the country's gaming market.

Inteltek's leading role in the sports betting business in Turkey

Operating as of 2001, Inteltek has become prominent as one of the largest players in the sports betting sector in Turkey and the wid-



Where there's iddaa® there's excitement: The Inteltek brand is a unique success story in Turkey.



Launched in April 2004, iddaa® has grown to become one of the most successful sports betting brands in the world.

er region. By establishing a brand that stands for quality and global standards, Inteltek is a unique success story in the Turkish economy during the last decade. Inteltek has been recognized as one of the 10 largest economic projects in Turkey, offering employment to tens of thousands of people through a network of 5,700 retailers and six e-networks that offer its branded sports betting game, iddaa®.

Launched by INTRALOT's subsidiary in April 2004, iddaa® is one of the most successful sports betting brands in the world. With iddaa®, Inteltek has made Spor Toto Directorate the leading player of the Turkish gaming market, as the game's market share has increased from 1% to 56% in 11 years. Today Spor Toto's turnover reaches nearly USD 3.5 billion, from USD 17 million in 2003.

Capitalizing on INTRALOT's experience and worldwide betting operations know-how, Inteltek provides full turnkey products and services solutions, including the deployment and operation of the central betting system, connected online to the terminals located in each point of sales. Inteltek also manages game content and logistic operations, provides help desk and maintenance and support services to sales agents, and delivers 24/7 call center service to players. What's more, INTRALOT's subsidiary has successfully integrated the iddaa® brand in the scope of all corporate activity, including marketing, sponsorships, and corporate identity itself.

Since 2004, Inteltek has earned the loyalty of players by leveraging new global gaming trends in continual improvements in the full range of gaming products, by integrating risk management at all stages of game development and by diversifying product offerings to meet personalized player preferences.

Iddaa®: Turkey's one and only sports betting brand

In the launch of iddaa®, Inteltek's marketing team implemented a communications campaign aiming at creating brand awareness among football fans aged between 18 and 45 who could embrace the brand and be enlisted as an iddaa® brand ambassador. These brand ambassadors were critical to the initial stage of market penetration and also boosted the popularity of the game itself.



Iddaa® has reached a 99% brand awareness rate countrywide.

Later, iddaa® was gradually re-positioned as a brand that changes the way ordinary people – those who watch football matches but are not passionately engaged with football – view the sport. The main strategy was to create the perception among this audience of social viewers of football that iddaa® is a brand that not only intensifies the excitement of the game, but also the very excitement of life.

By adding more sports to iddaa®'s game portfolio besides football in 2009, the brand's target audience expanded even more, as motorsports fans or basketball lovers gained access to what was by then a branded world, the world of iddaa®.

Today the INTRALOT family is proud to see Inteltek's iddaa® brand has come of age. As such, the team's communication strategy has again evolved and is now based on the concept that iddaa® is a brand that offers exciting gaming entertainment to sports fans with a plethora of interactive gaming features enabling players to live and share their personalized virtual gaming experiences.

Now more a decade since it was first introduced to players in Turkey, iddaa® has reached a 99% brand awareness rate coun-

trywide, becoming a very strong and popular brand. The brand's adventure continues to unravel as 2015 research findings indicate that iddaa® players, currently estimated at 8.6 million, are increasing gradually.

In order to meet the diversified needs of such a large and growing player base, Inteltek has set as new priority the use of digital platforms, so that all relevant and time-centric data that players may require is readily available through the web, tablet, and mobile channels via the world's leading content providers. Thus, players can easily access all pre- and post-match statistical data as well as match and coupon results, on Inteltek digital platforms. In addition, Inteltek is also developing new specialized digital technologies that enable players to obtain live information at the points of sales, such as iddaa® TV.

Supporting good causes

Iddaa®'s success is reflected not only on an impressive turnover growth but also on invaluable resources for various good causes. Substantial funds, nearly USD 11 billion, have been allocated to the Turkish state in taxes and other public fees and earmarked for the advancement of Turkish sports, education and research, and other social goals, for the benefit of society. With these funds, over 2,000 sports facilities have been built and multiple sports events, as well as national and international tournaments, have been made possible.

