



Play at the Pump

In several states across America, lotteries are experimenting with a new point of sale – the gas pump. Play at the Pump offers a convenient way for customers to play selected lottery products directly at the gas pump. With a swipe of their debit or credit cards, players can drive away with their numbers for the next lottery jackpot. In this issue of the WLA magazine, we look at this innovative technology and how it has proven to be as convenient for players as it is beneficial for retailers.

3 YEARS IN A ROW



**Scientific Games has been internationally recognized as “Lottery Supplier of the Year”
for three consecutive years at ICE Totally Gaming (2015, 2016, and 2017)**

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

Exciting stuff. And further affirmation that the work we do on behalf of our customers – and the results we help them achieve – are real.



Because Real Counts



Contents

4–5 Interview with the President

6–9 Association news

Selected news from the WLA, its members, and the regional associations.

10–13 Play at the Pump

American lotteries are experimenting with a new point of sale – the gas pump.

14–19 Daily Fantasy Sports

Daily Fantasy Sports is making waves on the North American continent and drawing the attention of state lottery operators.

20–23 Private online lottery betting

For the past few years, private online gaming firms have been offering what is known as “lottery betting”. This clever yet pernicious scheme is now causing concern among WLA member lotteries.

24–26 Exemplary ONCE

ONCE's socially inclusive business model is a shining example of good causes in action.

28–30 Innovation for good

Rather than compete against private operators by widening their product ranges, lotteries should put Corporate Social Responsibility at the center of future business strategies. Silverfish Director Laura Da Silva explains why.

31–32 the Lott brings #joyments to Australians

Australia's Tatts Group Lotteries, known to customers as the Lott, has unveiled the first major repositioning of its popular Instant Scratch-Its brand in more than a decade with its new national #joyments campaign.

33–35 The new player mindset

How can we create new experiences that redefine gameplay and connect with a new, younger audience in more interesting and meaningful ways? Else, an experience design consultancy based in London, looks at what it takes to engage the millennial player.

36–45 Corporate news

News from members of the WLA Contributors Program and other WLA Associate Members.

46–55 The learning curve

News from the WLA training and education program.

Vital services to a noble industry



Over the past months, I have had the pleasure of meeting many of our members at the various events that have occurred across the globe. It has been delightful getting acquainted with you and this wonderful industry. The valuable insights that I have gained will help me going forward as we seek to further develop our member services and bring the association to a new level.

From the first seminar of the year, the EL/WLA marketing seminar in London, to the joint APLA/WLA Seminar in Chengdu, China, through to the EL Congress in Krakow, Poland, I have become immersed in the world of lottery and continue to discover new aspects of this fascinating industry. I have been impressed by the vital role that lotteries play in society and am determined to do all that I can to help you fulfill your noble mission.

At the outset of this year, it was high on my agenda to investigate the problem of illegal gaming and how it affects our industry. To this end the WLA has published a position paper delineating the WLA's stand on illegal gaming. Each year illegal gaming undermines the efforts of state lotteries to raise funds for good causes. Operating in jurisdictions where they have no legitimate authority to do so, illegal operators have little regard for the safety and security of players. Moreover, illegal gaming can be used as a source of funds for organized crime or as a means for laundering money. The WLA Position Paper on Illegal Gaming is available for download from the WLA website. I would like to thank the WLA Executive Committee for their valuable knowledge and help in putting this important document together.

In the current edition of the WLA magazine, we have articles on a number of intriguing topics. In particular, we report on an innovation out of America known as Play at the Pump, which is providing new points of sale for US lotteries and added convenience for their players. We also look at fantasy sports, which is introducing new players to the exciting world of sports betting. And, we discuss the issue of privately run lottery betting firms, which are currently cause for controversy across the globe. You will find these and other interesting articles in the following pages of this magazine.

The World Lottery Summit 2018 (WLS 2018) is appearing on the horizon and we are slowly gearing up for this mega event. Although WLS 2018 is still more than a year away, we are working behind the scenes with ALEA to ensure that this will be a top-quality event in a charming and cultural atmosphere. In the coming weeks announcements on the latest WLS 2018 developments will be posted to the WLA website.

WLS 2018 will be held from November 18–22, 2018 in Buenos Aires, Argentina. Save the date. We hope to see you there!

Philip A. Springuel
WLA Executive Director

Cover: yanyong, Nerthuz & zentilia – istockphoto.com

Innovation, disruption, and insight

In recent years, we have witnessed how disruption and innovation have changed the way the world works. From the personal computer, to mobile devices and beyond, innovative technology continues to shape and guide our daily lives. In a casual dialog, WLA President Jean-Luc Moner-Banet ponders the difference between disruption and innovation and how the lottery sector may best weather disruption when inevitably confronted by it. He also discusses Play at the Pump and Fantasy Sports, two innovations out of the US that will be worth keeping an eye on in the coming years.

The themes in this issue of the WLA magazine cover both disruption and innovation. In your mind, what is the difference between the two?

There is indeed a difference between the two, albeit not a clear-cut difference. It is not like the difference between day and night. Roughly speaking, one could say that disruptors are innovators, but not all innovators are disruptors. Perhaps in the same way that all Doberman Pinschers are dogs but not all dogs are Doberman Pinschers.

Innovation and disruption are similar in that they both bring forth creative change. However, disruption differs from innovation in that it causes radical change in the way we behave and how we think. It displaces the status quo by supplanting existing technologies, industries, markets, or services and replacing them with different, usually more efficient, effective, and faster ones. This can create havoc as the disruptor tends to bring down those existing technologies, industries, markets, and services by making them obsolete.

All industries inevitably face disruption. Do you feel the lottery industry is in for disruptive change in the near future?

No industry – including the lottery sector – is safe from disruption. It is therefore in our best interest that we as an industry recognize that we will be confronted with disruption at some point in time. We must keep our eyes and ears open, pay attention to new trends in technology, and listen to the wants and needs of our customers. This will ensure that we remain relevant to our players and secure the vital role that we play in raising funds for good causes in the communities in which we operate.

Can disruption be a catalyst for innovation?

Well, disruption is certainly a catalyst for change. Often, the change that disruption brings can be positive, even vital. Disruption is not necessarily destruction or something to fear. It is only destructive in so far as we remain rigid, clinging to old ways, and hoping for the best. When change occurs, it is important that we understand it and how it impacts us. This is particularly relevant to the lottery industry with so many changes going on around us. Transformation comes about when we remain open to change.

This issue of the magazine features an article on the US phenomenon of Play at the Pump, wherein people filling their gas tanks can buy a Powerball or Mega Millions ticket quickly and easily at the pump. This innovative idea is catching on in America as a viable lottery sales channel. Do you see a potential for this in other countries?

Of course, we should always remain open to new ways to distribute our products – especially at the retailer. Play at the Pump certainly offers some interesting opportunities when you consider its potential for greatly expanding the number of lottery points of sale – not to mention the added convenience that it lends to potential players. It also affords lotteries another source for capturing valuable player data. This is clearly a case of innovation without disruption.

Whether Play at the Pump would be successful in every country remains to be seen. It would depend largely on gaming regulations in the respective jurisdictions, but there is also a cultural element involved here. Playing habits differ from country to country. What works in one country, may not be accepted in another.

Daily Fantasy Sports, which is also covered in this magazine, is another novelty that has come out of America. With the passion for football in Europe, do you see a place for Daily Fantasy Sports on this continent?

Right now, I would guess that the betting landscape is more favorable in the US for fantasy sports, as sports betting is for the most part banned there. It seems that fantasy sports – which up to now has not been viewed as gambling – has provided sports betting fans in America with a workaround to this ban. With the introduction of Daily Fantasy Sports (DFS), legislators in the US have begun looking at the legal ramifications of fantasy sports. Lawmakers in the US are beginning to draw a distinction between picking a team for a season and picking a team for a day. Many US lawmakers find the latter to be tantamount to gambling, so we might see the situation with respect to betting on DFS changing in the next few years.

In Europe, the legal landscape for sports betting is very different with providers offering a full range of sports betting products, predominately season-long sports betting on the top football leagues in Europe. In the past few years, a few private operators in Europe have started offering fantasy sports, but the market penetration is much lower here than it is in the US, possibly because people prefer betting on live action sports.

Fantasy sports was a theme at the recent EL/WLA sports betting seminar in Stockholm, Sweden, this past May. At the seminar, we were fortunate to see an excellent presentation from SAZKA of the Czech Republic. They introduced their new fantasy sports platform, SAZKA

Fantasy. To my mind, they are one of the first lotteries to make a push in this area. We wish them much success in this endeavor.

Around the world, there has been a marked increase in private operators offering betting on lotteries. Why is this a challenge for state lotteries and why should we be concerned?

The vast majority of these private operators, if not all, are offering their services online. Their services are offered around the world irrespective of the gaming laws that preside in the countries where the players are domiciled. This is contrary to everything the WLA and its member lotteries stand for. The WLA Code of Conduct states that its members shall not offer their gaming products via electronic commerce services unless it has received the necessary permission to do so by the government or authorities competent to grant such authorization for the territory where the gaming services are to be made available.

Offering gaming services comes with a high responsibility. Gaming products are not like ordinary products. They are subject to oversight of state authorities and are regulated to mitigate any adverse impact on society. In countries where these private operators are operating without a license, players are not covered by reigning consumer protection laws.

It must also be said that these private operators are poaching the brand identity, the infrastructure, and customer base of the legitimate lotteries which they exploit for their own gain. The parasitic nature of this scheme is depriving government-sanctioned lotteries and state treasures of funds that would otherwise go to support worthy causes.

Betting on lotteries is banned in Germany and many other countries. In the UK they are

considering banning lottery betting on EuroMillions. What is the official WLA position on this proposed ban?

The WLA wholeheartedly supports the proposed ban. The UK government initiated an official consultation on the prohibition of third-party betting on the outcome of non-UK EuroMillions. The consultation – in which both the WLA and the EL participated – ran from March 6 through May 2. We are hoping for a positive outcome to this public feedback. The state lotteries of the world need to rally together and build a united front against these unethical practices.



In addition to this effort, I should mention that the WLA also recently published a position paper in which the WLA clarifies its stand on illegal gaming. The paper is available for download from the WLA website.

At the WLA EL/WLA marketing seminar in London this past February, we learned of disruptive situations that had little to do with innovation such as, the record USD 1.6 bil-

lion Powerball jackpot in 2016, which has been seen as both a blessing and a curse by lotteries in the US. The record jackpot had an immediate positive impact on lottery revenue in the US, but now in the aftermath, lotteries are facing jackpot fatigue. What has the industry learned from this situation, so that they may better prepare for the inevitable next mega jackpot?

There was indeed an excellent presentation that Gary Grief, Executive Director of the Texas Lottery Commission, gave in London. He showed us not only the negative effects of the record Powerball jackpot, but he also illuminated some positive effects that resulted from this offer.

On the positive side, the record jackpot did wonders for sales in the US jurisdictions that sell Powerball. In the time leading up to the draw, an estimated USD 3.3 billion was sold in Powerball tickets. It also did a lot to strengthen the brand identity of the lotteries that sell Powerball. For retailers, the record jackpot was a godsend with the enormous foot traffic that it drew.

The negative side of such a jackpot is, of course, that jackpot fatigue sets in and sales slump as the expectations of players remain high in the aftermath. As Gary pointed out in his presentation, the record Powerball jackpot gave the rest of the world a preview of some of the opportunities and risks involved in allowing a jackpot to roll over as high as it did. He stressed the need for an adequate jackpot management system that provides a mechanism for slowing down

the rise of the jackpot once it has reached a certain level.

In the future, lotteries offering large jackpots should perhaps look to using jackpot management systems, together with effective marketing, to help contain jackpot fatigue. The examples of EuroMillions and Eurojackpot in Europe offer some indications of how such measures can be implemented in practice.

The WLA remembers one of its founding fathers!

Richard Frigren (April 29, 1937 – April 28, 2017) inspired state-run gaming organizations all over the world to operate as modern business enterprises while reaffirming their sense of social purpose.

After climbing the rungs of the corporate ladder in a series of positions with companies such as Unilever and Rank Xerox, Richard was headhunted in 1980 to serve as CEO of Tipstjänst, the Swedish state lottery company. He was renowned for his keen eye for marketing, innovation, new ideas and new technology and for his international contacts and ability to make friends especially in Europe, North America and Australia. During his leadership, Tipstjänst introduced the first online sports betting called Oddset; he also expanded the portfolio of number- and sports betting games and he initiated the first multijurisdictional game Viking Lotto. In 1989, Frigren became President of Intertoto. At first purely European, Intertoto's membership went global under his leadership. State-controlled operators from all over the world were starting to realize just how much they could learn, through Intertoto, from each other's experiences. Richard's enthusiasm brought the members closer and helped them understand how they could use the association's services. Under Frigren's leadership, Intertoto's membership doubled. He was President of Intertoto for more than ten years, and the association's achievements during that period have shaped the WLA today.

Counting among his many achievements was the Intertoto School of Management, where gaming professionals found a structured way to learn from their peers. Intertoto's Security Working Group developed a set of standards that represented a step forward at a time when security issues were a low priority. Intertoto's staff exchange programs and its European and Asia Pacific sections helped to lay the foundations of a structured international organization. These initiatives carried over into the WLA and its role as a standard setter within the global lottery community.

When Tipstjänst and Svenska Penninglotteriet merged to form Svenska Spel, Frigren took on new challenges. In 2000, he was appointed managing director of EssNet, and later continued to serve the lottery community as a consultant.

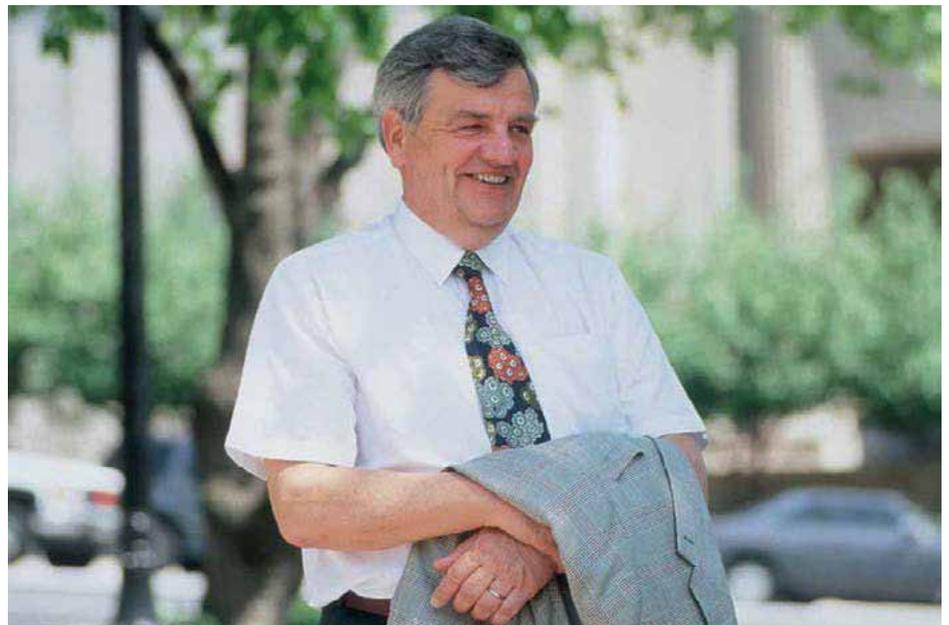
Richard was a man of spirit, whose professionalism allowed an entire industry to move boldly forward towards a new century. He set a standard of excellence that future generations of gaming professionals will aspire to uphold.

In 1999, Richard Frigren was appointed Honorary Member of WLA and in 2006, he received the Guy Simonis lifetime award.

Guy Simonis fondly remembers Richard, and shared some of his personal experiences with us: *"My relationship with Richard Frigren began more than 30 years ago when we met at Intertoto in Rome. Richard was*

always most helpful in sharing the ins and outs of Tipstjänst's games. I particularly recall a meeting at a beach in Portugal, where clad in bathing shorts, he spent an hour with me explaining Oddset, a new game that Richard was about to launch. That discussion led to a speedy launch of the game in Canada and as a living reminder of Richard's influence, the Swedish title Oddset is still a familiar sports betting name in British Columbia. I find it difficult to think that Richard isn't with us anymore. In my mind, I still see that smiling, lanky figure with that glorious mop of hair, a trait that I, personally, so sorely lacked. His smile, his handshake, his massive bear hugs are just memories now. My condolences to Anders and Marianne. May Richard rest in Peace." Guy and Ina Simonis

Similar thoughts were shared with us by lottery veterans, Yvonne Schneider and Göran Wessberg, who were close to Richard.



As President of Intertoto, Richard Frigren set standards of excellence that shaped the WLA as we know it today.

WLA Secretary General Lynne Roiter named President and CEO of Loto-Québec

WLA Secretary General Lynne Roiter has been appointed president and CEO of Loto-Québec. The first woman to hold this prestigious position, Ms. Roiter's appointment is a milestone both for the Canadian lottery and for the WLA.

On May 31, 2017, Loto-Québec's board of directors officially announced the appointment of Lynne Roiter as the corporation's president and CEO. Ms. Roiter's appointment, which follows her term as interim president and CEO since August 6, 2016, was approved on this date by the Conseil des ministres and followed the recruitment process prescribed in the Act respecting the governance of state-owned enterprises.

On the occasion of Ms. Roiter's appointment, Board Chair Hélène F. Fortin remarked, "For the past thirty years, Lynne Roiter has truly been a pillar of Loto-Québec. She advanced in the organization to become secretary general and vice president of the legal department, and then interim president and CEO. She has gained an excellent reputation on the international scene and has held the position

of Secretary General of the World Lottery Association since 2006. On behalf of the board of directors and all Loto-Québec



Lynne Roiter was officially confirmed as Loto-Québec's president and CEO on May 31, 2017.

personnel, I would like to extend my heartfelt congratulations to her and wish her every success. She will of course enjoy the full support and cooperation of the board of directors."

Ms. Roiter proudly welcomed the news. "I am very fond of Loto-Québec. I intend to pursue the corporation's vision and projects in cooperation with the board of directors and executive committee. Loto-Québec and its subsidiaries possess a team of high-caliber employees and managers, and I will continue to work closely with them to promote our entertainment offerings within the framework of our commitment to responsible gaming."

The WLA congratulates Ms. Roiter on her achievement and wishes her every success in her new role at Loto-Québec.

GLMS names new Executive Committee

The Global Lottery Monitoring System, the state lotteries' mutualized monitoring system for sports betting, recently named its new Executive Committee. Mr. Ludovico Calvi of Lottomatica S.p.A. was designated president of the association, while several other officers were also elected.

At the General Meeting (GM) of the Global Lottery Monitoring System (GLMS), which took place on Thursday 8 June in Krakow, Poland, the new GLMS Executive Committee was incorporated. Four lottery professionals were elected to positions on the Executive Committee, namely:

- Mr. Ludovico Calvi (Lottomatica S.p.A.)
- Mr. Younès El Mechrafi (La Marocaine des Jeux et des Sports)
- Mr. Sami Kauhanen (Veikkaus Oy), and
- Mr. How Sheng Lee (Singapore Pools).