A member of the INTRALOT Group, Inteltek shares in the values of its parent company and believes in the importance of the giving back to the community by supporting social responsibility projects that reflect the expectations of social stakeholders. The company supports the Disabled Sports Support and Education Foundation, which is engaged in the social inclusion of persons with special needs by facilitating their access to education and participation in sports. Furthermore, iddaa® is the main sponsor of Rakipbul League, an amateur league that allows its community of 150,000 members to experience professional football on artificial pitches, with almost 20,000 events per year.

The leading provider of sports betting entertainment in Turkey, Inteltek has partnered as of 2008 with the Turkish Football Federation and the Spor Toto Directorate for the protection of Turkish football, signing an agreement for the preservation of the integrity of sports and ethical values in football.



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Empowering lotteries with a back-office solution that lets you “see it your way”

Businesses the world over are constantly looking for innovative ways to operate more efficiently, expand services, and make their employees’ work both easier and more productive – and lotteries are no exception. Aurora Navigator, part of IGT’s Aurora suite of smart, open solutions, was built specifically to respond to lotteries’ needs for enhanced efficiency, more agility, increased responsiveness, and greater interoperability in their back-office platform. Functionally rich, user friendly, and adaptable, Aurora Navigator speeds interdepartmental processes, improves decision-making capabilities, and empowers users.



Aurora Navigator features a responsive design, an all-new user interface (UI), and widgets with data graphics specific to a user’s job function. (A widget is a small application within a web browser that displays information and allows the user to interface with the system. Widgets common for smartphones, for example, include clocks, calendars, and weather updates.)

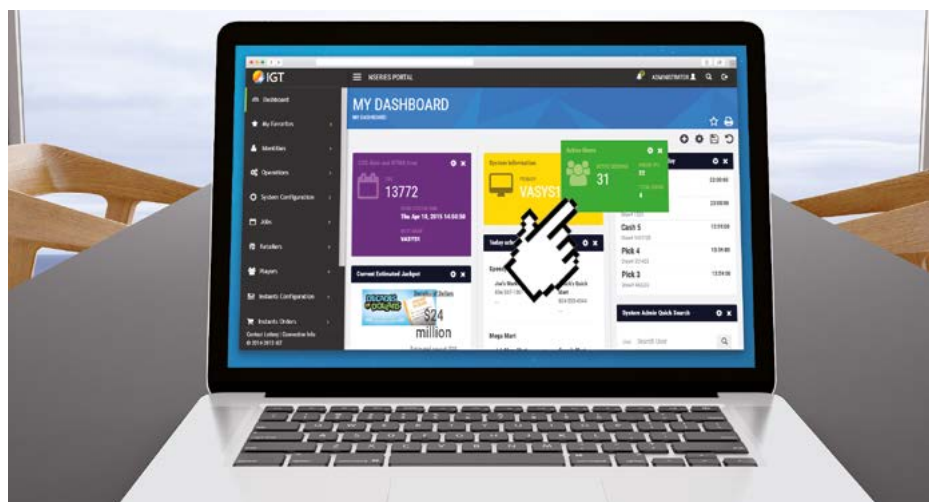
To ensure the UI is separate from the back-end services, Aurora Navigator is based entirely on Application Programming Interfaces (APIs). The services themselves are also separated from each other. This new

model avoids the need for duplicate coding and testing, enabling faster changes to be made to the solution when necessary. From a lottery perspective, the use of APIs will allow IGT to be more responsive than ever to each lottery’s unique requirements. This new simplified framework provides a level of flexibility in customization that has never before been seen in the industry.

See it your way – whenever, wherever, and however you choose

From an end-user perspective, one of Aurora Navigator’s primary advantages is that its UI

As our industry has matured, lotteries require more agility, more interoperability, and a more truly omnichannel experience than existing systems can provide. Aurora was built to respond to lotteries’ needs and rapidly changing market conditions.



Aurora Navigator lets users put those items that are most important to them front and center, thereby increasing their efficiency.



Aurora Navigator's responsive design adapts to any screen size and operating system, providing lottery staff access to the information they need anytime, anywhere, on any device.

is role based. Starting with the data users see on the initial portal, and continuing to the specific tasks they see to do their job, the home screen, or dashboard, would be unique to each type of user: an accountant's screen, for example, will present completely different information from what would display for a marketing director or a security officer. Plus, Aurora Navigator easily allows for even greater personalization, by enabling users to "drag and drop" widgets onto their own dashboard, and position them so they are readily available. A retailer management user can go right to what he or she needs to perform daily tasks, while executives may choose to see high level information about all aspects of the business on their dashboard, then drill down for more detail where desired. Anyone who uses Aurora Navigator can customize the look, layout, and feel of the interface to meet their exact needs, help them better manage their business, and enhance their productivity.

Another of Aurora Navigator's most useful features is that it is both browser and device independent. This empowers users to work on any device – desktop, laptop, tablet, smartphone – from anywhere, with any browser – fitting in exactly with the needs of today's multitasking, fast-paced lottery environment.

Improved user navigation

Aurora Navigator includes many features and functionalities that improve the user

experience. "Breadcrumbs," a type of secondary navigation scheme that reveals the user's location in a website, provide shortcuts to get back to a higher-level page or original landing point. "Wizards" lead users through multistep processes, ensuring that each step is followed, and allow them to see their progress – even if that process is shared by multiple users. In the case of missing information, Aurora Navigator makes the user aware, but enables forward progress to continue; an authorized user can simply go back to complete that information when it becomes available. This is especially beneficial for application processing, change of ownerships, promotions, and other tasks that include several variables and/or require multiple fields to be completed.

To develop this solution, IGT dedicated a great deal of time and effort researching what lottery users wanted in a back office application and user interface, as well as what best practices are in this space across other industries. Those two inputs were the driving forces behind this advancement.

The primary benefits Aurora Navigator brings to lotteries include:

- **More Flexibility:** Navigator is based entirely on HTML 5, the latest version of HTML. The combination of HTML5 and APIs makes Navigator the most flexible

back-office application solution in the industry. Changes to the UI can be made independent of the back end.

- **Easier to Configure:** IGT's pioneering service configuration uses a true client/server model that, by separating the client (UI) code from the back-end service, allows making changes (for example, a change to the retailer application process) without reprogramming. This service configuration is enabled by APIs.
- **Role-Based Navigation:** Users can customize their display based on their specific daily job functions and preferences, increasing productivity.
- **Enhanced User Experience:** Breadcrumbs reduce the number of steps needed to get back to higher level pages, while wizards walk users through step-by-step operations.
- **Extended Range of Use:** As a testament to IGT's ongoing commitment to open standards, Aurora's technology enables extending back-end services across multiple applications. For example, a lottery's sales force automation, retailer website, and retailer management applications may all now share the same service – no need for separate coding!
- **Greater Responsiveness:** Navigator's responsive design allows it to scale in a user-friendly manner from small- to large-screen formats and across different browsers.

Aurora represents IGT's advance into higher performing and more reliable lottery technology solutions to meet the industry's evolving needs. Aurora Navigator, the portal to this exciting new suite, fully embodies the smart, open, agile solutions IGT has developed to drive lottery profitability and growth.

Functionally rich, user friendly, and agile, Aurora Navigator was designed to support the lottery industry's needs for current and future growth.



Insights into Systems Technology: Consumers leading the way to convergence

Consumers are driving a world of innovation, integration and convergence in lottery and gaming, creating a need for world-class technology systems that has never been stronger. While previous megatrends like social media have represented a fast track to meeting changing consumer needs, innovation is largely driven by systems that offer open architecture to accommodate flexibility and a continued responsiveness to growing and changing player, lottery and industry needs.