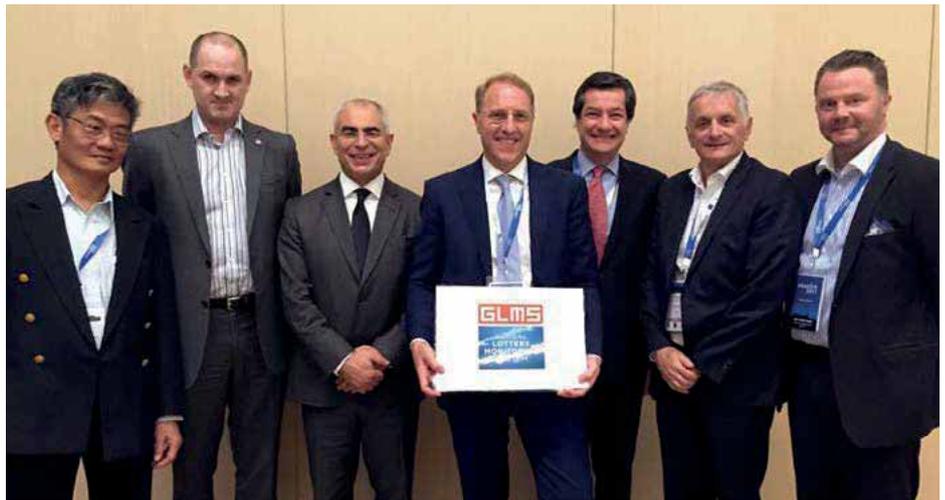
Mr. Calvi has been designated chair and will now act as the new president of the association. He replaces Mr. Chin Siong Seah of Singapore Pools, who has retired from the association after completing his two-year term as president. During his tenure as GLMS president, Mr. Seah also served as a GLMS Executive Committee member appointed by the World Lottery Association (WLA); replacing Mr. Seah in this capacity is Mr. Rupert Bolingbroke of the Hong Kong Jockey Club. Mr. Edmundo Dupre (Polla Chilena de Beneficencia) and Mr. Thierry

Pujol (Française des Jeux) retain their existing positions on the GLMS Executive Committee as committee members nominated by the WLA and the European Lotteries (EL) respectively.

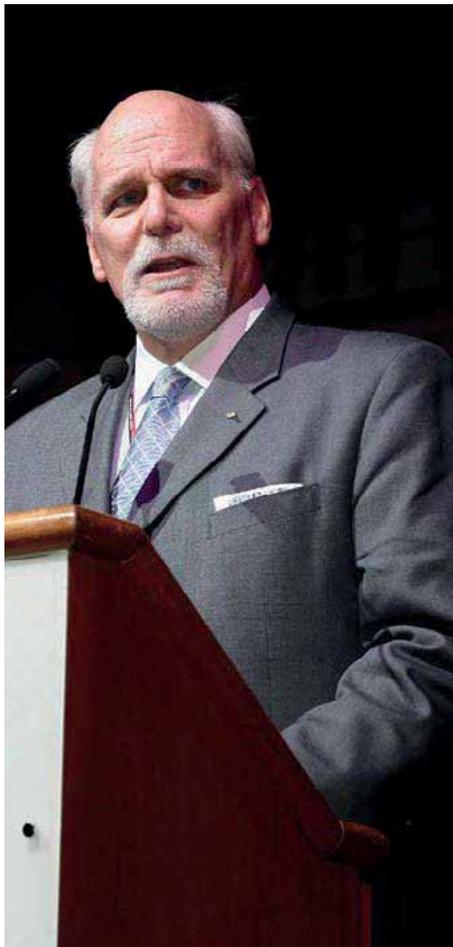
On the occasion of his appointment as president, Mr. Calvi said, "I would like to thank the GLMS membership for having entrusted me with this role – a role that you can feel assured, I will take on with great personal commitment in the next years. I owe also gratitude to the former president,

Chin Siong, for his strategic guidance to the development of the GLMS and the EL and WLA presidents for their ongoing precious support. I will take the challenge to continue this valuable work and build upon this legacy to make GLMS a highly effective and relevant association for all its members and partners.” He continued, “This process shall include operational consolidation, an increase in the membership of the association, strong and solid communications, developing education and prevention tools, and supporting states in implementing provisions of the Council of Europe convention, especially with regards to the sharing of information and setting up of national platforms.”

An eighth member of the GLMS Executive Committee will be designated in the coming weeks by the EL.



The members of the new GLMS Executive Committee are (from left to right): Mr. How Sheng Lee (Singapore), Mr. Rupert Bolingbroke (Hong Kong), Mr. Younès El Mechrafi (Morocco), Mr. Ludovico Calvi (Italy), Mr. Edmundo Dupre (Chile), Mr. Thierry Pujol (France), and Mr. Sami Kauhanen (Finland).



KYCPG honors the memory of former WLA President Arch Gleason by establishing an industry award for responsible gaming leadership in his name.

New responsible gaming award named in honor of Arch Gleason

As long-time CEO of the Kentucky Lottery and former President of the World Lottery Association (WLA), Arch Gleason was one of the first lottery directors in North America, and around the world, to recognize the need to help players struggling with gambling problems.

For many years, problem gambling was the elephant in the room for gaming operations – no one wanted to talk about it, let alone acknowledge it. In honor of Gleason’s groundbreaking efforts in this area, the Kentucky Council on Problem Gambling (Kentucky Council or KYCPG) has established the Arch L. Gleason Industry Award for Responsible Gambling Leadership.

Gleason worked to establish the KYCPG, Kentucky’s National Council on Problem Gambling affiliate, and championed many initiatives for the North American Association of State and Provincial Lotteries. Not satisfied to limit his efforts to North America, he was the driving force

behind the establishment of the World Lottery Association’s Responsible Gaming Framework, the industry standard for lottery responsible gaming certification. That framework was his crowning achievement in the field, as it became the first-ever responsible gambling program implemented on a global basis, taking the cause into corners of the globe that had never previously addressed the issue.

“KYCPG, in honoring Arch Gleason’s memory with this award for leadership in developing or implementing responsible gambling practices, was aware of Mr. Gleason’s worldwide impact in furthering responsible gambling awareness,” explained Executive

Director Mike Stone. “Accordingly, nominations will be accepted internationally as long as they meet the award criteria embodied in Mr. Gleason’s commitment to this principle.”

The Gleason Award will honor someone not only for that commitment to responsible gambling, but also who has demonstrated the ability to successfully manage a gaming enterprise in a socially responsible manner. While ideally the recipient will be at the senior management level, nominees can be anywhere on the corporate ladder of a gaming entity. They will embody the concept of being able to profitably operate a gambling company while incorporating responsible gambling principles across all aspects of the business.

Applications for the first Gleason Award will be accepted by the KYCPG from June 1 until August 1. Applicants must provide

descriptions of the responsible gambling practices they have implemented or supported, along with a statement of personal philosophy on industry responsible gambling practices. Also required are two letters of support – one from an industry colleague and one from a problem gambling awareness advocate. Examples of such an advocate include an affiliate of the National Council on Problem Gambling, Gamblers Anonymous or other recognized organization, a public official, or a citizen impacted by the nominee’s actions

Individuals must also agree to attend the Kentucky Council’s Annual Educational and Awareness Conference – the Gleason Award winner will serve as the keynote speaker to share his or her organization’s responsible gaming story, successes and lessons learned. A written version of the keynote address will be shared publicly via the KYCPG website.

The Kentucky Council’s awards subcommittee will judge the applications based on information submitted and potentially announce its first recipient in September. The Gleason Award will not necessarily be an annual award – while submissions will be sought every year, it will only be given when an applicant is deemed a worthy recipient.

“One of Arch’s proudest accomplishments was the creation of the WLA’s responsible gambling certification program during his term as WLA president,” said Chip Polston, Kentucky Lottery Senior Vice President of Communications, Public Relations and Social Responsibility. “The framework not only recognizes lotteries for their good work, but also encourages them to adhere to the highest standards of social responsibility. The Gleason Award will be yet another way we can recognize lotteries who are doing good work in this area.”

Advertisement



PLAYER FOCUS

Our cutting-edge lottery technology delivers unrivalled player visibility across online, mobile and retail channels, arming you with the ability to better understand behaviours, giving you a sharper focus on your players.

Get to know your players better and give them what they want, how and when they want it. It’s always better to see clearly.

For further information please contact:
Robin.Bowler@playtech.com

 **playtech**
SOURCE OF SUCCESS

Would you like lottery with that fill-up?

As lotteries around the world look for new ways to distribute their products, some in America are trying out Play at the Pump. The system allows gas customers to quickly buy selected lottery products as they pump their gas, reaching customers that never enter the store and that otherwise might not be playing lottery games.

Retailers are the most important partner for all lotteries, no matter their jurisdiction. In the United States, convenience stores that sell gasoline are the largest category of lottery retailers – almost half of ticket sales comes from these stores. Yet at those same stores, more than 70 percent of gas customers now make their fuel purchase right at the pump using debit or credit cards and never set foot inside the store. That's a challenge for lotteries, because historically those stores are where their products have been marketed and sold.

With every challenge, comes an opportunity. In this case, it's an opportunity for lotteries to capture some of those fuel customers. Enter Atlanta-based Linq3 – several years ago the company developed an interface between lotteries and the point-of-sale systems fuel retailers use for at-pump purchases. Six lotteries are currently in various stages of pilot testing or rollout – California, Missouri, New Mexico, New York, North Carolina and Pennsylvania. A seventh, Georgia, is in the development stage and expects to launch a pilot this fall. As of late April, there were more than 600 retailers participating in the program across those six lottery jurisdictions.





Even more importantly, the gas pumps at those retailers provided in excess of 6,300 individual points of purchase for lottery, with each pump effectively acting as a lottery terminal. That's 6,300 new opportunities to promote lottery products to an audience that otherwise wouldn't see them.

That exposure has been valuable. Play at the Pump has generated incremental lottery sales and commissions at no direct cost to retailers. It has even been shown to drive some of those fuel purchasers inside the store to purchase lottery products – and other products – just because consumers saw the option on the gas pump and were reminded about lottery. In fact, lotteries have seen four to six percent increases in lottery sales in-store after adding Play at the Pump.

How it works

Linq3's technology integrates with the retailers' point-of-sale systems for fuel pump purchases, and the company has agreements with Gilbarco, VeriFone and NCR. To date, most of the implementations have been in stations utilizing Gilbarco POS terminals. Integration with VeriFone terminals was recently completed and rollout has

started at sites in North Carolina, and Linq3 expects to complete integration with NCR terminals in July. As stations update their POS software, more can be configured for Play at the Pump.

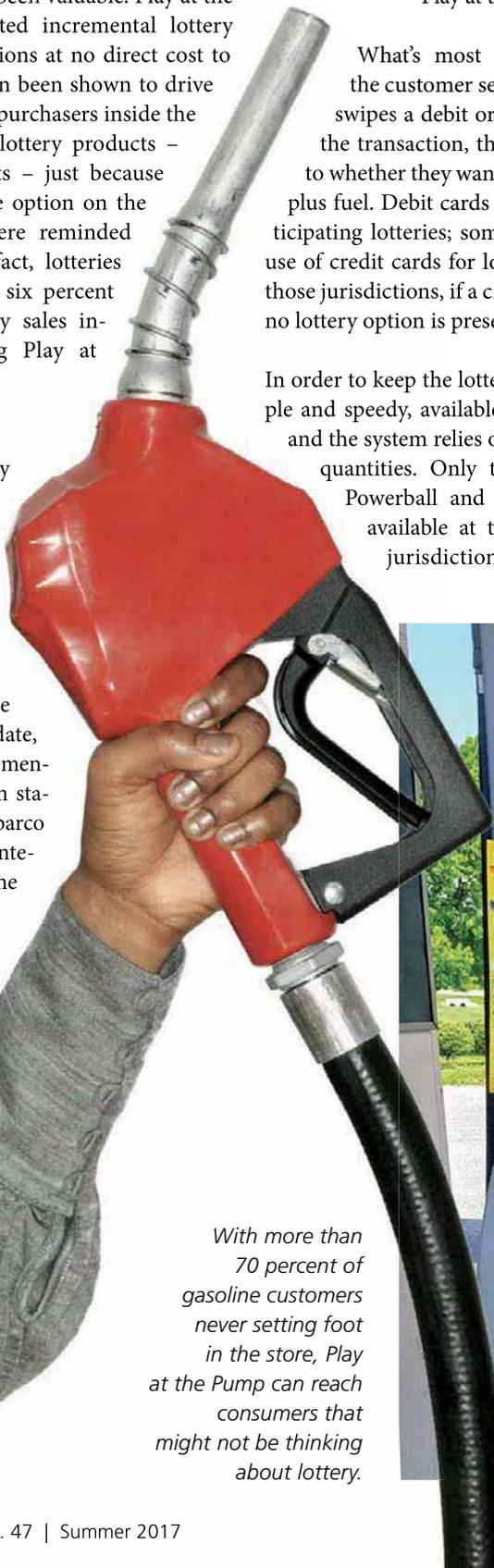
What's most important is what the customer sees. As the customer swipes a debit or credit card to start the transaction, they are prompted as to whether they want fuel only or lottery plus fuel. Debit cards are used by all participating lotteries; some do not allow the use of credit cards for lottery purchases. In those jurisdictions, if a credit card is swiped, no lottery option is presented.

In order to keep the lottery transaction simple and speedy, available games are limited and the system relies on quick picks in set quantities. Only the national games Powerball and Mega Millions are available at the pumps in most jurisdictions; California and

North Carolina each add an in-state lotto game as a third option. For a USD 2 game such as Powerball, players choose from three, five or ten quick pick selections (USD 6, USD 10 or USD 20 purchases, respectively). For USD 1 games such as Mega Millions, their choices are five, ten and twenty quick pick selections (USD 5, USD 10 and USD 20). In most jurisdictions, the player pays a USD 1 convenience fee per transaction to cover the costs of using the debit or credit card.

Lotteries have implemented a limit on the amount of purchases that can be made by any given card, ranging from USD 50 to USD 100 per week.

A Play at the Pump lottery purchase is ticketless; there is no printed ticket like that from a typical lottery terminal. The actual "ticket" is stored in the system using the credit or debit card number. Players have several options to keep track of their numbers. They can print the gas receipt, on which will be the quick pick numbers generated. They can input their mobile number and the system will text the numbers directly to a mobile device – 70 to 75 percent of players choose this option.



With more than 70 percent of gasoline customers never setting foot in the store, Play at the Pump can reach consumers that might not be thinking about lottery.

Or they can check for their numbers on a dedicated website that Linq3 has set up for each participating lottery, using their debit or credit card number as the identifier.

Players are notified of any winnings if the texting option is chosen, and for amounts under a certain threshold (USD 600 in most jurisdictions), the prize is automatically paid back to the card the player used for the transaction. Anything over that amount has to be claimed like any other larger lottery prize, through a lottery customer service or claims office. The largest Play at the Pump prize to date, as of late April, was a USD 227,196 jackpot won by a North Carolina player in Carolina Cash 5.

All of these things spell convenience for players. “At the end of the day, the most important thing is the customer,” said Daniel Cage, President and Founder of Linq3.

The company shares the lottery’s standard retail commission with the gas station, and typically shares any bonuses paid as well. In return, it covers the cost of implementing the technology at the pumps, so there is no direct cost to the retailer. Essentially, retailers are getting additional lottery commissions without any additional costs.

Leading the pack

The North Carolina Education Lottery has enthusiastically embraced Play at the Pump and is the furthest along in deployment beyond its initial pilot program. “We’re very happy to have Play at the Pump,” said Executive Director Alice Garland. “We believe that we are capturing players who wouldn’t be purchasing those tickets otherwise.” She added that retailers are also very happy with the program, despite some initial trepidation. The biggest testimonial came when the chair of the Lottery’s Retailer Advisory Board went from grudging acceptance to enthusiastic support.

“He gave a testimonial at one of the Board’s meetings in which he encouraged everybody to sign up for Play at the Pump, because it was clearly driving players into his stores to make non-lottery purchases, and was free advertising for lot-

tery jackpots,” explained Garland. “Once he had Play at the Pump installed, he became a significant cheerleader.”

North Carolina launched Play at the Pump in January 2015 as a pilot with just a few locations. By July 2015, it was up to 120 retailers. As of April 2017, there were 226 locations in North Carolina that offered more than 2,500 individual pumps. A single retail chain, Murphy Express, accounted for 86 of those locations. Murphy is one of the country’s largest gas chains and is an enthusiastic lottery supporter wherever it operates. As a bonus, Murphy’s management is highly data-driven, making business decisions based on real results, and it knows a good thing when it sees it.

Three games are offered – in addition to Powerball and Mega Millions, Carolina Cash 5 is available. From inception through April 2017, sales totaled USD 1,768,589 through Play at the Pump. As with any jackpot game, sales vary by the size of the jackpots, but the trend is growth – for the three months ending April 2017, total sales were USD 294,801, up 63 percent from the same three months in 2016.

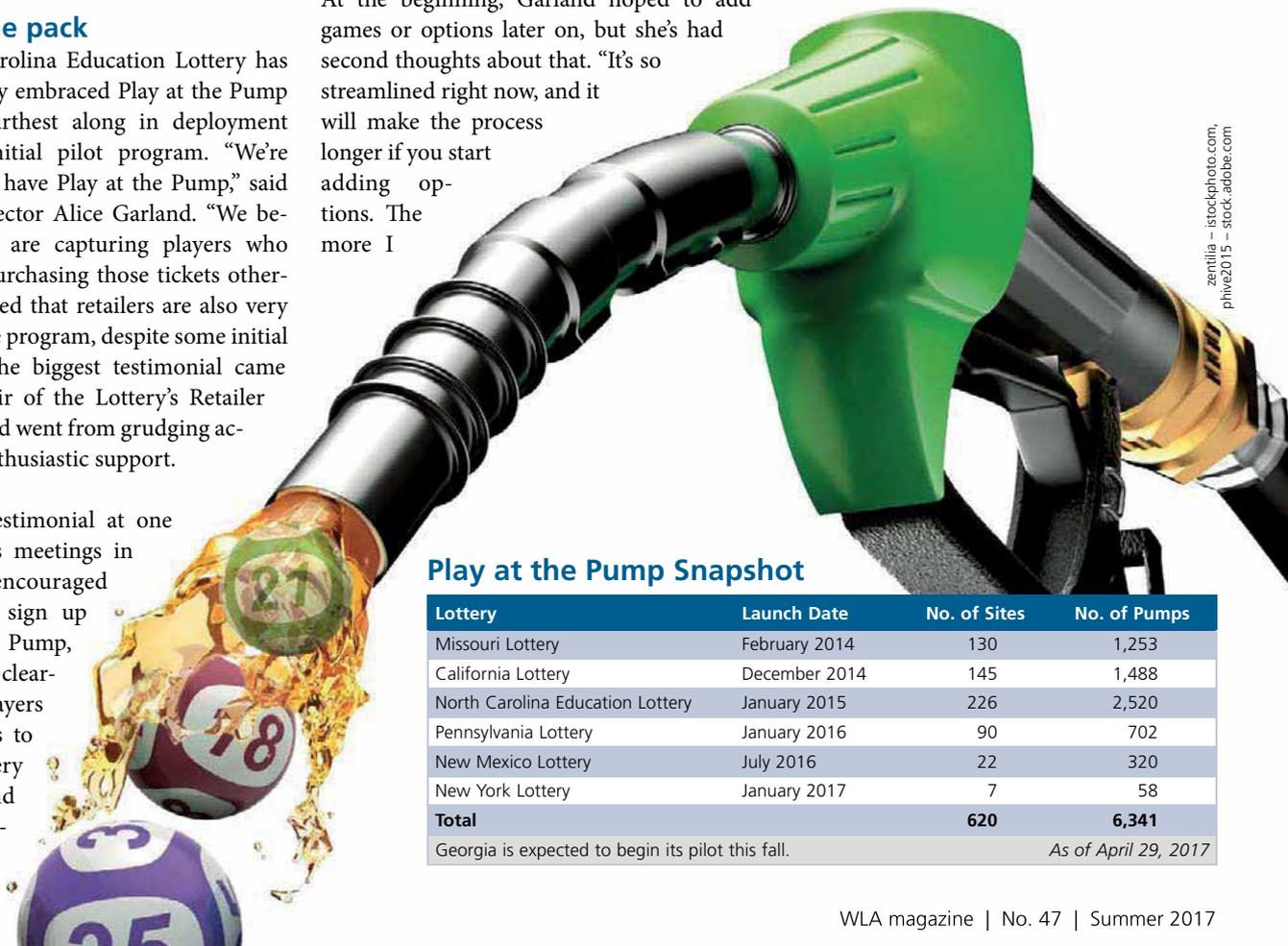
At the beginning, Garland hoped to add games or options later on, but she’s had second thoughts about that. “It’s so streamlined right now, and it will make the process longer if you start adding options. The more I

think about it, the more I think that maybe we have what we need.” She added that when you add more time for a transaction, both customers and retailers would likely complain if there are lines at the gas pumps. Right now, “it’s clean, easy and fast.”