Connecting players with deeper content

At the player level, market research shows that players increasingly want to move seamlessly across verticals for gaming entertainment. The surprisingly large crossover plays out in interesting ways*:

- 50% of instant game players also play casino slot machines
- 75% of slot machine players also play lottery draw games
- 74% of slot machine players also play lottery instant games

How can industry leaders in gaming entertainment create unique offerings for customers and players in all of these verticals – slots, draw and instant games? That's a pivotal question for Scientific Games after the company's 2013 acquisition of WMS Industries and 2014 acquisition of Bally Technologies. Building on combined strengths and synergies in 2015, Scientific Games is now looking closely at leveraging new capabilities to deepen and enhance the player's experience.

"We've already gone down the path of evaluating areas where we can leverage products, technologies and concepts that were used on the gaming side in lottery and vice versa," said Walt Eisele, Chief Technology Officer, Lottery for Scientific Games. Eisele cites bonus offerings as one example that allows



casinos and other gaming operators to offer their customers as “a fun way to give out bonus points, cash, floor-wide events and links to social media. Clearly, we’re the leaders in the lottery sector in terms of creating and launching loyalty and second-chance programs for a number of our customers. So leveraging some of our bonusing concepts and technology from gaming in our lottery business is something we are exploring.”

Besides the ability to offer customers more targeted and creative promotions, Eisele points to the company’s deepened technical resources – and the seamless merger behind their resulting capabilities. “Our Bally acquisition came with a great deal of talent on the systems development side, and now we are leveraging this for lottery where it makes sense. Both company cultures are very well aligned.”

On the interactive side, direct engagement with players offers new player insights that in turn lead to innovative ways to deliver great promotional, loyalty and eInstant content. “For example, we’re not just going to simulate an instant game on a mobile phone when we deliver an eInstant game,” said Eisele. “We’re going to make it an interactive play experience, using some of the technologies and, more importantly, some of the design capabilities from our gaming business in order to drive a better interactive content offering.”

Scientific Games’ interactive lottery customers are leading the way when it comes to using mobile and web in innovative ways – and a key learning from the social media world is that winning isn’t just about cash. According to Michael Lightman, Senior Vice President, Lottery Interactive Products, for Scientific Games, it’s more about the opportunities to win and prizes that have meaning for the consumer.

“We can make playing lottery games more fun by creating more chances to win, because value motivates the consumer beyond cash, toward a more meaningful social game-winning experience,” he said. “The ability to win points and purchase exciting products from an online store expands the value of the game and deepens the player’s connection to the brand.”

Building on insights along the consumer’s path to purchase informs continuous content improvement and a steady stream of new products, from interactive promo-

“The market is more complex, competition in gaming entertainment is much more intense, and lotteries are evolving quickly. The need to understand data across your business has become much more important.”

Patrick McHugh, Senior Vice President, Lottery Systems for Scientific Games

tions that include mobile apps and an array of freemium, second-chance, FunPlay and Skill-with-Reveal games to loyalty rewards with points and purchases, and iLottery products like e-instant games.

Lightman cites *MONOPOLY Jackpot* as the lottery industry’s first linked progressive jackpot game, where players across five U.S. states use mobile and web applications to unlock the chance to win more prizes, including a weekly and monthly progressive jackpot. “This popular casino concept had never before been used with lottery instant games,” he said.

He also points to the success of the Pennsylvania Lottery’s *Holiday Cheer*, launched in 2014 as Scientific Games’ first Skill-with-Reveal game. The fast-paced, match-three puzzle game included power-ups to more quickly increase the player’s total score; after each game, players could compare scores with fellow players and friends by viewing a leaderboard.

The Pennsylvania Lottery had similar success with *The Wizard Of Oz*, an instant game with second-chance and interactive Skill-with-Reveal options.

Lessons from abroad

In Europe, where Scientific Games customers have been selling lottery products on the Internet for more than a decade, lessons learned in systems technology have finally made their way to North America.