A different approach

While the USD 1 convenience fee charged to players has proven inconsequential in other jurisdictions, including North Carolina, the Pennsylvania Lottery took a different approach in order to make absolutely sure it wouldn’t be a barrier to participation. The Lottery’s arrangement with Linq3 is such that the fee is covered by both parties instead of passed on to the player. “The player is only paying the actual price of the tickets,” said Eric Grubbs, Deputy Executive Director for Retail Operations. “We think it’s a good decision.”

Pennsylvania launched Play at the Pump in February 2016; from inception through early May sales of Powerball and Mega Millions exceeded USD 390,000. From just a handful of pumps at start, the pilot has grown to encompass some 90 gas stations. Based on the most recent numbers, these stores have led Play at the Pump states in terms of average sales per pump.



zantilia - istockphoto.com, phive2015 - stock.adobe.com

Play at the Pump Snapshot

Lottery	Launch Date	No. of Sites	No. of Pumps
Missouri Lottery	February 2014	130	1,253
California Lottery	December 2014	145	1,488
North Carolina Education Lottery	January 2015	226	2,520
Pennsylvania Lottery	January 2016	90	702
New Mexico Lottery	July 2016	22	320
New York Lottery	January 2017	7	58
Total		620	6,341

Georgia is expected to begin its pilot this fall. As of April 29, 2017



Play at the Pump gives lotteries extra visibility with jackpot information displayed as players begin their gasoline purchase with payment cards; their quick pick numbers may be printed on a receipt but most players choose to have the information texted to their mobile devices.

Grubbs is eager to continue adding stores to its pilot, including some of the larger chain stores. The only limiting factor on that is the technology involved, he explained, especially as the U.S. has lagged behind the rest of the world in EMV card adoption. Gas stations have been given more time to make the EMV conversion, so their software updates that facilitate Play at the Pump integration are also taking more time, since they are typically done together.

With more stores comes more data – Pennsylvania is serious about using data to make smart decisions. Grubbs wants to evaluate the mix of games and price packages, perhaps moving away from the standard 5/10/20 and 3/5/10 package of Mega Millions and Powerball. “We want to see how these choices affects sales.”

Other experiences

The Missouri Lottery has had Play at the Pump the longest of any lottery, having launched its pilot in February 2014 with 12 retailers. It has since grown to 130 gas stations and 1,253 individual pumps. Unique among the lotteries currently using Play at the Pump, Missouri also has a version designed for use in ATMs – the technology can work with gas pumps, ATMs and in-lane retail checkouts. At the end of April, nearly 90 ATMs in the state offered the lottery play option.

In December 2014, the California Lottery began its pilot, limited to gas stations in the Sacramento and Los Angeles areas. It has since been expanded to more regions throughout the state. In addition to Powerball and Mega Millions, California Play at the Pump players can choose the state’s own SuperLotto Plus game.

The New Mexico Lottery launched a pilot in July 2016 starting with 13 retailers and by late April there were more than 20 locations. One of those retailers outperforms all others in the participating states, generating about 10 lottery transactions per day at its gas pumps.

Players love the convenience, retailers love generating new sales without any work, and the lottery benefits from advertising jackpots, and lottery products in general, right at the gas pumps. “The program has been a great success and we are looking to expand the pilot with more stores,” said New Mexico Lottery Director of Sales Pam Poteat. This summer, she expects to bring a couple of chains into the Play at the Pump fold.

In January, the New York Lottery became the latest to launch Play at the Pump with a limited test of the technology at a few stations around its headquarters in Schenectady. With that successful test, Linq3 is working with lottery officials to expand the pilot to other locations.

More than dollars

Other lotteries may take a quick look at the sales figures being generated and think maybe it’s not worth the effort, but that would be a shortsighted approach focused on the wrong metric. Not only is the program incredibly convenient, but all indications are that it is attracting new players, especially when jackpots start rising. “It’s a new way for the lotteries to intersect with a casual or non-player,” said Cage. “That’s important to every lottery.”

“We have to be relevant to our players,” agreed Grubbs. “By offering them this opportunity to Play at the Pump, we’ve created

some relevance,” capturing those 70-plus percent of consumers who don’t go into the store when they pump gas. Grubbs and Pennsylvania Lottery Executive Director Drew Svitko are fond of saying ‘the lottery industry doesn’t have a lot of million dollar ideas left, but we’ve got a million one dollar ideas.’ “And this is definitely one of those ideas,” said Grubbs.

It’s all about “attracting new players wherever they play,” added Missouri Lottery Communications Manager Susan Goedde. “Non-players will become frequent players, and frequent players will become regular in-store customers.” The use of cross-promotions at the pump – both retailer and lottery offers – can help drive customers into stores, further increasing in-store sales.

As gas pumps in the United States undergo modernization with EMV readers and related enhancements, the Play at the Pump experience will also improve, noted Cage. That could take several forms – quality of the screens, available options and games, and more marketing messaging.

To help ensure the program’s success, Linq3 has really refined the selection criteria to choose retailers where Play at the Pump should have the most success. Factors include the average monthly fuel dollars purchased with payment cards, the average number of fuel customers per day, the number of fuel screens per location, median household income and total lottery sales inside the store.

The experiences of all participating lotteries to date have helped define these parameters, and for that Cage is thankful. “They’ve all been great partners in growing with us.”



US lotteries and Daily Fantasy Sports

Daily Fantasy Sports (DFS) is an American-made phenomenon that combines the passions that surround sport-as-spectacle, the pride that comes from making astute choices, and the opportunity to stake and win or lose money. Compared to betting on real sports contests, it minimizes the possibility of rewarding match-fixing. Its sudden emergence in the USA has drawn the attention of state lottery operators.

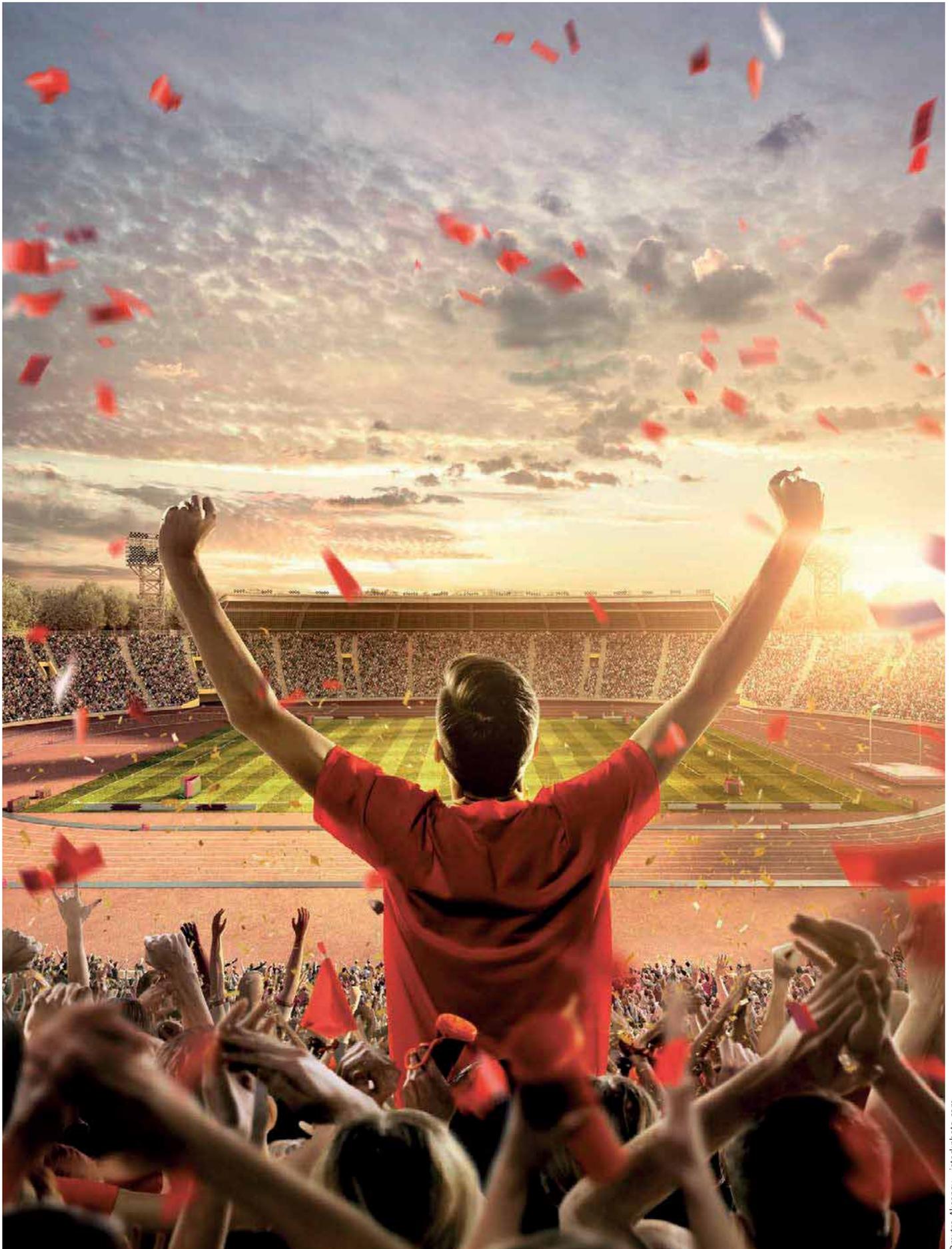
Many people love spectator sports, some people love gambling, and among those who care for both, betting on sports is natural. In the United States, gambling is forbidden except where expressly allowed. As a catchphrase, "Gambling is officially deplored in many places where sports teams are adored." The potential contamination of the sports-as-entertainment industry by gambling is a risk that has been guarded against by multiple layers of laws, both at the Federal level and at the level

of the individual states. Only recently has the American Gaming Association, a group representing mostly casino interests, proposed relaxing laws at the Federal level in a way that could eventually lead individual states to set their own standards for betting on sports.

Fantasy Sports: Real players, imaginary teams

In the meantime, though, people with enthusiasm for spectator sports have invented

ways to stake money on sports action, without creating a risk of match-fixing or other forms of corruption. Rather than betting on the results to be achieved by a real team, they create 'Fantasy' teams whose performance depends on the reported individual performance of real players. Each person playing in a 'Fantasy League' is in effect the manager of a team of individual real players, each of whom may make a statistical contribution to the success of the imaginary team.



Dmytro Aksonov - istockphoto.com

Each real player comes at a cost, and it is the manager's job to put together the best-performing team within cost constraints. The cost constraints, and the ways in which individual metrics contribute to team success, are defined by the rules of the particular fantasy league.

Fantasy sports depend on tracking the performance metrics or statistics of individual players, in team sports.

Readers familiar with American baseball know that players in this particular sport have long been known by their performance statistics. University academics and journalists who were baseball fans were among the early practitioners and proponents of what has come to be known as Fantasy Baseball. Managers of Fantasy Baseball teams were naturally inclined to compete among themselves, and friendly bets were a part of the competition from early on.

When a players' strike disrupted the 1981 Major League Baseball season, sports journalists needed something to write about, and some wrote about Fantasy Baseball. An audience that was prepared to read about real baseball, but unable to find that, was open to this substitute. This was the start of huge growth in popularity of fantasy leagues. Eventually all the major televised sports in the US – including football (both American and international), basketball, golf, ice hockey and auto racing – developed corresponding fantasy leagues. Most recently, fantasy sports have been taken up by some of the major non-US sports, such as cricket's IPL (Indian Premier League).

Fantasy sports gained popularity in the US due to a number of factors, not least because they provided an opportunity for people to bet on the performance of athletes they cared about. The "ownership" felt by the fantasy sports player toward their team was a point of pride traditionally backed up

by an entry fee into a fantasy league tournament. The tournament took place in the same time-span as the real athletes' competitive season, with incremental progress toward the final outcome, in the form of statistics, forthcoming each day or at least each week.

YOUR TEAM

F Forward (x2)
M Midfielder (x3)
D Defender (x3)
UTIL D / M / F (x2)
GK Goalkeeper

In each game, participants will be assigned a fixed salary cap of \$50,000 that they can use to draft their entire 11-player roster.
Rosters must include players from at least 3 different EPL, UCL or MLS teams.
Note: EPL, UCL and MLS are separate competitions and drafts include different teams, players, and salaries.

SCORING

Stat	Pts.
Goal	+10
Assist	+6
Shot	+1
Shot on Goal	+1
Cross	+1
Foul Drawn	+1
Foul Conceded	-0.5
Tackle Won	+1
Pass Intercepted (D/M/F)	+0.5
Yellow Card	-1
Red Card	-3
Penalty Kick Miss	-6
Clean Sheet (D)	+3
Save (GK)	+2
Goal Conceded (GK)	-2
Penalty Kick Save (GK)	+3
Win (GK)	+5
Clean Sheet (GK)	+5

[View Full Soccer Rules](#)

Scoring on a DraftKings football match. Points are awarded for goals, assists, shots on target and so forth for the field players, while the goalkeeper is awarded points for saves, clean sheets, and wins.

Synergy with the entertainment industry

Fantasy sports stoked a hunger for 'data and analysis' of sporting events, which entertainment providers in the developing Internet economy moved to supply. Maintaining individual performance statistics was a service that networks employing sports analysts, commentators, and so on could provide. Having statistics to talk about was a particular boon for television commentators in US football. The broadcast of a typical professional football game lasts over three hours, during which the play clock runs out 60 minutes, and the football is actually in play less than 15 minutes (most of the time during the broadcast is devoted to advertising). Discussing the shifting fortunes of the players as revealed in their statistics is a prominent part of the conversation when the ball is not moving.

Fantasy sports, and betting on their outcomes, got support from the professional sports leagues when it emerged that people who play fantasy sports spend more time watching televised sports than other fans. To the degree that fantasy drives engagement with real sports, it also drives exposure to the advertisements that accompany the

sports broadcasts and that are a principal revenue source for the television networks, and indirectly for the professional sports leagues that provide the entertainment.

The development of mass popular use of the Internet for commerce in the US

posed a large problem for those who were concerned with regulating gambling. Within the United States, many issues are left up to regulation by the individual states; gambling is one of these. Federal law generally aims to support states' rights of determination by forbidding interstate transactions of certain kinds. Even the interstate transport of lottery tickets, legally sold by individual states, is still technically illegal in the US. The

rise of interstate commerce on the Internet was seen as undermining the ability of the states to regulate gambling (and other vices) within their own borders. This led to enactment of Federal legislation (the Unlawful Internet Gaming Enforcement Act of 2006, or UIGEA) that put on financial institutions a burden of assuring that their transactions were not in support of the forbidden commerce of gambling. This was recognized as a significant imposition on the financial institutions, and in order to avoid burdening them with trivial matters, the UIGEA specifically exempted betting on Fantasy Sports from its scope. The aim of exempting Fantasy Sports was simply to lighten the burden on the banks by allowing them to ignore these transactions, large in volume and low in impact.

This exemption was widely, if incorrectly, construed as meaning that betting on Fantasy Sports was legal, or was not gambling. In fact the UIGEA did not attempt to define what was gambling, or what was legal gambling. That determination was left up to the individual states. The Federal law was meant to ensure that states could regulate effectively within their borders, by suppressing inter-state transfers of funds that might

subvert the laws of a particular state. In a like manner, an older Federal law, the Wire Act of 1961, had suppressed the practice of using telecommunications to negotiate wagers across state lines.

The Daily Fantasy Sports innovation

The perception that the UIGEA seemed to recognize fantasy sports tournaments, in which people pay to play and receive monetary prizes, as something different from forbidden gambling, played a critical role in the development of DFS. If betting on an aggregate of statistics over a season was allowed, why should betting on an aggregation over a day be different? Why not speed up the action by one hundredfold?

The organization of betting on outcomes that could be determined every single day was done in a calculated way, by entrepreneurs backed by big investors, with the intent to become the “houses” that could make

money both by taking a “rake” of the money staked, and by selling advertising on their sites. The statistical traffic already existed. All the purveyors of DFS needed to do was organize the betting opportunity.

Two major purveyors of DFS, Draft Kings and FanDuel, raised the profile of DFS in 2015-2016 by advertising their offers very heavily during major sporting events. Individual states began to consider whether DFS could be legal under their current regulations. The issue gained some urgency when it was revealed that employees at one or more of these purveyors had won large sums of money by trading on “inside information”. At the time of writing, some states have declared DFS illegal, some have declared it legal, and many are considering legislation that would clarify the status of the activity and tax it for the benefit of the state. Managers of state lotteries tended to regard DFS as a threat (or an opportunity, if they could be brought under control of the lot-

tery). However, in no case has DFS yet come under the control of a state lottery.

Why is DFS potentially a threat to lotteries?

Emotional engagement

Outcomes determined from daily statistics can be highly volatile, and chance seems to play a large role, which makes the activity more like gambling on a lottery. Yet enthusiasts feel some ownership of their “teams”, in a way that few lottery players feel ownership of their lottery plays.

In fact, the availability of a convenient daily gambling alternative where gamblers can feel real ownership of their wagers exposes multiple weaknesses of traditional lottery games. Many lottery games are played in a passive way – even though players may “pick” numbers, in fact most let a random number generator make the selection. Some few players may feel an emotional attachment to a set of numbers, but this is nothing

Advertisement



Transforming the lottery industry one innovation at a time.
No distractions.
No exceptions.
...it's why you choose us.