“The complexity of systems integrating third-party systems, game content and distribution channels has been developing in Europe for years,” said Patrick McHugh, Senior Vice President, Lottery Systems for Scientific Games. “That expertise is now coming to the U.S., as systems are becoming more complex.” McHugh said the greatest impact could be happening in loyalty programs as well as with mobile, interactive and social gaming technology platforms. “In

our U.S. contracts, our systems are bringing together all the products and services Scientific Games has to offer, including instant games, digital, mobile, Internet, promotions, and content. This can also include video lottery and central monitoring systems in addition to instant game systems and business intelligence systems. This may seem like a lot of technology, but in reality, it’s one large, integrated system.”

McHugh said the Bally merger has led to an increase in core competencies and that cross-pollination has allowed Scientific Games to accelerate its integration of many groups, bringing more innovation and expertise to market and resulting in technology that serves more than a million lottery retailers worldwide.

“We tell our story from the perspective of consumer insights, access to retail, knowing what’s happening in the marketplace from our more than 2,000 studies – all of this feeds into our technology systems,” said McHugh. “The market is more complex, competition in gaming entertainment is much more intense, and lotteries are evolving quickly. The need to understand data across your business has become much more important.”

While the vast European experience may seem a bit overwhelming to lotteries in the U.S. market, keep in mind that ultimately, it all may come down to one thing: the ability to develop the clearest possible picture of players and their needs. One view of the player across verticals is critical in terms of consumer insight, product selection and promotion. “We have the capability to offer lotteries – or any customer that has a desire to operate in multiple jurisdiction verticals – one view of the player,” said Eisele. “We can understand player behavior across casinos, lottery, interactive and mobile, and provide data in ways that will help them run their businesses more efficiently – and more importantly, help them give their players more of what they want.”

According to Eisele, Scientific Games' Canadian customers offer a good example of what can be accomplished through the convergence of technology. "The provinces in Canada all run basically every vertical offering to their players – everything from sports to lottery to online gaming and casinos. Being in a position to offer these customers solutions to help them manage their businesses more efficiently across verticals is another key differentiator for us."

Sharing information, products and services

Convergence is not only driven by consumers and business intelligence, but also by the megatrends Scientific Games' Shared Services Platform group and iLab track across lottery, gaming, and interactive. Led by Steve Beason, Enterprise Chief Technology Officer for Scientific Games, these futurist teams are tasked with developing concepts based on a holistic industry view that encompasses casinos, lotteries, mobile, web, retailers, regulators and players.

Focusing more on technical innovation over a two- to five-year period, the iLab develops technology that can be used across any or all verticals. "Once we meet with different business units to pull in a new technology, if one of the groups wants to adopt it, we'll look at whether or not we want to pull it across to other groups as well," said Beason. "When something can be used across many verticals, then our Shared Services Platform group takes over, and that is really the team that is tasked with convergence at Scientific Games."

"Our Shared Services Platform group looks at what technology can be leveraged across the verticals and all three of our business units – for instance, a shared wallet that enables players to move across verticals with one form of payment that stores loyalty and financial transactions," said Beason. "The shared wallet represents convergence at a transaction level."

When convergence happens at a transaction level, as it does with the shared wallet, it intersects directly with the consumer mega-

trend toward cashless, electronic commerce across different channels. "There's an element of loyalty built into those wallets, because it also stores what we call player account management systems (PAMs)," said Beason.

Beason said that the natural progression from PAMs is to form convergence opportunities in terms of what each vertical wants from its systems. "At a core level, they each want commerce and knowledge about their players, their activities, loyalties and achievements."

Many of Scientific Games' customers run more than one of the company's products across several verticals. Beason said his teams create and develop the technology needed to deliver business intelligence and new capabilities with open architecture that can accommodate change over time.

For instance, the South Dakota Lottery launched an innovation 26 years ago with video lottery terminals (VLTs). Today, 14 U.S. states have a similar version of VLTs in retail establishments such as bars, grocery



Steve Beason, Enterprise CTO for Scientific Games (second from right, back row), and the Scientific Games iLab team at the 2015 Global Gaming Expo (G2E) in Las Vegas.

stores, and casinos – and several are serviced by Scientific Games' CONNEXUS system, a distributed game network that includes a complete suite of security features that deliver the vital information all stakeholders need to drive profits, engage players and increase operational efficiencies.

"Originally, lottery systems just monitored and reported the financial meters of the VLTs," said Steve Angelo, Vice President, Video Gaming Systems for Scientific Games. "Today, lottery operators and players demand technology and innovation that provide capabilities from business intelligence to wide-area progressives (WAPs) and integrated player rewards to responsible gaming features." Lotteries continue to upgrade their infrastructure to provide innovative products to the ever-changing player base.

"We continue to see growth in our VLT network," said Norm Lingle, Director of the South Dakota Lottery. "Innovation is very important to us as we look to drive future growth and improve our network integrity, as well as provide new and innovative product offerings for our players. We see convergence as an important part of the South Dakota Lottery's vision."

Beason's teams also look at convergence at the player level, which spans social gaming, second-chance offerings and freemium to premium conversion. "We must also develop games across all platforms and channels," he said. "For instance, if you play a lottery instant game at home that's based on a freemium social model, you're very likely to go back into the retail outlet and play that game for real money. From a technology standpoint, we need to be able to support that."



*Source: 2014 Scientific Games cross jurisdictional, motivation-based player segmentation study for lottery and gaming.

Convergence at the retailer and lottery level, has centered on WAPs in the gaming space, which have the same mechanics as a multistate game. "In the lottery world, Powerball is a game in which smaller states could generate substantial and meaningful jackpots," said Beason. The same phenomenon is now happening at casinos that are banding together to offer larger jackpots via WAPs. "So, we're looking at doing multi-state WAPs across casino properties, using the same types of technologies and features that we use in lottery and applying them to gaming."

Into the future

Convergence across all levels of the gaming experience begs the question of what new technologies are on the horizon, and Beason is quick to say that in the short term, we'll be seeing more in the realms of personalized, location-based advertising. "This is to engage more players as they move through the channels or venues like restaurants or

casinos, cross-promoting products and services based on their proximity."

Millennials will become more engaged as gaming entertainment deepens community-based, lounge-environment, and skill-based play as well. "Millennials are used to convenience, but they also appreciate head-to-head competition," said Beason. "This World of Warcraft generation needs games that challenge them and take them to new levels of achievement." That includes tie-ins like TV game shows, where winners in one vertical can become contestants and win experiential prizes in another.

"Virtual reality will be on hyper-drive in 2016," said Beason. "Imagine playing an Internet slot game like Iron Man or MONOPOLY, and the bonus round happens and you're actually walking along the MONOPOLY board game as you try to win your bonus round."

Beason predicts that the industry is going to see that lottery, gaming and interactive verticals will want to present their content through these new technologies, and his iLab is key to development of these kinds of capabilities across Scientific Games' global business.

"It's a very exciting time," he said. "We demoed the virtual reality capabilities at the North American Association of State and Provincial Lotteries 2015 conference and people were really amazed by it."

One thing he believes is certain: Convergence is a never-ending story, as megatrends and insights continue to evolve and bring new technologies to life – all based on the changing needs of well-connected, tech-savvy consumer.

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WLA Academy

February 3–5, 2016

Marketing Seminar – 'Great Expectations'

Seminar in cooperation with the European Lottery Association London, UK

The keynote speakers at the 2016 EL/WLA Marketing Seminar were provocative and challenging, and were greatly appreciated by the record 160 participants in attendance. Consumer and shopper behaviorist, **Ken Hughes** told us we are now dealing with the “always on” consumer. No point in placing POS material near queues where the customer is engrossed in their phone; players must “own” our games and become brand ambassadors. It is not a question of online or offline... there is no longer a “line”. Media futurist, **Robert Tercek** also challenged the participants to respond to the “whatever, wherever, whenever” customer and provide more interesting and engaging games by changing the economics for indepen-

dent game developers. **Gordon Medenica**, Director of the Maryland Lottery and Gaming Control Agency, shared experiences of performance measurement and best practices in the US. He gave insights into some of the dangers and pitfalls of “privatization” – or “outsourcing” as he termed it – of lottery operations. **Craig Mawdsley**, Chief Strategy Officer of BBDO UK, acknowledged that it was difficult to develop suitable metrics for evaluating the effectiveness of advertising, but that the process itself could be rewarding.