PRIZE KEY FOR BOTH PIZZES	UNCOVER	WIN	UNCOVER
6 RED WORDS		\$100,000	3 BLACK WORDS + 2 RED WORDS
3 BLACK WORDS + 3 RED WORDS		\$10,000	5 BLACK WORDS
4 BLACK WORDS + 2 RED WORDS		\$1,000	4 RED WORDS
6 BLACK WORDS		\$500	2 BLACK WORDS
		\$200	4 RED WORDS

POLLARD
banknote limited

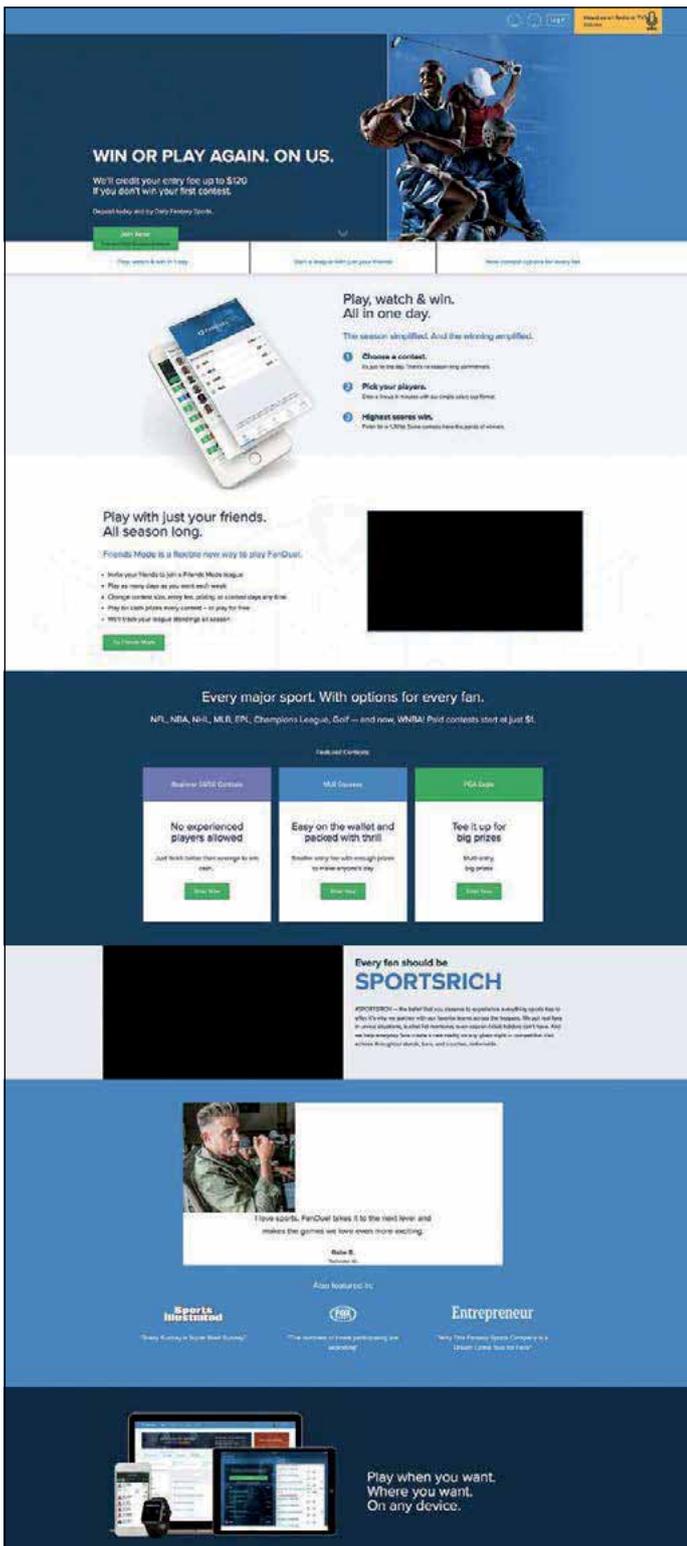
like the connection they feel to athletes they have seen performing.

In contrast the active agency of the DFS player choosing their team, and the ongoing “management” of that team, represents a powerful engagement.

Scope for skill

In many states, the determination whether DFS is gambling depends largely on whether it is viewed as a game of skill. Alternatively, it may be judged a game of chance, and consequently to be regulated as gambling. Accumulated evidence sug-

gests that it is possible to play DFS skillfully, even or especially if many players do not play with skill. The skills involved have to do with data analysis as well as with sport. Unlike the processes that determine lottery winners, the processes that determine DFS outcomes are not random and independent



Landing pages for the Fan Duel (left) and Draft Kings (right) DFS websites.

from day to day. Although lottery players may take pride in skillful performance, their skill is in fact illusory. Winning the lottery is truly an “equal opportunity” proposition.

Recruitment

The possibility of skilled performance tends to put beginning DFS players at a disadvantage. The purveyors of DFS have recognized that putting beginners at a great disadvantage may work against recruiting more people to play. Consequently, they have created opportunities for beginners to play only against one another. Further, the purveyors recognize that if beginners can be converted to regular players, they will have plenty of opportunity to take profit by “raking the stakes”. Consequently, they dedicate nearly all the stakes in beginners-only contests to paying prizes. For example, all beginners may stake USD 2 to enter the contest, and at the end those in the upper half of the results distribution may win USD 3.60. This produces lots of happy players, some of whom may wish to play for bigger prizes. To do so, they must graduate to another level of contest, where the house pays fewer, bigger prizes and also takes part of the stakes. All this is feasible for DFS because the players are individually identified, and a play history can be attached to each individual.

In contrast, US lottery customers are usually anonymous to the lottery, and beginners are almost always so. The games that beginners play typically are those that have the highest profit margin for the lottery – big jackpot games, and instant tickets costing only a few dollars. These games provide the least winning experience for the player of any lottery games. Rather than creating a ‘funnel’ that takes no profit at the start of a player’s lifetime as in DFS, the lottery takes profit maximally at the start. Players who nonetheless continue to play may encounter gentler conditions as they mature, and move much of their spending to the higher-priced instant tickets that return more money to the players.

Given the potentially high level of engagement of DFS players, the instrumentality of televised sports in keeping them engaged, and the ability of DFS to take little or no profit from developing players, it is easy to see that state lottery managers may face a real threat from DFS. DFS can even provide an alternate source of revenue to the state, if the state chooses to legalize and tax the activity.

Current outlook

At the Public Gaming Research Institute (PGRI) meeting held in New York City in April 2016, leaders of US lotteries discussed DFS at length. However when many of the same leaders met at the same venue in

March 2017, they reflected on how much less DFS was on their minds than it was just one year ago. This is partly because they (and everyone in US sports) now face a much bigger threat or opportunity, in the coordinated political effort to legalize gambling on real sports in the USA. Further, the process of judging or establishing the legality of DFS in many states is ongoing, and this is the work of state legislatures, not state lotteries.

The DFS phenomenon is less compelling also because the tactics used by Draft Kings and Fan Duel depleted their funding and eroded public trust in their integrity. Both purveyors spent massively and unsustainably on television advertising in 2016. The “insider trading” scheme exploiting honest players for the benefit of employees of these houses was exposed in 2016. The two firms announced their intention to merge, late in 2016.

Despite the retreat of DFS as an imminent threat, the comparative weakness of lotteries in player engagement and new-player development has now come into focus. These are precisely the strengths of sports betting, whether fantasy or real. The US lotteries look forward to the opportunity to harness player engagement with sports to expose them to more traditional lottery offerings, much as European and Canadian lotteries have learned to do.

How to play Daily Fantasy Football!

DFS as a concept is largely unknown to European audiences. We illustrate how DFS is played using a sport well known in Europe, namely football.

DFS couples fantasy league organizers with fantasy sports players.

The fantasy league organizer keeps publicly-known performance statistics for the players who play in professional games.

These statistics include counts of goals, assists, shots, shots on target, crosses, interceptions, tackles, and fouls drawn for the field players. Goalkeeper statistics include counts of saves, “clean sheets” or games with no score by the opposing team, and wins. Against these positive statistics fouls, yellow cards, and red cards

count in a negative way. Goalkeepers’ performance statistics are decremented by goals allowed.

The league organizer also determines, in an agreed-upon way that depends on these same statistics, the “cost”, in fantasy dollars, of each real player.

The fantasy sports player selects, for one contest, 11 players from at least three separate real-life teams. The team must be assembled with a set limit on cost, and must include one goalkeeper, three defenders, three midfielders, two forwards and two “utility” players, who may normally play in any of the field positions.

The fantasy player pays an entry fee to field this team against others in the con-

test, which is defined over a set period of time – perhaps one day.

The performance of each real player in a single real match during this period of time generates the statistics named above. The aggregate of all the statistics for the 11 players on a fantasy team determines that team’s score. The highest-scoring fantasy team wins the fantasy contest. Typically, the entry fees are divided to pay the highest scorer a significant prize. Multiple winning tiers may be defined, and the operator of the infrastructure typically takes a “rake” of all the entry fees.

Each new day brings the opportunity to adjust the makeup of the team and enter another contest.



Netfalls - stock.adobe.com

Lottery betting: true tales of piracy and plunder

For the past few years, private online gaming firms have been offering what is known as “lottery betting”, where players bet on the outcomes of state lotteries without actually taking part in those games. It’s a clever scheme that is exasperating a lot of member lotteries and clearly violates a cherished principle – that a gaming operator must be licensed in the jurisdiction where the player is located.

How does the scheme work?

A private operator receives a remote gambling license from a low-tax domicile such as Gibraltar, then offers fixed odds betting on state-authorized lottery products across jurisdictional lines. The business model is simple: They offer players the chance to bet on the outcomes of regulated lotteries, with the chance to win at least the same prizes as the lotteries they are exploiting. Their websites typically have the look and feel of the

platforms traditionally offered by authorized providers, and the player often does not even realize that they are betting through a private operator. And to protect themselves against the possibility of a high jackpot win, they take out insurance.

Is that even legal?

Perhaps surprisingly, one of the largest of these operators is not only licensed and regulated by the Government of Gibraltar,

but also by UK Gambling Commission, the Republic of Ireland National Excise License Office, and the Northern Territory’s Racing Commission in Australia

In addition, the EU position on online gambling, sports betting, and lottery products has provided private online gaming providers access to markets in countries where they would normally not have the legal basis to operate. Lottery betting operators typically

exploit legal loopholes, especially in multi-jurisdictional lotteries where a player may be barred from taking part in one country but has the right to take part in another.

However, the WLA Code of Conduct makes the association's position on licensing and jurisdiction quite clear: *"No member shall offer gaming services via electronic commerce services unless it has received the necessary permission to do so by the government or authorities competent to grant such authorization for the territory where the gaming services are made available."* The Code of Conduct further states that *"members shall only offer a gaming service to or accept bets from residents of the jurisdiction(s) whose government or competent authority has granted an authorization to offer the gaming services concerned"*.

The WLA and its members are also supporting their fight against these exploitative operators based on the definition of illegal betting in the Council of Europe's Convention on the Manipulation of Sports Competitions: *"any wagering of a stake of monetary value in the expectation of a prize of monetary value, subject to a future and uncertain occurrence ... whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located."*

As such, gaming operators that propose bets on the outcome of authorized lottery and sports competition outcomes cross a number of lines. Not only do they infringe upon the territorial integrity of state-authorized lotteries, they also mislead the consumer into believing they are playing lawfully regulated games. They unlawfully use the trademarks of state lotteries, exploit their brand capital and infrastructure, and offer no guarantee that prizes will be paid. When consumers are lured into playing unlawful games, in some cases the proceeds may fund criminal organizations that are also presented with opportunities to conduct money laundering.

Are multi-jurisdictional lotteries the only victims?

No. A lot of the activity does involve block games like EuroMillions, Powerball, but some of these private operators also offer players all over the world a chance to bet on the outcomes of games like the legendary *El Gordo* offered by the Spanish National Lottery. Other gaming products available exclusively from individual state lotteries,



warpedgalérie - stock.adobe.com, zenilia - istockphoto.com



phopsak - stock.adobe.com, zentilia - istockphoto.com

such as Germany’s *LOTTO 6aus49* or Italy’s *SuperEnalotto*, are being offered as well.

They often use aggressive marketing and gaming innovations to carve out territory in these national gaming markets. In the Czech Republic, for example, SAZKA held a marketing event to celebrate the EuroJackpot lottery launch in October 2014. During a show in Prague city center, hostesses in Lottoland-branded outfits were approaching participants and encouraging them to play EuroJackpot on its own websites and not at SAZKA outlets.

Why are lotteries so concerned?

Because they are taking an ever-bigger bite out of the global gaming market and posing a real threat to the regulated market in Europe, Australia, and increasingly the United States, where they are now targeting the big block games Powerball and Mega Millions. If players place bets on the outcome of lotteries rather than playing the lotteries themselves, this could result in lower participation by players who purchase genuine lottery tickets, affecting jackpots and the

attractiveness of the original games, and also reducing the amounts raised for society.

It’s clearly a form of piracy. They piggyback on the lotteries’ infrastructure, plunder their brand capital and pillage their intellectual property, in total disregard for the investments into games made by authorized lotteries and without putting anything back into society. They pay little or no tax and have no obligation to support good causes, so they are not competing on a level playing field with state-authorized lotteries.

In addition, in countries where lottery betting is offered by operators without a legal license, players are not safeguarded by consumer protection laws. Unlike state-authorized lotteries, these operators have no transparent measures in place for protecting the security and integrity of their products, and offer no protections to at-risk groups, including minors and those with addiction problems.

Lottery betting operators fragment and cannibalize the authorized gaming market.

Every dollar spent on lottery betting is a dollar not spent on a state-regulated lottery, and every dollar in funding for good causes that would otherwise have been raised by a state-regulated lottery is a dollar in the private operator’s pocket.

What can be done to fix the problem?

Lottery betting exists because the operators exploit loopholes in the law and because the regulated gaming sector has not taken concerted action to stop them.

This suggests that the state-regulated lottery sector must pursue these operators in the courts, both in the jurisdictions where they are licensed and in the jurisdictions where they operate. In addition, further measures can be taken to control these activities online.

How can they be breaking local laws if they are licensed by the local authorities?

In Gibraltar, for example, licensees are required to have adequate financing available at all times to pay all obligations in respect

of prize payouts. As they reportedly do not have the cash reserve to meet a top-tier jackpot payout in a major block game, it is not clear if this requirement is being met. Payouts for high jackpots may not even be legally enforceable, and doubts have been raised as to whether the insurance protection really guarantees that winners will receive their prizemoney.

Because their business model is new, it is untested in law. So it may well be worth testing to see if their business model complies with the letter of the law in the jurisdictions where they are licensed.

What can be done in the jurisdictions where they operate?

One legal argument would be that they are infringing regulated lottery trademarks. Tatts Group in Australia, which operates regulated games in all Australian states and territories except Western Australia, recently launched legal action against one operator on this basis. The operator was forced to issue a corrective notice and to stop using Tatts' QuickPick trademark as a result.

In a separate development, the UK government is considering proposals that would close a loophole in the betting laws allowing lottery betting operators to take money away from good causes by offering bets on the outcome of the EuroMillions game.

Should their websites be blocked?

The core argument in favor of blocking lottery betting websites is that there are no players that exist only in cyberspace – all players belong to a physical jurisdiction.

Technically, there are many tools available in this technological fight, from IP/DNS blocking mechanisms through to black and white lists of operators. Another potential tool is the use of the recently introduced .lotto domain. This domain is reserved exclusively for official, state-sanctioned lotteries around the world, creating a global Internet namespace that users can trust for legitimate lottery gaming and information. As of the end of 2016, around 85 registrants had registered a .lotto domain name.

The WLA, EL, and NASPL have reached an agreement with the Internet registrar Afilias to ensure that the .lotto domain name is operated in a regulated manner. This proactive, cooperative effort by the lottery associations has helped to avert unrestricted use of .lotto domain names. Looking ahead, legislation asserting that legitimate online operators *must* have a .lotto-based website, coupled with aggressive advertising informing the public that legal operators use only .lotto-based websites, could be a potent weapon in the fight against lottery betting. More generally, there seems to be a very real need for an in-

dependent online supervisory authority for all legitimate gambling.

Can the state lottery sector win this battle?

Yes. Governments around the world depend on our revenues to support the public good, so they are ultimately on our side. The primary means of protecting consumers is efficient law enforcement against illegal gambling, accompanied by the administrative resources that law enforcement bodies require.

It will take the work of all of us in the gaming sector, in every region of the world, to attack this latest threat to our industry, and to defend our noble aim of raising money for good causes through the regulated sale of fun, safe and secure lottery products. In particular, the security and integrity of WLA member lotteries' gaming platforms plays a critical role in maintaining the confidence and trust of the public.

WLA member lotteries, operating within strict laws that transparently benefit national governments, communities, and good causes, protect the population by offering safe games in a healthy and legal environment. They also respect the underlying sovereignty of national governments to legislate on gaming in their respective jurisdictions, particularly about what is best for their citizens.

Names and numbers

Tipp24 and Lottoland are two of the most well-known lottery betting operators. Tipp24 was founded in 1999, and is the pioneer of the concept, while Lottoland began operations in May 2013.

Through its websites, Lottoland offers fixed-odds betting on over 30 lottery products, including Powerball, Mega Millions, EuroMillions, Oz Lotto, and El Gordo. It is aggressively moving into other traditional lottery markets as well. Lottoland now offers 15 instant-win titles and over 60 games.

As we went to press, Lottoland was known to be operating in Australia, Austria, Hungary, Ireland, Poland, Portugal, Sweden, and the UK. It is having a significant impact

on the market in each of the countries in which it operates. In Australia, for example, Lottoland received its license from Australia's Northern Territory government just in time for the record-breaking 1.5 billion dollar Powerball draw of January 2016. Within a week of commencing operations, it had attracted 250,000 clients, all drawn by the possibility of playing Powerball and winning the huge first-tier jackpot.

By the end of 2016, Lottoland had a customer base of 400,000 and accounted for eight per cent of the online spend in the Australian market, or one per cent of the overall market of 2 billion Australian dollars. Worldwide, Lottoland now has a customer base of 5 million people; their share of the overall market is unknown.

Lottoland also recently introduced the *World Millions* game. The game matrix uses an eight-digit winning number, which is derived from the last four digits of the draw of Plus 5 (a supplementary game of KENO of the German Lotto and Toto-block) and the last four digits of the drawing of the ToiToiToi game of the Austrian Lotteries.

The jackpot on offer is 150 million euros every week, significantly higher than the traditional LOTTO 6aus49 jackpot offered by the German regulated lotto-block. Moreover, the chance of winning the *World Millions* jackpot is one in a hundred million, whereas the chance of winning the LOTTO 6aus49 jackpot is one in 140 million.

ONCE – A model of social inclusion

Organización Nacional de Ciegos Españoles was founded on the principle of helping people with various disabilities help themselves. Today, their socially inclusive business model serves as a unique example to lotteries worldwide.

By the end of the Spanish Civil War, the country was suffering severe economic distress. A combination of significantly depleted gold and foreign exchange reserves, and greatly reduced industrial and agricultural productivity left many of Spain's citizens desperately impoverished and struggling to support themselves. In such circumstances, it is often those living with disabilities who struggle the most and this was certainly the case in Spain – government pensions and disability aid was all but non-existent and charity and other social support negligible.

It was in these circumstances that the Organización Nacional de Ciegos Españoles, or ONCE, was formed by a group of blind and visually impaired people who wanted to support themselves and one another through their own efforts, rather than relying on severely constrained social benefits. Shortly after the organiza-



tion was formed, they were granted permission to begin selling lottery tickets as a means of raising funds and they soon began selling the popular Cupón. Eventually, they would include additional lottery products and become one of the most socially significant lottery operators in Spain.

The organization does not only operate in the lottery space, however. It also owns, or is a stakeholder in, various wide-ranging businesses and properties. These investments allow the organization to develop a diversified income and fundraising stream.

Today ONCE employs 68,467 people, 57% of whom live with blindness or other disabilities. The organization also provides

financial and other specialized services, including education, rehabilitation, elder support, guide dogs, assistive technology, and Braille and audio books for thousands more blind, partially sighted, and other disabled people across Spain.

Initially, the organization was created specifically for people with complete or partial blindness, but they realized that their model would be well suited to supporting other groups of people with various disabilities. ONCE set up the ONCE Foundation during 1988 with the sole mission to seek and provide employment and support for these groups of vulnerable people. As a result, the organization now provides individualized and social services for people with both visual and other disabilities. The Foundation also has its own business interests that not only help it raise funds, but also provide resources and employment for the people it serves.



ONCE kiosks are a well-known and popular sight throughout Spain.



Focusing on providing winning opportunities for players and people with disabilities alike.

A global vision

In the eight decades since its inception, ONCE has expanded its presence across the globe and today boasts an active presence in 50 countries. For example, in several areas in Europe, particularly those affected by armed conflict in the Balkans, they have established educational resource centers, which offer Braille printing presses and professional training, among other services.

Thanks to their presence in 19 countries in Latin America, focusing on education and employment, a total of 121,684 children with severe visual disability have been enrolled in school in the last four years and 52,133 adults living with blindness and visual impairment have received job training; many of these adults have also successfully found employment through the program's support.

The organization also works extensively in Africa. In Algeria's Saharawi camps, educational projects are ensuring that blind and visually impaired children receive quality schooling, while their work in Morocco and Tunisia focuses on social inclusion and employment. These projects all form part of ONCE's mission to help people with disabilities gain independence, increase social visibility and awareness, and enjoy active

and effective participation in their communities.

The Social Inclusion Model

The primary success of ONCE lies in its unique social inclusion model. The organization is run by and for people with blindness and disabilities, giving them the necessary insights to provide the right kinds of services at the right time, and in the most appropriate places.

To further their goals, ONCE works closely with, and, in many cases, are active role-players in, several international associations for the blind and for the disabled. Among others, they hold vice-presidencies in both the European Blind Union and the World Blind Union, actively participate in the European Disability Forum, and work with the UN Expert Committee on the Rights of Persons with Disabilities.

But what makes their model so unique? Simply put, it is by actively including the people it serves that the organization is able to keep its focus clear and its activities beneficial. The model is widely regarded as a successful one, and ONCE is regularly invited to cooperate with other international organizations, or receives requests for more detailed, in-depth information about its model.

Winning locally, winning globally

ONCE is best known for its Cupón products, which are drawn daily, and, to a lesser extent, its other lottery games. However, its prizes for players are by no means the only winning that happens with ONCE. The organization has, over time, been awarded several prestigious prizes, including the Prince of Asturias Award; the Prize for Concord in 2013; and Spain's distinction with the prestigious Franklin D. Roosevelt International Disability Rights Award, commonly known as the Social Nobel Prize.

In 2016, ONCE was also honored by the European Parliament with one of their Citizen's Prizes 2016, which recognizes the activities or actions of citizens, groups, associations or organizations that have shown exceptional contribution to greater integration among citizens of Member States, and commitment to the promotion of common values and cross-border or transnational cooperation within the European Union. The jury highlighted the work done by ONCE and the Foundation to affect European regulations to achieve consideration and recognition for the more than 80 million Europeans living with disabilities today.

The ONCE International Grant for Research on Responsible Gaming (fourth edition)

As a primarily socially based organization, ONCE recognizes that there is a critical need for the promotion of responsible gaming and the treatment and prevention of addictive gaming behavior. To achieve this goal, ONCE wishes to encourage scientific research into identifying the inherent gaming risk factors that could trigger addictive behavior patterns.

For the fourth year in a row, ONCE is offering researchers the opportunity to apply for their prestigious International Grant for Research on Responsible Gaming, which will award EUR 30,000 to a single project that focuses on the assessment of gambling's potential to prompt addictive behavior. The research should be designed to identify and detect the effects of conventional publicity on gambling-related disorderly conduct, in pursuit of future advertising and communication strategies that take such concerns into consideration.

Projects will be judged solely on their technical and economic viability, as well as internal consistency, and will not take into consideration the methodological approach used.

Eligibility

- Applications are open to any natural persons or bodies corporate, of any nationality, and applicants may submit joint or individual projects.
- In the event of a co-authored project, there must be a designated project leader.
- If a joint project is selected, the prize will be awarded to the project and the beneficiaries will be each and every co-signer in the proportion specified by the researchers themselves.
- All project submissions must be received by ONCE by the deadline of December 31, 2017.
- Submissions must be made in Spanish or English.

All submissions may be addressed to the Secretariat for the fourth edition of ONCE's International Grant for Research on Responsible Gaming:

Secretaría de la IV edición del Certamen Internacional ONCE de Investigación sobre juego responsable
Dirección General Adjunta de Juego,
Dirección General de la ONCE
Calle del Prado nº 24.
28014 Madrid
Spain

Submissions will be reviewed and assessed by a panel of judges presided and designated by ONCE from among the community of reputed professionals engaging in the areas stipulated in the announcement. The judges will announce the award in the first quarter of 2018.



ONCE's mission is to help people with disabilities gain independence, increase social visibility and awareness, and enjoy active and effective participation in their communities.



innovation

driven by experience and passion
to shape the future in gaming

Modernizing lotteries in a digital world

intralot

For lotteries...



Prevent underage play • Prevent excessive play
Diversity • Fraud prevention • Environmental impact
and more...



Building a socially responsible legacy

Lotteries are tailored to raise money for social causes, but could be caught up in an increasingly negative perception of the gambling industry as a whole. Laura Da Silva of Silverfish CSR explains how corporate social responsibility can ensure these companies can safeguard their futures in an evolving industry.



Laura Da Silva, Director,
Silverfish CSR Limited

The gaming industry is evolving and lottery operators may soon find their businesses under threat. As dot.country regulation moves across Europe it is becoming harder and harder to maintain state-owned monopolies.

There is an increasing trend of opening up swathes of markets to private operators, but this comes at the risk of reducing funding for social, civic and health-related projects that traditionally benefit from lottery sales. Even more risks are posed by new lottery betting operators, which have come in for criticism for allegedly “duping” customers into playing and drawing them away from the traditional lotteries.

Take Germany. The country’s struggles to pass a satisfactory regulatory model are

well-documented. But now for-profit lottery betting operators reportedly have applied for lottery licenses in a number of states, in an attempt to force the federal government to set out minimum licensing standards. Many believe their efforts are doomed to failure. But this aggressive new breed of competitor puts the traditional lottery industry at risk.

Many would argue that lotteries should do more to compete against private operators by widening their product ranges. This, however, puts such companies in direct competition with more experienced competitors, and requires investment that can erode funding for good causes.

Instead lotteries should turn their attention towards Corporate Social Responsibility

(CSR). By putting CSR at the center of future business strategies, they can safeguard their operations in an industry evolving around them.

Such an assertion from the CEO of a dedicated CSR consultancy is hardly surprising, but let's look at the facts. Lotteries are generally well-established, well-known brands that suddenly find themselves butting heads with newer, more agile competitors.

In other sectors, major businesses such as General Electric and Unilever have found themselves in similar positions. In both cases, a dedicated commitment to CSR has done much to revitalize the company's reputation. GE had become embroiled in a pollution scandal involving New York's Hudson River and the Housatonic River in Massachusetts. Yet under CEO Jeff Immelt, it launched its Ecomagination initiative, investing in wind power, developing hybrid locomotives and plans to build a major solar panel factory. In a short space of time it has become known as a key driver of socially responsible energy.

In February this year it also set a target of hiring 20,000 women to technical roles by 2020, and made a pledge for 50:50 gender representation in all entry-level roles.

Unilever, meanwhile, has pledged to pursue growth in emerging markets and ensure it operates sustainably through the Unilever Sustainable Living Plan. Rather than following the standard big business approach of only ensuring returns to shareholders and hit quarterly targets, it is looking to avoid guzzling natural resources for short-term gain.

Ends and means

These companies show that even the biggest business can do some good. Lotteries can do the same.

My mantra for those looking to better understand CSR is that it is not what you do with the money you earn that matters most, but how you earn that money. This is especially important to remember for lotteries. The business may be geared towards funding good causes, but if the business is not raising this money in a socially responsible manner its reputation can take a hammering.

However, the fact that lotteries are centered around funding good causes gives them a strong starting point to build upon. Lotteries were created to have a positive impact on society. They can monitor key performance indicators that measure the impact of their

business on the market in which they operate, ensuring their games are operated fairly. It's a case of addressing the important questions.

Sustainable gaming

This kind of approach helps to retain lottery customers, and avoid them "burning out" or shifting to play on online gaming sites or going to betting shops. The added benefit of being able to show that customers' money is going to help others gives users extra incentive to play.

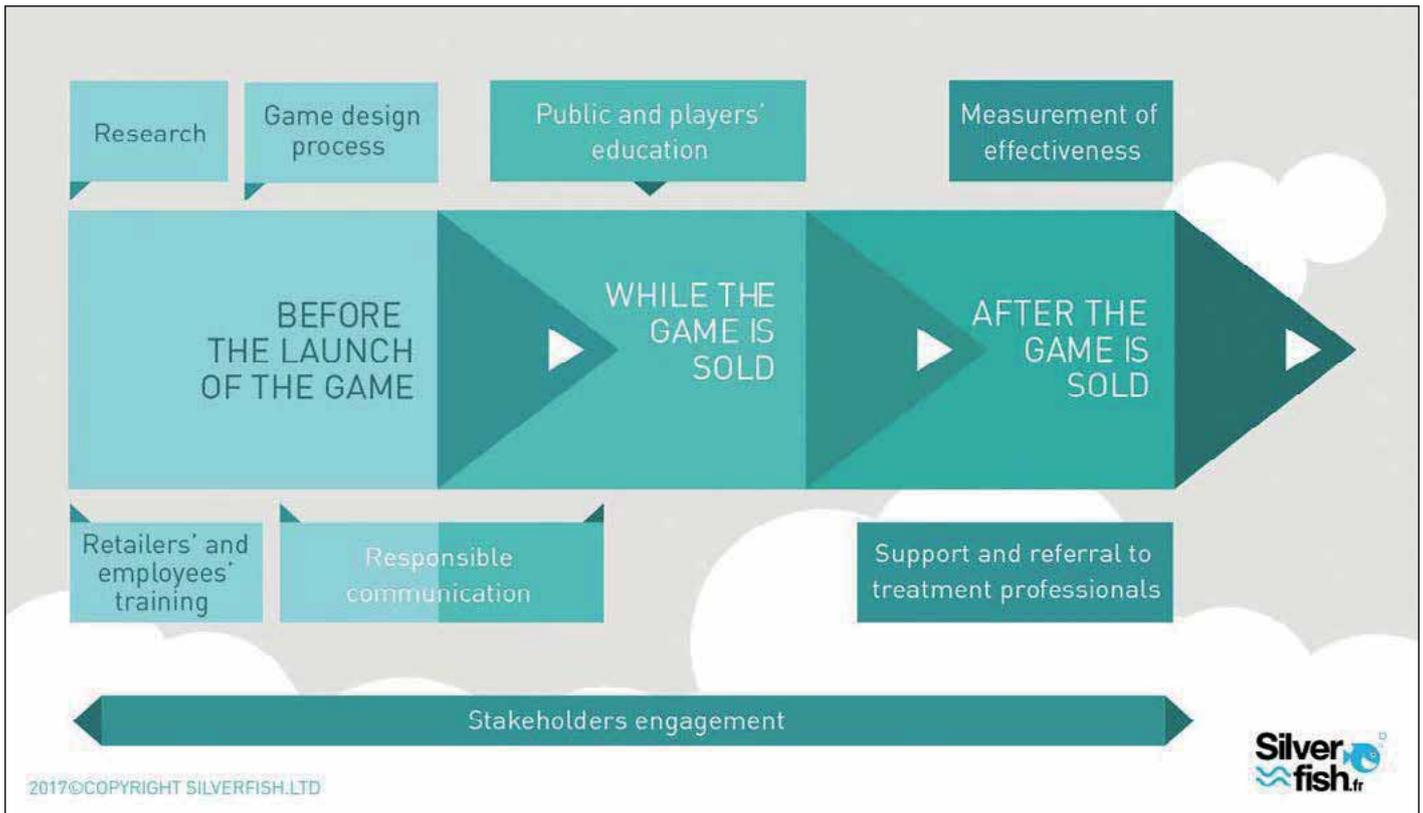
We are being told to buy sustainable, ethical goods by a number of different sources. This tends to be viewed as a way to warn people off buying from big business. But as GE and Unilever show, big business can aspire to being both sustainable and ethical.

It's not just a question of marketing and PR – even though a viable CSR strategy has a knock-on effect on brand perception and provides an additional selling point.

CSR can be seen as a concept that is difficult to pin down, as it is totally different for every company and depends entirely on the particular focus and key markets of each business.



By putting CSR at the center of their business strategies, lotteries can safeguard their operations in an industry evolving around them.



Stakeholder engagement should occur throughout the lifecycle of lottery games and encompass all sales channels.

Connecting the dots

Silverfish CSR aims to help lotteries link the concept of social responsibility to meaningful action. This, in turn, has prompted the

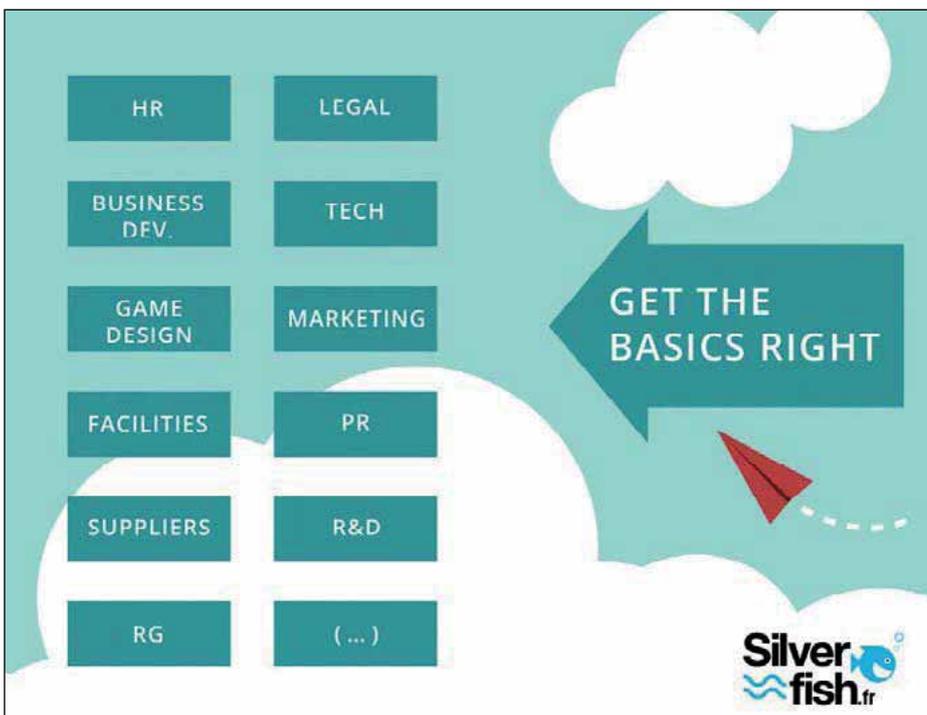
launch of our DigitalRG.com portal, designed as a one-stop shop to help interested parties better get to grips with CSR, to help them define and implement a strong CSR

strategy, and offer in-depth insights and training into the socially responsible measures a company can take.

It's important to note that this – and CSR in general – is not something that should be adopted or used by management to filter down through a business. CSR needs to be adopted at all levels of a business. Rather than something that needs to be enforced by diktat, employees should be encouraged to pursue a socially responsible approach to their jobs. This in turn helps foster innovation within a company.

Engaged employees can play a major part in driving the business forward, helping to create a sense of pride and build loyalty among staff. This gives tech-savvy, talented employees an extra reason to pick a job with a lottery over a private operator. A company's ethos can do a lot for its ability to attract talent.

Ultimately this comes down to constantly striving to do more and to operate in a better way. This sort of approach cannot be underestimated. And in an industry where private competition is forcing state lotteries in a number of markets to reevaluate their roles, Silverfish CSR believes that such an approach could be increasingly necessary.



Silverfish CSR Ltd is an agency helping businesses grow in a responsible way. Working with clients on four continents, they specialize in Innovation for good, CSR, Responsible Gaming, and Ethics in sports.

the Lott brings #joyments to Scratch-Its



Australia's Tatts Group Lotteries, known to customers as the Lott, has revealed the first major repositioning of its popular Instant Scratch-Its brand in more than a decade with its new national #joyments campaign. The campaign focuses on how Instant Scratch-Its deliver little moments of joy, which brighten up Australians' lives every day and capitalizes on the brand's rich legacy in the country.

After the world's first scratch-off ticket with instant prizes was introduced in the US in 1974, Australia was quick to adopt its own version. Since it was first introduced 'Down Under' in 1978, Instant Scratch-Its has grown to be one of the nation's most popular lottery games with more than seven million tickets sold each year. At any one time, more than a dozen Instant Scratch-Its games are available across Tatts Group Lotteries' jurisdictions in Queensland, New South Wales, Victoria, the Australian Capital Territory, Tasmania, South Australia, and the Northern Territory.

Since the introduction of multi-jurisdictional games in 2014, Tatts Group Lotteries is able to print games that can be distributed and sold across each of the jurisdictions, allowing for larger print runs, increased prize pools, multiple top prizes, and an improved win frequency across the range. A major advantage of this innovative and world-first production process is the ability to move stock around the country to even out the sell-through rate across all four jurisdictions.

Instant Scratch-Its are priced from one Australian dollar to twenty Australian dollars. Within these price points there are a range of game types; from quick entertaining games, such as match three of nine, to more relaxing games, like Crosswords.

Each year, thousands of Australians scratch millions of dollars' worth of prizes. Games now feature multiple top prizes ranging from AUD 1 million down to AUD 10,000, but sometimes smaller top prizes are offered, such as 50 prizes of AUD 500 for a one-dollar game. The Instant Scratch-Its portfolio also includes a special range of *Live the Life* games giving Australians the chance to win top prizes of up to AUD 5,000-a-week for five years. In 2016,

about 150 Australians won more than AUD 15 million in Instant Scratch-Its top prizes alone.

Instant Scratch-Its Brand Portfolio Manager Jodie Milini said the #joyments campaign aimed to reinvigorate Instant Scratch-Its, a brand which has been living in the hearts and minds of Australians for more than three decades. "For this campaign, we embarked on a journey of uncovering the true brand essence of Instant Scratch-Its and started talking to our customers about how they felt about their favorite games," explained Ms. Milini.

Instant Scratch-Its are different from other lottery games in that all prizes are pre-determined at the time of printing, and it is the bearer of the ticket who gets the prize money. the Lott's research revealed that the key was

the emotional connection customers had to Instant Scratch-Its, making #joyments the ideal new brand positioning. "#joyments are those little moments of joy you experience every day that make you smile, like hearing your favorite song on the radio or catching all the green lights on your way to work. #joyments give you the same wonderful feeling you get from having an Instant Scratch-Its ticket in your pocket," continued Ms. Milini.

The #joyments campaign has been predominantly supported by digital and social media advertising and activities, along with in-store promotions throughout Instant Scratch-Its' network of more than 4,000 retail outlets. Furthermore, the #joyments positioning is delivering a continuous platform for below-the-line marketing, with further above-the-line activities to be scheduled around key gifting periods of the year when Instant Scratch-Its sales peak. In Australia, Christmas, Mother's Day (May), and Father's Day (September) are the key times of the year when Instant Scratch-Its tickets are sold and scratched.