Lottery speakers included **Sally Cowdry**, Marketing and Consumer Director at Camelot, who explained their approach of having to develop a campaign to “prepare the way” for their campaign to support their Lotto change, based on the concept of “More Millionaires” and **Dermot Griffin**, CEO of the Irish National Lottery, successfully managed a Lotto change involving a higher price

and larger matrix by introducing the very positive slogan of “Bigger Better Lotto”.

Andy Duncan, CEO of Camelot UK Lotteries Ltd., shared some interesting and revealing insights into Camelot’s operation and ambitions and, interestingly, also shared information on some work he was chairing for EL/WLA on discussions to open up the availability of lottery apps in the Apple and Android app stores.

Scott Bowen, Commissioner of the Michigan Lottery, **Rebecca Hargrove**, President and CEO of the Tennessee Education Lottery, and **Debbie Alford**, CEO of the Georgia Lottery Corporation, all provided updates and interesting insights into US operations, while simultaneously sharing full support for the recent USD 1.6 Billion Powerball Jackpot. The Partner/Suppliers each presented short sessions on “the player journey”, reassuring the participants that they were fully on top



of customer and technology developments through research and were responding with appropriate facilities and services.

Two lottery ladies rounded off the program with **Ellen Van den Berghe**, Business Development and Innovation Manager of Loterie Nationale, Belgium, providing a youthful and exhilarating insight into the Belgian Lottery's mobile platform development, and **Eva Pavo Lopez**, Communications and Marketing Director of SELAE, Spain, who gave the participants full permission to cry, if they were moved by SELAE's highly emotional advertisement for the Spanish Christmas Lottery top prize, El Gordo.

Ray Bates, Seminar Moderator

WLA Seminar Schedule 2016

Date	Topic	Organizer	Venue / Host
April			
6	WLA i-Lottery Seminar 'Everything you need to know before selling on the Internet'	WLA	Park Lane Hotel, New York City, USA
18–21	'Operational Excellence – Getting Things Done from Good to Great'	APLA/WLA	Sule Shangri-La Hotel Yangon, Myanmar
May			
9–13	'Presenting with Impact in the Lottery World'	WLA/PinT	York, UK
June			
21–23	Sports Betting Seminar	EL/WLA	Boscolo Plaza Hotel Nice, France
November			
6–9	World Lottery Summit 2016	WLA	Marina Bay Sands, Singapore