Jodie Milini,
Instant Scratch-Its Brand Portfolio Manager



To support the open-ended #joyments campaign, an initial four-week outdoor and digital advertising campaign was rolled out nationally in March. This deployed a range of dedicated creative imagery that provided fun examples of #joyments, or life's little wins, including:

- “Waking up and realizing it’s actually the weekend”
- “Finally remembering what movie that actor is from”
- “Flipping your pillow onto the cool side”
- “Slapping a mozzie (mosquito) before it gets you”
- “Like opening a brand new, even better, cat meme”.

A #joyments campaign microsite, www.joyments.com, was also created to encourage Australians to share the small instances that made them smile. By doing so, they were in the running for the chance to win one of four prizes of AUD 500-worth of Instant Scratch-Its. More than 4,500 individual customer #joyments were received during the first four weeks of the campaign. As part of the campaign, more than 2,000 customer #joyments were shared on the microsite, which visitors could then share on their own social media page, further fostering customer engagement. “From a day at the beach to a walk in the park, Australians have been keen to share their #joyments,” said Ms. Milini. “As you can imagine, cute puppies and mouth-watering meals have featured heavily. One of the most touching #joyments was shared by a Brisbane woman who sent us a photo of her long-time family friend who had just turned 100-years-old and was proudly holding the commemorative birthday card he received from Queen Elizabeth II.” The #joyments microsite allowed users to “like” individual #joyments as they scrolled through. To date some user-generated #joyments have received more than 500 likes within the first four weeks. The next phases of the #joyments campaign will showcase some of the most popular user-generated content.

The launch of the new #joyments campaign comes as part of the ongoing development of new Instant Scratch-Its games and tickets aligned to customers’ needs. “Our new strategy is based on people’s needs states rather than price points,” said Ms. Milini. “We know from our recent consumer research that our customers are in different mindsets when they are playing different types of tick-



the Lott's new #joyments Instant Scratch-Its campaign delivers moments of joy to players across Australia.

ets. We are developing our tickets from these insights.” She believes that #joyments is a great vehicle to help spread the word. The chances of winning on an Instant Scratch-Its ticket range from 1-in-2 to 1-in-4, which means millions of moments of instant joy are created each year.

Picking up the kids from school in a limousine, buying a bright pink Hilux, and upgrading the vacuum cleaner are just some of the unique ways Australians have decided to spend their Instant Scratch-Its top prize wins in recent months. People have a wide range of reactions to winning, from complete silence to ear piercing screaming, and winners’ spending priorities vary just as much. Ms. Milini said paying off the mortgage, clearing some debts, going on a trip of a lifetime, and upgrading the car are the most common ways Instant Scratch-Its winners say they will spend their instant windfalls. “The interesting trend with Instant Scratch-Its top prize winners is they perceive their instant windfall as an unexpected bonus to their daily lives, or #joyments, and therefore feel more comfortable using the money on things that matter to them the most,” continued Ms. Milini.

Some take a very practical approach by clearing some debts or even paying for a dream wedding, while others see it as an opportunity to treat themselves to a life changing experience, such as with a Mediterranean cruise or trip around Australia. Regardless of how much money they won or how they spent it, Ms. Milini said almost all Instant Scratch-Its top prize winners felt their life was about to change for the better, another insight that informed the #joyments positioning. “Of course, the enormity of the win is all in the eyes of each winner,” she said. “As one winner recently told us when he won AUD 50,000, that amount might seem like ‘chicken feed’ to others, but for him and his family it was like winning one million dollars! When customers have an Instant Scratch-Its in their hands they tell us they enjoy thinking about the possibilities that ticket might bring. This confirmed to us that #joyments was the right brand positioning for Instant Scratch-Its moving forward.”

Tatts Group Lotteries operates and markets Australia’s leading lottery games in each jurisdiction under Golden Casket, NSW Lotteries, Tatts, SA Lotteries and Tatts NT. These games include Saturday Lotto, Monday and Wednesday Lotto, Powerball, Oz Lotto, Set for Life, Lucky Lotteries, The Pools, and Instant Scratch-Its.



The 'millennial' is optimistic, social, and cares about community and good causes.

filadendron - istockphoto.com

The future of lottery is in your audience's hands

Although the lottery market will enjoy steady growth over the next five years, should we be looking for more revolutionary ways to drive bigger and longer term engagement? How can we create new experiences that redefine gameplay and connect with a new, younger audience in more interesting and meaningful ways? Else, an experience design consultancy based in London, looks at what it takes to engage the millennial player.

Technavio forecasts that the global lottery market will see growth of over nine percent per annum until 2021. Their research points to a number of areas that allow for this expansion, including relaxed regulations, the digitization of operators' current offerings, and by them taking advantage of mobile and social media channels.

But are these areas of expansion simply ways to extend the reach of current offerings and what happens when the limits of this reach have already been hit?

We believe that for lotteries to thrive, we need to get creative about the game, take advantage of technology in innovative and interesting ways, and tap into what we know about the new player mindset. We need to

be brave and honest, to gain the respect of a new audience, and even to find ways to entrust players themselves with the power of charitable distribution.

The lottery goes millennial

As lottery operators' current customer base ages, we need to turn to the new wave of players coming through and really understand the mindset of the millennial and how that can be leveraged by the lottery. First, we must understand their underlying motivations – there have been numerous studies on the behavioral traits of millennials. These traits can be summarized as:

- They expect deep engagement
- They care about their local communities and good causes

- They are optimistic
- They're social
- They love promotions and offers

The opportunities presented by technology and the changing demographic profile of players suggests that the time is right to shake things up, and that returning to the principles on which lotteries were founded is the key to engaging a new, more socially-aware audience. If we are to drive a deeper level of engagement with players, then this requires bravery, and it requires providers to change their formats, to be more fun and entertaining to play. It needs gameplay to be immersive and prolonged, and it needs to be about more than just the jackpot itself. There is high expectation here to have power over the brand they are interacting with in some way.

Imagine a lottery that took place over the course of the week – a number selected each day. The way the number is selected could be through an orchestrated event, something that is fun and entertaining to watch, and maybe something players could get involved in. Watching could happen via live video streaming. Maybe partway through the week, I want to cash out or sell my ticket to a friend. By creating entertaining ways to deliver the core gaming mechanic, we are giving players a reason to watch – a new channel of entertainment.

They care, so we should care too

One striking characteristic about the millennial generation is their willingness to give and be involved with good causes. They believe in giving their time to brands that focus on a societal purpose, not just being in business to make a profit. This is the jewel in the crown for the lottery, as it is the very reason the lottery exists in the first place.

Lotteries have a gift in their DNA that many brands can only more tenuously claim – they exist for a purpose. In the USA, many of the lotteries have been set up to fund public services, such as education and health. The power of why an organization exists is the perfect hook for younger players, as it creates a belief system that aligns with their own personal values – putting a little bit back into the system that has benefited or funded local community services.

As a case study, the UK National Lottery is admired globally in this respect. The public display of lottery-funded plaques is very prevalent at a local level across the country, all helping to reaffirm that the reason to play goes beyond the Saturday night jackpot draw. The impact of the National Lottery was really brought home in the 2012 Olympic Games in London, when athletes thanked them for the opportunity they were given – that without lottery funding, they probably wouldn't have been given the opportunities that led them to the podium. It brings an amazing sense of achievement, that the UK National Lottery helped to inspire the nation to become more active.

Entertainment is not just about winning

The lottery is a game of chance, where players are motivated to play by the possibility of reward. For those who play each week, play is fueled by the belief that it could be

them. To not take part drives a fear of missing out and so we experience huge spikes in play before a big rollover. But this presents two challenges: for the operators, it creates a model of increasingly larger rewards, which is not sustainable; and for players, it creates jackpot fatigue, where the weekly rhythm becomes set only by the big jackpots.

With all gaming, the high point of play is the moment before you find out if you are a winner. This is when people are most engaged. With a football match, this excitement can last 90 minutes. But with the lottery, it can be over as soon as the first ball appears. However, there is huge opportunity here for lottery brands to connect with players between the moment they select numbers and the moment of the draw, to build anticipation and create a sense of occasion around the draw itself.

Keeping the player engaged, without constantly having to up the prize, is done by intrinsically rewarding them. This is the fundamental principle of the gamification model that we use in the design of digital systems. A player will keep playing as they work toward their own goal, and rewards simply encourage them along that path. In video or computer gaming, the player's reward comes from mastery of the game; in sports betting or poker, it's skills improvement. By encouraging and rewarding players

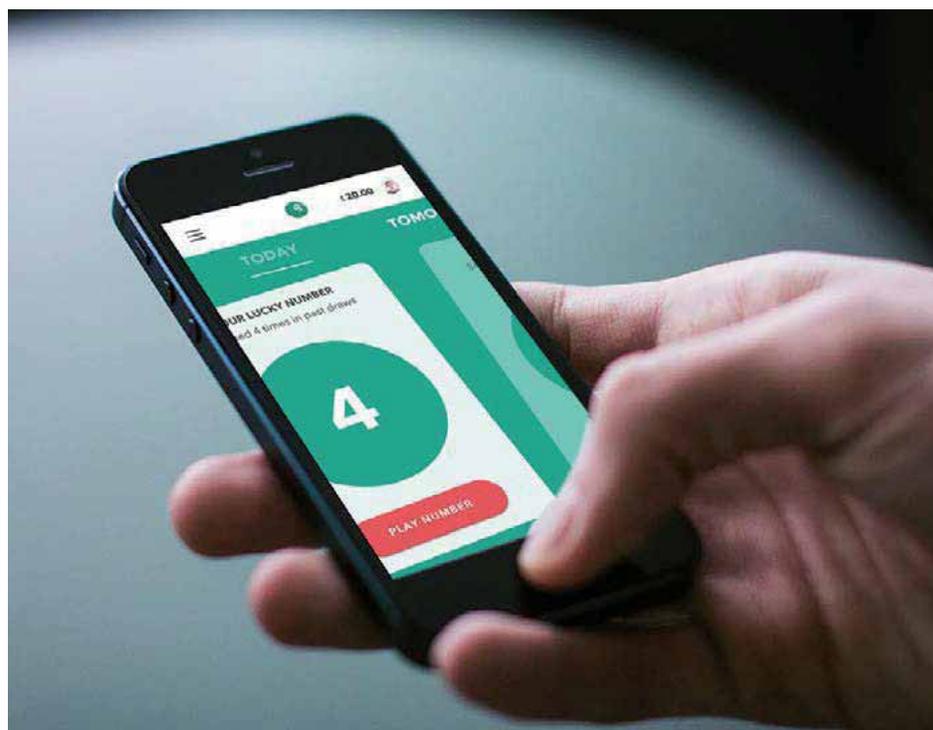
along the way, they are receiving little 'hits' as they move towards their goal.

New ways to play

In the early days of lottery, the excitement was all built around the draw itself – an event that allowed families and friends to enjoy a collective experience and to fantasize about what they would do with their winnings. Today's lottery providers offer a digital experience that, in many cases, is simply an online adaptation of an offline version. Number selection happens in the same way on and offline, and the draw is either screened or announced in the same way too.

But are we missing a trick here? While technology has seen a shift towards mobile play, the rules and gaming mechanics have remained the same. But the game doesn't have to stick to the old rules. The world of personal entertainment has transformed and we can do more to take advantage of what this means for us and, more importantly, our players.

It's hard to say if the gameplay of a lottery also offers an intrinsic reward, like game mastery or skills improvement, but its migration to online and mobile certainly affords us opportunities to harvest and use data to reveal more interesting insights. There are many exciting and interesting things that can be done with the data behind the lottery. For example, players enjoy patterns and myths, so



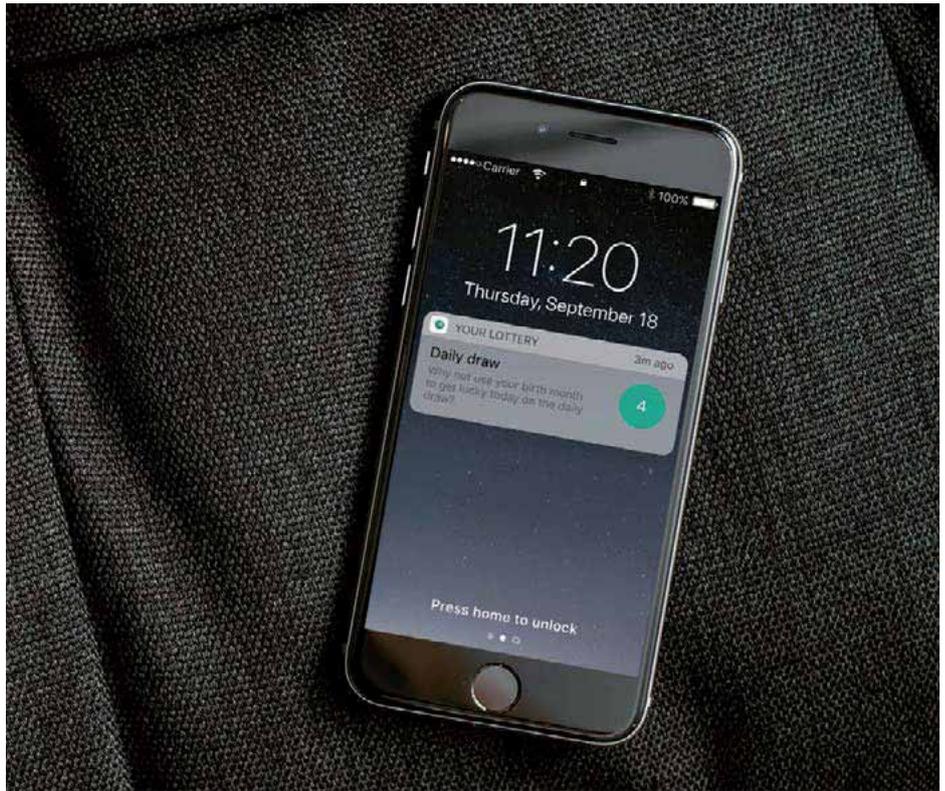
A concept exploring new ways to enhance gameplay.

we can show interesting trends, such as common winning combinations, rare numbers, hot and cold numbers or combinations – display data such as '90% of jackpot winners buy their tickets on a Monday', or '13 is the fourth-luckiest number in the draw' and so on. We can learn a lot from sports betting and how they are innovating to keep audiences engaged around virtual sports, live player stats and stadium technology.

About ELSE

Founded in 2010, Else is an independent experience design consultancy based in London. We help those responsible for the future of their business to discover, define and deliver products and services that increase customer and brand value.

Clients include Camelot Global, Loterie Romande, UBS, S7 Airlines, Ibis Hotels, Kodak and Bupa.



The shift towards mobile play gives us the opportunity to use data in interesting ways.

Advertisement



LEADING ONLINE SPORTS LOTTERY SERVICE PROVIDER IN CHINA

Founded in 2001
Over 60 million registered users
Listed on NYSE in 2013

www.500.com



Finding growth in a mature market



IGT's Lottomatica continues to grow the highly competitive Italian lottery and gaming market through a unique understanding of its consumers and relentless innovation.

Like many countries, Italy is a land of contrasts. At once both traditional and innovative – pasta and Prada, family and Ferrari – Italy hovers somewhere in the middle by most measures of industrialized sophistication. It ranks 24th of the 50 most innovative economies, just behind Poland and Malaysia.¹ Digital competence is low, ranking 23rd out of 28 EU countries, with only 19% of 16- to 74-year-olds identified as having a “high digital competence level” compared to an EU average of 28%.² Yet, while Italians have low web penetration, they have an extraordinary mobile presence.

Mobile subscription rates are 128% compared to the overall population, with many people having two or more phones. Compared to the U.S., with a 108% subscription rate, and France, with 101%, Italians are

tied to their mobile devices more than most industrialized countries, with more web traffic flowing through mobile phones and tablets (46%) than in the U.S. (37%) and France (31%). And while the reputation Italians have for socializing extends to the web too, with 79% of Italian web users being active in social media compared to the U.S. (74%) and France (63%)³, Italians lag behind in e-commerce.

Concerned with fraud and government tracking, Italians are reluctant to purchase online. Only 4% of retail sales are online in Italy, compared to 15% in the UK and 10% in France and Germany.⁴ But one other factor makes Italy unique. Due to both tradition and innovation, it has one of the most developed and regulated gaming markets in the world, with 44% of adults playing

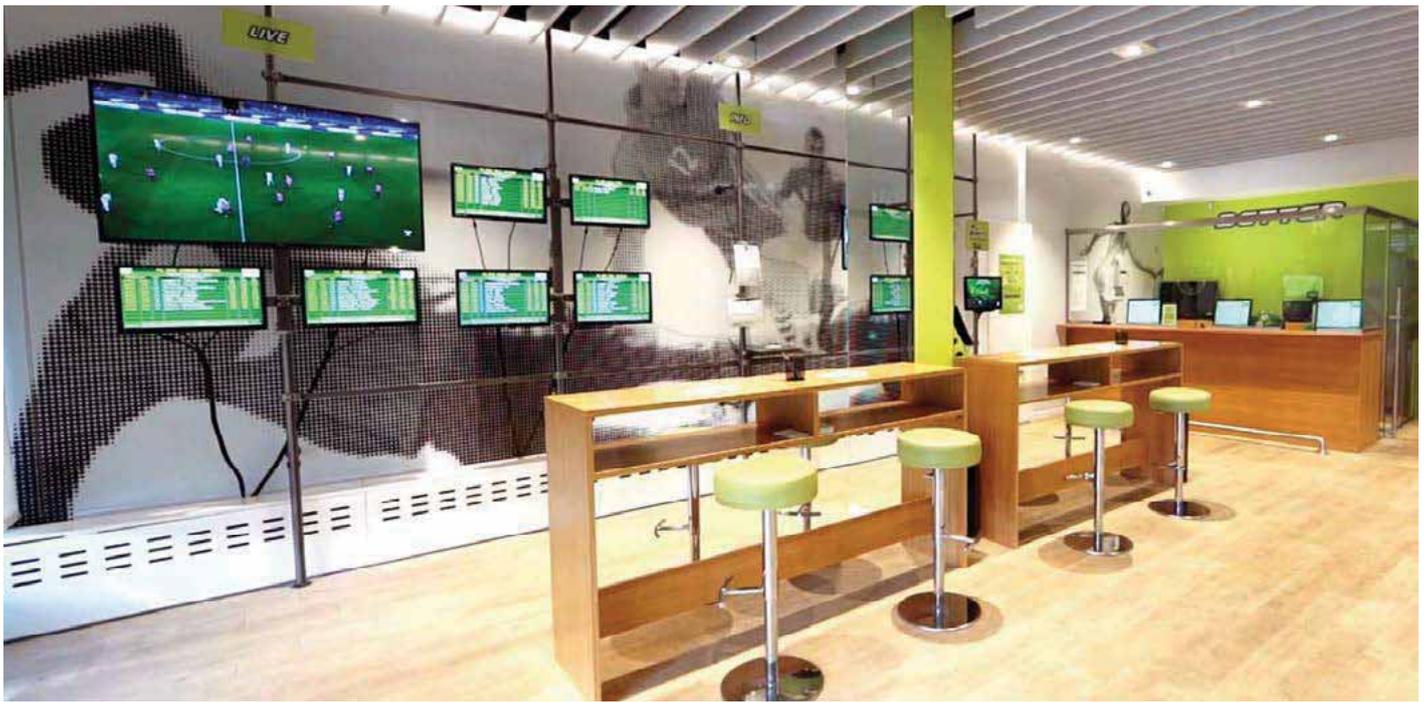
regularly and one of the highest per-capita spending of any country in the world, totaling €19 billion in 2016.⁵

Given this unique mix of opportunities and challenges, IGT's Lottomatica team has found ways to continue to grow the overall market year over year, while increasing its market share to 34%.⁶ How? IGT understands there is not a “one size fits all” solution to growth. Each market has its peculiarities and nuances, and its team of professionals share successes from around the globe, while assessing and adapting to each market's specific situation. Further, IGT is able to harness and leverage its vast resources to create games, products and services that benefit its customers around the globe. In Italy, one of the most competitive gaming markets, Lottomatica has parlayed

1 Source: Bloomberg | 2 Source: Eurostat 2015 | 3 Source: Hootsuite | 4 Source: Forrester 2018 Forecast | 5 Source: Lottomatica estimate. Official figures from AAMS expected in May. | 6 Source: 2016 AAMS for Market Wagers and LTO Market Share; Internal estimates for Competitive Market Share



Lottomatica utilizes digital to create true channel convergence by enhancing players' in-store experiences while improving long-term retailer relationships and efficiency.



Lottomatica boasts a network of 96,000 retailers – one for every 650 Italians.

that experience and innovation into becoming the largest lottery supplier, the largest gaming machine supplier, the second-largest interactive supplier and the fifth-largest betting supplier, and utilizes this unique understanding of the Italian marketplace to ensure continued growth.

While a focus on online sales growth makes sense in other markets that IGT services, it isn't the primary focus for Lottomatica. Despite double-digit percentage annual growth and a percent of online sales (for games offered both online and at retail) that exceeds the average for all online sales in Italy, the Lottomatica team realized that, given Italian's attitudes and behavior, the real growth opportunity remained at retail. Rather than trying to change attitudes, Lottomatica settled on a strategy that embraces its vast network of 96,000 retailers – one for every 650 Italians – and utilizes digital to create true channel convergence by enhancing players' in-store experiences while improving long-term retailer relationships and efficiency. The Lottomatica team coined this the "phigital" approach, utilizing the best of digital technology and the extraordinary asset of all those physical retail locations.

Through their unique understanding of both the player and retailer journey, Lottomatica crafted an approach that understood that Italy is *both* traditional and innovative, and

players are in different stages of technological sophistication and preference. By focusing on investments that enrich the player experience through retail excellence, they leveraged their consumer insights and harnessed IGT's innovation.

While those players who want to continue playing lottery games and purchasing via methods that have been in place for half a century, in what Lottomatica refers to as the "take away method" (wherein they buy a game and enjoy it immediately or take it with them for later), they are now encouraging those players to linger in the retail location and take the playing experience to a new level. By incorporating smartphone technology into the retail experience and providing WIFI access, players can now prepare their bet slip, use QR codes to place bets, research win probability, experience augmented reality enhancements to games, choose from among a variety of second chance games, and enjoy many other functions – all with their smartphones in-store. While some of these benefits were possible before, Lottomatica's new lotto app, launching in phases beginning in June 2017, provides many more features and is designed to be a fully integrated experience while in retail.

Creating inviting retail environments where players enjoyed spending time was another goal. Reimagining the sports betting experi-

ence through "SMART" design, Lottomatica began refurbishing sports betting shops in collaboration with retailers in 2016. Likewise, they brought the excitement and sophistication of Las Vegas to VLT gaming halls, in a country with only four casinos, establishing a new standard of retail excellence.

Last, Lottomatica recognized that this same technology could be utilized to improve relationships with retailers – their key partners. While the call centers supporting retailers were doing a good job of satisfying retailer needs, the new Retail Portal provided a new level of service and support to retailers, allowing them to do everything from downloading display materials to e-learning and managing their accounting. The improved UX and new features of the Retail Portal launched in 2016 have increased the number of average monthly users by 47% and the usage rate is now 63%.

By introducing sleek retail designs, exciting new products, and sophisticated CRM solutions, Lottomatica has continued to grow the market by incorporating the right innovations that are tailored to the unique Italian market, growing 12.2% last year and representing 43% of the total market growth in Italy.

For more growth driving ideas visit www.igt.com/LotteryBlog



Actionable Innovation: Channeling lottery resources for maximum impact

Executive Vice President and Lottery Group Chief Executive Jim Kennedy outlines Scientific Games' vision for lottery innovation.

Scientific Games is known as a visionary and as an innovator, which always looks to the future of the industry. What is driving your innovation right now?

Jim Kennedy: Let's call it an innovation test. The first test of our innovation is that it must ultimately connect and deliver value to the consumer. It can be fresh game content that appeals to current players and attracts new consumer groups. It can be a promotion, merchandising strategy, or new point-of-sale design that improves the customer experience, the UX of lottery. It can be anything that drives consumer interaction with the brand and the lottery experience. The consumer is the only source of actual revenue.

Scientific Games pioneered and continues to lead the business of building promotional interactive tools and platforms that support engaging connections to the lottery's brand. In this digital world, our PlayerVantage® suite of products and services drives those connections to the lottery's brand. We've innovated loyalty programs, players' clubs, second-chance draws, mobile apps and direct purchases. And we've modernized retailing to create a friction-free in-store player experience.

So we are very focused on continuous improvement to ensure our lottery and retail customers are always leading the marketplace and exceeding their players' expectations.

The second test – is it scalable? There are lots of solutions and lots of great ideas that deliver a positive return-on-investment (ROI). But lottery is a huge business with finite resources to grow the business. There are many \$100,000 solutions available. But \$100,000 is just a tenth of one percent of a \$100 million lottery revenue baseline. It doesn't move the needle. We are in the business of helping our lottery



Jim Kennedy, Scientific Games

customers drive significant growth on a large current base. So when evaluating numerous projects – all of which deliver positive ROI – it is important to narrow the focus down to what is do-able, actionable, and scalable in a meaningful way, maximizing impact and funds generated for good causes. Therefore it is important to channel resources to those programs with the most potential and have the discipline to pass on those that fall below a threshold of scalability. Do the do-able, move the moveable, and channel resources for maximum impact. This discipline is critically important.

The third test of innovation is the jurisdictional constraints of each individual lottery. Every single lottery, country, state or jurisdiction is bound by its own unique set of rules. Most of the progress that's been made in the lottery industry over the last 20 years is a result of a challenge to those rules – showing that the original intent of the laws and rules are either no longer relevant, or that their original purpose is now superseded by more relevant factors. The basic concept is that the entire games-of-chance marketplace has changed dramatically over the last few decades, and the rules and laws that apply to lottery have not kept up with those changes. Two aspects of this apply to innovation: one, we must innovate within the existing regulatory framework and political ecosystem of each jurisdiction; and two, as an industry we should

endeavor to drive change in that framework for it to be consistent with modern culture and the lottery mission of funding good causes with security and integrity.

So, we approach innovation with these three simple questions:

- Does it directly enhance the consumer experience?
- Does it deliver scale commensurate with the size of the business?
- Does it work with regulations and political realities, and endeavor to modernize laws when it is time for change?

How do these innovation parameters apply more specifically to lotteries' business functions and objectives?

Jim: We consider our customers' business functions in four categories:

1. Games as a portfolio
2. Player engagement using strategic promotions
3. Tightly integrated distribution operations and logistics
4. Retail-centric products and services

Managed game content. Scientific Games operates with a three-year roadmap for the development of game content and portfolio management. This roadmap is revised annually. As the premier supplier in the instant category, we work with our customers to launch, on average, 60 new games every year. With this kind of velocity, it is vital that we apply a portfolio management model that

produces optimal overall results. Our R&D, combined with decades of empirical evidence and data collection, forms the basis for Scientific Games' uniquely powerful category management system. We think of our content development factory as the 'game engine' that uses individual data points to inform and enhance overall performance.

Strategic promotions. Licensed properties, second-chance drawings, loyalty programs, players' clubs and our PlayerVantage promotional platform all fall within the strategic promotions category. This platform enables lotteries to carve out a far larger space on the consumer's radar. Lottery becomes part of a dynamic and ongoing consumer dialogue as opposed to the narrow focus of whether



Scientific Games recently announced the creation of the largest multi-state linked instant lottery game prize in U.S. history. The Willy Wonka Golden Ticket™ game will initially launch in 11 U.S. states, offering players the chance to win prizes instantly plus a bonus second-chance opportunity to win trips to Las Vegas, where they will take part in the Willy Wonka™ Billion Dollar Challenge™ event to win cash prizes from USD 1,000 up to USD 1 billion.

“Scientific Games pioneered and continues to lead the business of building promotional interactive tools and platforms that support engaging connections to the lottery’s brand.”

Jim Kennedy, Scientific Games

to play a particular game. Scientific Games has developed, and continues to improve upon, the strategies and specific tools to promote a deep interactive relationship with the consumer. Leveraging a secure and more creative range of interactive promotional strategies is key to building the sustainable business of the future and is one of our core competencies.

Tightly integrated distribution operations and logistics. Our entire lottery supply chain includes everything from content design to manufacturing, distribution, to making sure that the right amount of inventory is in the retail ticket dispenser, and accelerating the volume of transactions going through the lottery’s system. Our focus is on evolving these processes to drive revenue through increased unit sales, not just higher price points. The ultimate deliverables from the game engine and promotional ini-

tiatives all depend on our execution of operations in the supply chain. This operational skillset may not garner as much attention as games and marketing, but it is what truly separates the high performers from the marginal performers. Scientific Games’ decades of experience building the instant game category has produced a singularly qualified expertise when it comes to supply chain management. More than half of the top 15 performing lotteries in the U.S. use Scientific Games for this demanding and evolving expertise.

Retail-centric products and services.

At Scientific Games, this features our proprietary SalesMaker™ program, which optimizes the particular assets of each retailer, and customizes in-store merchandising of lottery products. It also includes the continual improvement of our self-service play station technologies,

advanced methods of processing transactions, and new commerce innovations like gift cards, which have expanded lottery products to almost 1,500 new retailers in the US state of Pennsylvania alone.

Is the complexity of managing a portfolio of instant games a different order of magnitude than managing the sale of lotto tickets and jackpot games?

Jim: Managing a portfolio of instant games is a different business entirely.

The consumer marketplace is all about fresh and new and different. Instants – and the competencies that Scientific Games has developed around the product over four decades – provide the platform for creative development of new game styles that appeal to the modern consumer. That’s why instant games now comprise more than 70% of U.S. lottery sales. The games-of-chance marketplace is expanding, but it is also fragmenting. Success will depend upon creating a greater diversity of games that appeal to narrower segments of the market. This is the skillset that we bring to our customers – the ability to create and deliver an increasingly complex portfolio of new game content, the understanding of the consumer marketplace that informs our promotional approach using our interactive promo-



Scientific Games’s self-service play station technologies, advanced methods of processing transactions, and new commerce innovations like gift cards, have expanded lottery products to almost 1,500 new retailers in the US state of Pennsylvania alone.



Since 1985, Scientific Games has been operating their Cooperative Services Program (CSP) – a fully-integrated instant product management program customized for each lottery jurisdiction.

tional platforms, and the experience and expertise to execute at the operational supply-chain level.

Logistics, distribution and supply chain management are increasingly complex in the world of instants. But the pathways to optimizing these business processes, and the flexibility to continue to evolve with the marketplace already exist with Scientific Games leading our customers and empowering us all to succeed in this new player-centric world of gaming.

“We are very focused on continuous improvement to ensure our lottery and retail customers are always leading the marketplace and exceeding their players’ expectations.”

Jim Kennedy, Scientific Games

All © notices signify marks registered in the United States. © 2017 Scientific Games Corporation. All Rights Reserved. A portion of this interview originally appeared in Public Gaming Magazine and is reprinted here with permission.



INTRALOT's integrated digital transformation strategy for retail aims at ushering in a new golden era of growth for lotteries

Lotteries around the world have embarked on a digital transformation process that creates great opportunities as well as challenges for the industry. INTRALOT believes an integrated digital and retail strategy is the key to success in the era of big data.

Traditional lottery operators, working primarily through retail outlets, often viewed Internet channels and Internet-based content as a threat rather than an opportunity. Regulators also needed a new way of thinking and new practices to deal with the threat of illegal online operators and fraudulent practices. Internet security emerged as a key topic across Internet-based offerings in all industries and without doubt, security is a key component of every lottery operator's digital strategy.

The lottery sector is a strongly regulated business, largely focused on raising money for good causes and guaranteeing the supply of public goods such as education or public infrastructure. Its uninterrupted operation is a key part of preserving the supply of funds for such vital functions.

In addition, regulators and operators have promoted responsible gaming for several decades in order to preserve the key principles of an industry that is dedicated to good causes. IT solutions have come to play an

important role in delivering this key component of any operator's strategy.

As lotteries and gaming operators move quickly towards modernizing the way they address their customers' needs and digitizing the shopping experience, more and more best practices are being transferred from other industries, which have already developed sophisticated analytics and big data handling tools.

However every industry is different and the transfer of best practices needs to focus on certain industry-specific targets and knowledge. It also has to be tested and improved with industry-specific techniques.

Lottery industry suppliers are faced, therefore, with clients' requirements that fall into three categories. Firstly, lottery products and services have to be flexible to address personalized offerings. Secondly, they have to be reliable in order to provide tested solutions and integrated strategies to real problems. And finally, they must be secure

in order to counter a proliferation of cyber-threats. In doing so, they will build stronger trust between operators and players via their digital channels.

Enhancing and unifying the playing experience across channels and product verticals has been a key part of INTRALOT's new products and services design philosophy.

The newly-launched customer relationship management (CRM) system, Pulse, and a personalized content management system (CMS), Canvas, have been at the center of our "All about the Player" concept, which aims to expand and diversify our product portfolio and digitize the lottery shopping experience.

In the big data era, collection and analysis of information is transforming traditional industries and giving birth to new ones from manufacturing to retail and services. Industries normally experience optimal results from big-data analysis when they adopt a longer, holistic view.

Marketing tools, risk and fraud mechanisms, as well as responsible gaming tools are all essential CRM components for a successful big-data handling system.

But the quality of the data that goes into the system is also critically important. Whether applied to product design, facilitating inventories or boosting sales through targeted, personalized marketing, the quality of the collected data in every industry is key to delivering improvements and adding value.

Therefore, player registration becomes an important and central element of improving data quality when planning a big data strategy. Player registration not only enhances analytics policies but also drives player engagement and loyalty. A registered player is an engaged player. And then, of course, the CRM and CMS systems themselves, by delivering value back to the player, enhance the player engagement process.

Player registration via INTRALOT's Player Card, presented for the first time at ICE Totally Gaming 2017 in London, is a complete and universal way that makes the lottery offering secure and personalized and becomes the key enabler and driver of player engagement.

Integrating mobile and interactive channels into the brick-and-mortar experience is another powerful driver of player engage-

ment, as well as helping with the collection of accurate and relevant data. INTRALOT has been an early champion of this approach by providing ways by which the digital/mobile channel can become an ally rather than a threat for the sustainability of the retail channel.

Last but not least, successful player engagement requires that the data players agree to share with operators remains secure and will only be used for the purposes it has been provided for. It is another very important element towards building trust and loyalty with the player.

Digital signage is the part that completes the retail-digital transformation process. Its importance is often overlooked but it plays a key role in upgrading the playing experience. A digital signage strategy must focus on the uniqueness of the retail environment. It must be subtle and unobtrusive while enhancing the sense of reliability and security.

Self-service terminals that integrate signage strategies are not only products that expand the sales network but also products that play a central role in modernizing and diversifying the playing experience. They can, therefore, become a key component of an integrated strategy that enhances trust between player and operator.

intralot

On a technical level, lotteries and operators require flexible solutions to implement their digital strategies. INTRALOT's modular architecture is scalable and flexible, meaning it adapts to operators' needs and can easily and seamlessly integrate third party tools, across verticals and across channels.

Diversifying the content offering is a key part of securing future sustainable growth and nothing facilitates that better than a modular approach that places great emphasis on security and stability.

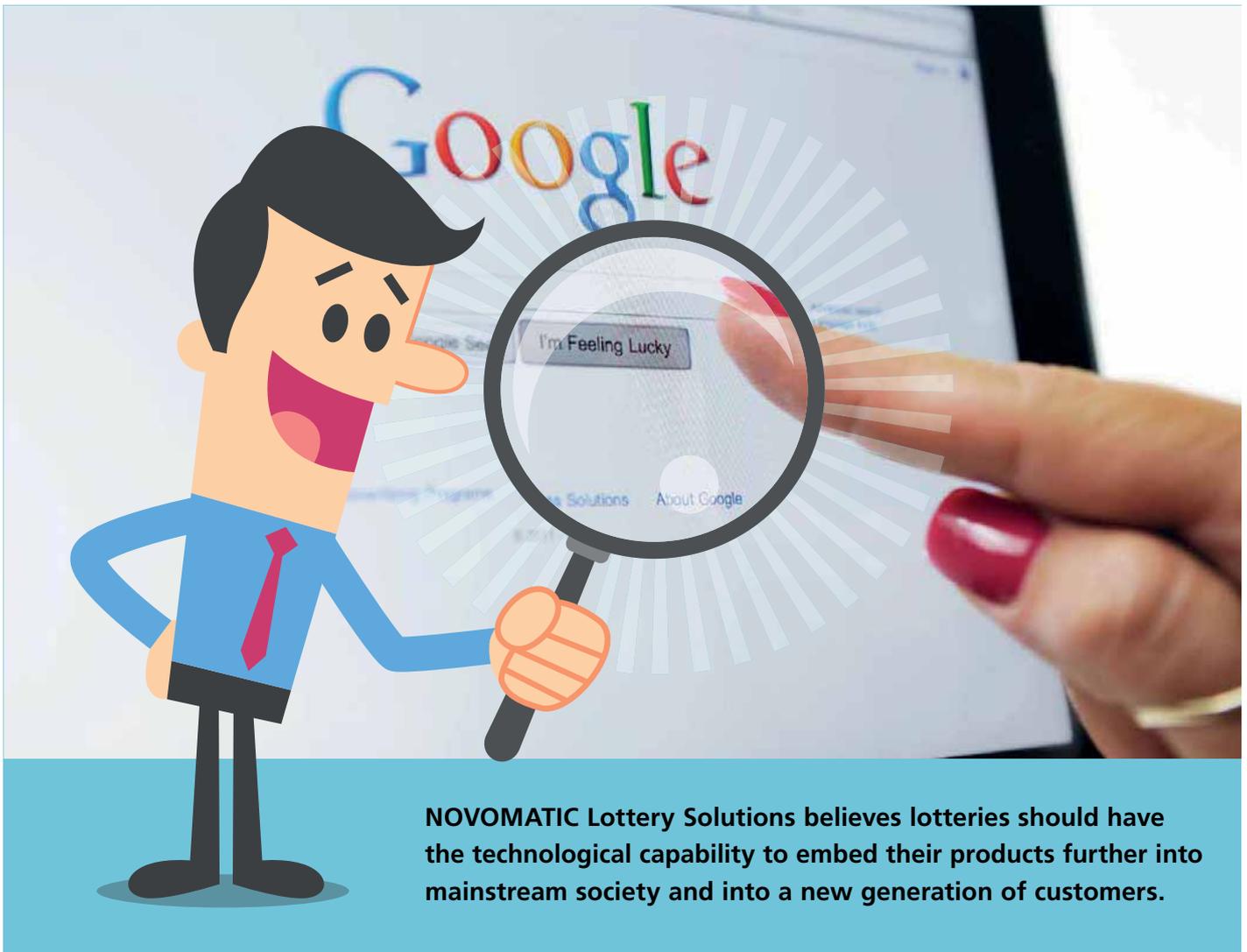
The entire industry is being driven by the need to integrate a consumer focus within online operations and in retail outlets. There is no doubt that consumer expectations will keep evolving. This is why vendors need to stay up-to-date with consumer trends, learn from other industries and bring swiftly to market the products that fully satisfy their clients while opening new markets that are leapfrogging directly to the digital era.