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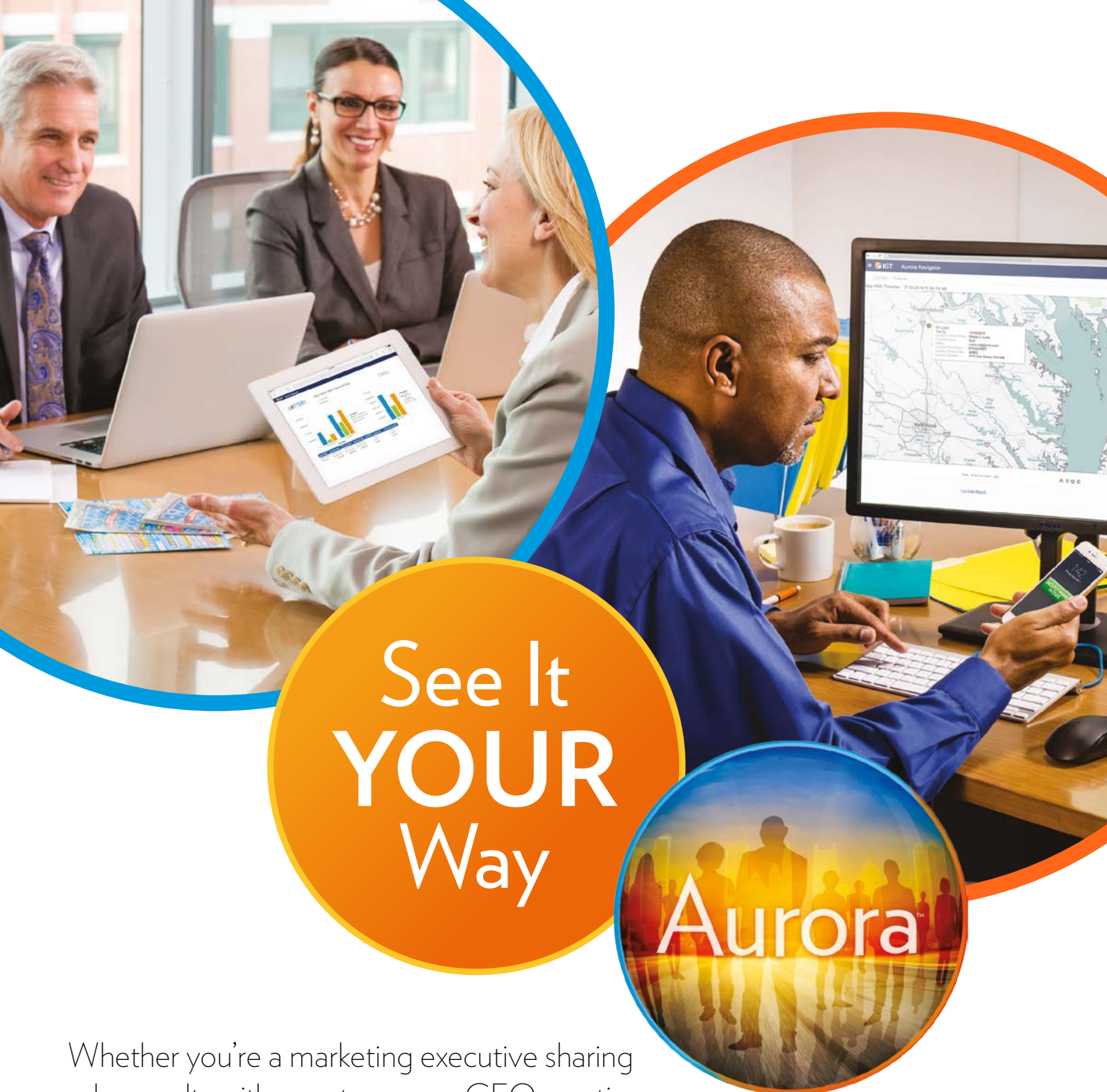
WLA MAGAZINE is published by:

The World Lottery Association
Lange Gasse 20
P.O. Box
CH-4002 Basel, Switzerland
www.world-lotteries.org

Editor: Paul Peinado,
WLA Communications Coordinator
Contributing Editors: Patricia
McQueen, John Smellie, and James
Walker.

Print: Werner Druck & Medien AG,
Basel, Switzerland

Layout: 3satz GmbH,
Thalwil, Switzerland



See It
YOUR
Way

Aurora

Whether you're a marketing executive sharing sales results with your team or a CFO reacting to a notification of a big winner in your jurisdiction, **Aurora Navigator** – IGT's new back-office suite – gives you the control you need to manage your business and maximize productivity.

The tools you need to grow your business today...
and tomorrow. That's the brilliance of Aurora.



A man with glasses and a beard, wearing a grey blazer over a black shirt, stands next to a large lottery terminal. The terminal's screen displays a grid of lottery tickets, including one with 'I ♥ CASH' and another with 'DOUBLE CASH'. The text 'Innovating at retail is Robbie's passion.' is overlaid on the left side of the image.

Innovating
at retail is
Robbie's
passion.

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Scientific Games' Robbie Asendorf is committed to developing new products that make lottery products easier for retailers to sell and players to purchase. He works to create products that give players more access to games when and where it's most convenient. Robbie says, "Lottery retailers love our PlayCentral™ HD, WAVE™ and LotteryInMotion™ technologies."

Let us show your lottery more retail innovations and solutions that offer a great point-of-sale experience.

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