Success will be determined by our ability to harvest accurate and relevant information, handle it securely, and convert it into value for the consumer.



INTRALOT has recently invested in a next-generation portfolio of products and services to support lotteries' modernization with digital solutions that focus on the players' modern needs while offering entertainment experiences through all distribution channels, across all verticals (lottery, betting, interactive, VLT).

“Lottery” must produce new search results



When you open the Google search page and type the word “lottery” into the search box, you will see a random list of individual lotteries, generally offering winning number summaries, descriptions of different types of lottery games, and possibly “other information”.

The related search topics appearing to the right of the main search are mostly related to the analysis and review of a book titled “The Lottery” by Shirley Jackson. It is not a book about the lottery business or the benefits of lottery gaming – far from it.

In fact, the nearest the book gets to “lottery”, as we know it, is not in the least bit positive for our industry. The prize for “winning” the lottery in Ms. Jackson’s book is death by stoning!

This is our first problem. Not the link to the book, but the ambiguity of lottery as a collective, unified, powerful industry.

This is a fundamental and significant problem when assessing the vitality of lottery, in general, and certainly as a retail product now, 10 years from now, and further into the future.



NOVOMATIC
LOTTERY SOLUTIONS

The problem is this: in the broadest sense, lottery is not viewed as a single, profitable product by either retail professionals or by the consumer market at large. In part, this is because of the diversity of ownership. By design, lotteries are individual, sometimes even competing organizations, which are generally “owned” by a government. By and large, this is not private industry, which places our business and our product outside the circle of major retail chains’ consumer acquisition and retention plans. We are not Kraft Foods, Aldi, General Electric, or Tesco.

For decades, we as lottery stakeholders, have published articles, delivered conference presentations, directly consulted with retail owners and trade organizations, and brainstormed among ourselves in an effort to open the eyes and vision of the world to the notion of “Lottery for everyone, everywhere”.

At one point, the challenge was technological. Our systems and back office procedures were, again, outside the circle considered “standard” by retail businesses. Our reach to the younger demographic has been limited by the disconnect between lottery presence and handheld technologies. But none of these challenges exist anymore. We have the technological capacity to be everywhere the consumer is and we can provide lottery products in whatever form the retailer dictates.

For example, one prediction for 2030 is that shoppers will be utilizing interactive mirrors in dressing rooms, which allow the shopper to simply touch the mirror/screen and re-

By Frank Cecchini
CEO, NOVOMATIC
Lottery Solutions



ceive product information or request another size to be delivered to the dressing room by an attendant. Ultimately, these high-tech mirrors will even allow the shopper to select “Purchase” from the dressing room and check out without going to a cash register.

Many fashion retailers are going even further; researching the possibility of letting customers send standardized individual photos to their websites, which allow customers to see an image of themselves in the garment of choice, without receiving the item directly, or leaving his or her home.

Where does lottery sit in this new world? The great news is, we can be right there at the forefront of retail/consumer innovation, *if* we can connect with the businesses that are launching this level of consumer connection.

We have the capacity to deliver the technology that will enable a small pop-up on the side of the mirror, which might read “Win a \$5,000 shopping spree at this location! Press here!”. At last, we have the technology solutions to break down the barriers that have prevented “Lottery for everyone, everywhere”, simultaneously correcting the

big retail chains’ perception of lotteries as irrelevant, while appealing to the next generation of players.

Here is what we know:

- Retail sales are decreasing;
- Transactions in retail outlets are decreasing;
- Millennials are mobile and mobile-centric;
- The available footprint for the lottery is shrinking; and
- Technology must be used to enable the lottery to sell to more people, rather than merely boosting sales to its existing small demographic.

For the past 10 years or more, we have recognized that each point listed above is a point of vulnerability for the continued health of our industry. But we have been hesitant to commit to the technological innovations, which will eliminate this vulnerability.

We need to collaborate as an industry to produce a united and assertive call to action. We are members of a sophisticated technology community, which produces products that entertain, reward, and benefit societies.

We need to integrate our product to mainstream, future-focused retailing and infuse the value of lottery directly in the next generation’s minds through a presence on platforms such as Amazon, e-bay, Facebook and Instagram.

We need this change immediately and the technology is available to make it happen.



Source: Synchrony Financial Report, The Future of Retail, March 2017

Examining the 3 B's of lottery marketing



As the world in which lotteries operate continues to evolve, it is essential that marketing practices are transformed and adapted accordingly. At the 15th EL/WLA marketing seminar in London this past February, participants learned how the 3 B's of lottery marketing – Big Data, Big Communities, and Big Jackpots – may be the key to future success.

The 2017 EL/WLA Marketing Seminar, held at the Bloomsbury Hotel in London, UK, presented visitors with several intriguing possibilities to take back to their lottery operations and implement. By examining what the 3 B's – Big Data, Big Communities and Big Jackpots – mean in realistic and practical terms, the keynote speakers and panelists offered an exciting vision of the future of gaming and the potential that being in touch with players offers. The seminar offered a lively and exciting mix of panel discussions and presentations by some of the greatest minds in the lottery industry.

André Chaker, formerly of Veikkaus Oy, served as moderator for the seminar. He welcomed the record 184 participants, highlighting the fact that 40% of the speakers at this year's event were women, coincidentally reflecting the spirit of the Bloomsbury Hotel, which was originally built as a YWCA.

Opening addresses were presented by Andy Duncan, CEO of Camelot UK Lotteries, Hansjörg Höltkemeier, Director of the Deutsche Klassenlotterie Berlin and President of the European Lotteries, and Jean-Luc Moner-Banet, General Director of

Société de la Loterie de la Suisse Romande and WLA President.

During his opening address, Andy Duncan discussed just how important the right kind of marketing is to a lottery, and that he felt the most remarkable thing about lotteries is how the money raised for good causes touches countless lives each year. Hansjörg Höltkemeier cautioned attendees that while marketing is essential to promoting lotteries, it must be done responsibly, especially considering the role lotteries play in aiding worthy causes. Jean-Luc Moner-Banet added that marketing must keep pace with the



modern world, and that creativity has to be the driving force behind marketing strategies that seek to provide games that are both entertaining and responsible.

Big Jackpots and jackpot fatigue

One of the major topics that entered into many of the discussions during the seminar was the 2016 record USD 1.6 billion Powerball jackpot in the USA. This jackpot was in fact the *Big Jackpot* topic on everyone's lips – the pros, the cons, and the resulting jackpot fatigue – that was discussed during the various panel sessions and keynote speeches.

During their panel discussion focusing on Jackpots, Communities and Data in the Lottery Business, Andy Duncan and Hansjörg Höltkemeier agreed that, exciting as they may be when they occur, big jackpots are not enough to sustain people's interest in lotteries between those big draw moments. Both panelists also agreed that the way forward is to keep customers and potential customers in the loop about what happens to lottery money – in other words, how lotteries benefit good causes.

This sentiment was echoed in presentation of Laura da Silva Gomes, Founder and Director of Silverfish CSR Ltd. – Boosting the 3 B's Responsibly – as well as the presentation of Johanna Kozul, Head of Sponsorship at Veikkaus Oy's – Boosting the 3 B's with Gamification. Both speakers stressed the importance of getting the message of good causes out there.

The Powerball jackpot in question reached previously unheard-of levels in the first weeks of 2016, prompting a massive surge in lottery ticket sales. During a panel discussion on marketing opportunities and challenges in big jackpot lottery games, Gary Grief, Executive Director of the Texas Lottery Commission and President of the

Multi-State Lottery Association, mentioned that over 60% of the US population played Powerball during this cycle, spending up to USD 500 on tickets, and around 12% of sales were from new players.

From this data alone, it would seem that a mega-jackpot holds potential to attract new customers to the lotteries. This, however, is not the case. Many speakers noted that the record Powerball jackpot caused no small measure of jackpot fatigue and that it has become somewhat more difficult to attract players to smaller – albeit still very lucrative – jackpots in the aftermath.

In general, there was consensus that while big jackpots will always attract new players, lotteries cannot rely on the drawing power of these alone, and must spread their focus and remain innovative in coming up with new ways to communicate with their communities. During the panel discussion on Big Jackpots, Kevin Gass, Vice President of Lottery Gaming for BCLC Canada cautioned against the industry becoming complacent, while Andreas Kötter, CEO of WestLotto, Germany, stated that omni-channel and big data must remain the focus of lotteries' activities.

Big Communities and good causes

Big communities have increasingly become a focus for lottery operators, as they work on attracting the next generations of players – particularly millennials. This group and its up-and-coming successors are much more intensely focused on positive contributions to society than previous generations. This is not to say that there is not some great measure of altruism among older players, but that often, this is the primary reason for younger players to get involved in lotteries, rather than the personal potential benefit of winning. Bearing this in mind, it is of vital importance that lotteries expand their sense of community and focus on building these.

May Scheve Reardon, Executive Director of the Missouri Lottery, spoke about building big communities by digging down into social media and focusing on levels of engagement, rather than merely building a large follower base. Social media is more than simply an advertising platform. Rather, it is a place where lotteries can connect with players, encourage conversations, and increase levels of excitement and engagement. Scheve Reardon cautioned against being a boring conversationalist, and to rather initiate aspirational conversations and keep people in touch with what the lotteries are doing, both in the charity space and for game winners, big and small.

Jennifer Welshons, Senior VP Marketing and Insights at Scientific Games, echoed a similar sentiment, saying that a community is of no value without engagement. She expanded this to include not only the social media communities, but physical communities as well, and said that it is important to work with communities that are not built around lotteries, engaging them to encourage participation in play.

Many of the speakers and panelists felt that the key to big communities lies in gamification, in entertaining players and potential players more often and better. Consensus was that between gamification, engagement, and actively initiating conversations about the charitable works done by lotteries, there is potential for significant community building, especially among millennials.

Big Data and omni-channel marketing

There has been a lot of focus in media and business on big data as a solution for many business challenges. The key, however, is using data effectively. According to a Fortune 1000 survey, a variety of big data and its combination are essential to ensuring that the data has value for your business, rather than simply the volume of



data and the speed with which the data is gathered. Therefore, while lotteries have the potential and the means to gather significant amounts of data, the trick is to find the right way to use this information, and to effectively compare and share with other lotteries to create communities and marketing opportunities.

During his presentation on Data-driven Business and Marketing Excellence, Peter Zäll of Svenska Spel highlighted an interesting method used by the Swedish lottery to gather data. According to Zäll, Svenska Spel introduced mandatory registration for all players, which in turn has been – in Zäll’s words – a godsend for data analytics. The lottery’s 2.1 million registered players represent over 95% of all Swedish players, and with this kind of data at their disposal, Svenska Spel can much more effectively analyze player preferences and behavior.

Drew Svitko, Executive Director of the Pennsylvania Lottery, demonstrated how data helped them improve sales through their play-at-the-pump game channel. By waiving the USD 1 convenience fee normally tacked on to lottery sales through this channel, they thereby exponentially increased their success. The Pennsylvania Lottery is currently one of the best performing lotteries at this point of sale.

The subject of attracting the millennial market came up frequently during discussions of big data, particularly the power of social media in providing an open source of data that lotteries can mine effectively to gain customer insight. As George Vassilaras, Retail Group Director for INTRALOT, pointed out, in the thirteen years since Facebook was born, it has grown from a mere one million users to just under two billion users worldwide – and this represents just one-quarter of all social media accounts – providing lotteries with a significant cross-section of the population to glean information from.

Combined with the prevalence of mobile technology, big data leads to numerous omni-channel marketing opportunities that lotteries should be taking advantage of. Vassilaras cautions that this marketing needs to take the consumer into consideration, offering quick and easily digestible info bites, and focusing on local versus global identity. Adding to this, Shaan Coelho, VP of Account Strategy at VaynerMedia, drummed home that it is time to “let go of 1999 marketing behavior” and start understanding what customers care about, lest they tune you out and turn you off.

NOVOMATIC Lottery Solutions (NLS), in a presentation entitled, “Preaching to the Choir, The foundation of the 3 B’s”, presented the ten-year evolution of Apple’s iPhone, which they heralded as a shining example of how products can remain relevant through the years. According to NLS Marketing Manager, Agnieszka Rylska and NLS Senior Director of Corporate Innovation and Strategy, Pall Palsson, the iPhone was a revolution ten years ago and remains relevant in a highly competitive market today. The prototype of all smartphones, the iPhone has become a symbol of the millennial generation. Apple has maintained the iPhone’s relevance through the intelligent use of big data. By using big data to look at the larger picture, rather than looking at just the numbers, Apple has effectively adapted to the needs of their customers and maintained the technology of their flagship product up-to-date and on a course of continual improvement.

One of the biggest constraints to data gathering, however, is the prevalent restriction of online gaming in certain geographies. Many lottery operators have only recently been able to start offering online games, while others are still not permitted to do so, due to their national legislation. Unfortunately, this has left a gap in the market that illegal lottery operators are rushing to fill as the demand for online play opportunities grows. It is up to

legitimate lotteries to satisfy this demand, to reduce the illegal operators’ impact and the potential damage they can do to the industry.

Summing it up, to attract new customers, particularly from the younger generations, lotteries should think in terms of a careful combination of Big Data, Big Communities, and Big Jackpots, and how to grow, diversify, and combine these to effectively attract and retain a new generation of loyal players.

The seminar also featured the following big-name keynote speakers who provided an inspirational look beyond the daily life of the lottery sector. Eric Seufert, Owner of Heracles and former vice president of user acquisition at Rovio, United Kingdom, highlighted in a detailed presentation how big data can be used to effectively target customers. Nelson Cabral, a specialist on leadership and innovation from Canada, gave us his take on how we can boost the 3 B’s of lottery marketing by thinking big. Prince Ea, poet, rapper, and filmmaker from the United States who revealed how he has reached out to, and has positively influenced, a younger generation on themes such as climate change and the importance of education. (For details on Prince Ea’s presentation see the box on the following page.) Jessica Jackley, an American entrepreneur, investor and the co-founder of Kiva.org, who related the story of her efforts to alleviate poverty around the world through micro-loans, crowd funding, and community. (For details on Jessica Jackley’s presentation see the box on the following page.)

The summit was closed off by André Chaker, who strongly cautioned against maintaining an “us and them” prejudice, which causes things to change much more slowly than they should. He encouraged all lottery operators to embrace change, no matter how hard, because change allows for improvement, bringing benefit to all. The WLA extends its thanks to both EL and Camelot UK for making this summit possible.



The Global Community – How technology is bringing us closer

The way we communicate is constantly changing, and this has never been more true than in the last two decades. Changes have been rapid and have connected the world in ways we never thought possible before. This communication has led to brand-new ways to help others across the globe, to reach out to those who are searching for a voice to guide them. This is the fundamental message behind the presentations of keynote speakers, Prince Ea and Jessica Jackley.

**Prince Ea:
Giving a new voice to good causes**



Spoken word artist, poet, rapper and film-maker, Prince Ea, believes that the human

mind is designed to listen to, love and absorb stories – that stories are what make us human and what link us to one another. At its core, this is what drives Prince Ea to innovate in the world of communication, finding new, exciting and interesting ways to tell stories that matter to the future history of humanity.

Prince Ea's personal history is one of discovery. According to him, he was not much of a student in school, until the day he discovered the captivating way these seemingly boring subjects were told by hip-hop artists, thereby grabbing his attention. As a result, Prince Ea today devotes much of his energy and time to bringing across educational messages in a way that commands attention.

Speaking alongside Richard Bron, Chairman of Concorde Media Group, Prince Ea discussed his philosophy of

always finding ways to raise money for good causes, even when doing commercial work for large corporate companies, such as General Motors. He believes that integrity is the most important component of his work, that it must shine through and drive home his message.

That message? That education is key. Prince Ea believes it is the cure for all the world's ills, that education is the only way to end terrorism and address climate change. He spoke about his video, Education on Trial, which was the most watched video in the world during 2016, with over 550 million views. During this video, he issued a frank indictment on the world's educational systems and proposed ways to improve lives.

Prince Ea believes in the power of technology to reach the widest possible audience and make the most effective change – a lesson that lottery operators are also learning, and that can help propel lotteries into the future.

**Jessica Jackley:
The power of community**



What is community? Is it simply the small cluster of streets around one's home or

workplace? Is it a group of people you know well and stick closely to? Or is it being redefined in this age, thanks to the power of technology and its ability to connect people across the globe, creating new communities that support and uplift each other?

Jessica Jackley, entrepreneur, investor and co-founder of the peer-to-peer micro-

lending site, Kiva.org, is focused on that last definition of community, leveraging the Internet to help bring financial support and guidance to uplift individuals and communities worldwide.

Jessica Jackley's interest in micro-finance started when she attended a lecture given by Dr. Muhammad Yunus, a Bangladeshi social entrepreneur and Nobel Peace Prize winner who pioneered the concepts of micro-finance and micro-credit, changing the way that smaller entrepreneurs access funding for their dreams. This lecture inspired Ms. Jackley to find a way to provide capital and support for those entrepreneurs that otherwise don't have access to either.

Jackley told the stories of two entrepreneurs: the Kenyan brickmaker who was the subject of her book, Clay Water Brick, who turned a life of complete devastation and loss into a success, one brick at a time, and a woman named Fatima who, despite her small business success, failed to reach real success due to fear and hesitation. Ms. Jackley quoted Howard H. Stevenson and defined a true entrepreneur as someone who pursues opportunity without regard to resources currently controlled, emphasizing that successful entrepreneurs are those who keep pursuing the opportunities, even in the face of potential failure.

Since its inception, Kiva.org has facilitated over USD 700 million in loans for a wide variety of entrepreneurs around the world and Jackley credits the power of created community with this success. She believes that the key to success is listening – listening to the people you aim to serve, the things that threaten the status quo and the things that are unexpected, confusing, and surprising – as these are the places you will find new insights and ways to innovate.





Integrating security into organizational culture

While security has always been an important topic among lottery operators, it has become an increasingly pressing issue, due to various factors, like the growing threat posed by illegal operators, and the additional security requirements of online gaming. The WLA Security Control Standard was updated and improved during 2016 to reflect this heightened need for security, and was the subject under discussion at the 2017 Security Seminar in Argentina, jointly hosted by CIBELAE and WLA.

The new WLA SRMC standard was the topic of discussion on the afternoon of Wednesday, March 29, the opening day of the joint CIBELAE/WLA security seminar held in Argentina. The 100 seminar attendees were the first to hear in detail about the new version of WLA Security Control Standard, WLA-SCS:2016 and to find out more about the development of this standard from members of the WLA Security and Risk Management Committee, or SRMC. The expert speakers in attendance included Thierry Pujol and Jean Jacques Riera of Française des Jeux (FDJ), and Carlos Bachmaier Johanning of Sociedad Estatal Loterías y Apuestas del Estado (SELAE)

During the seminar, Gilson Braga, of CAIXA Econômica Federal de Brasil, Fernando Boselli from IJAN de Neuquén, Ezequiel Manolio of Feedback Solutions, Juan Carlos Gastelum from Pronósticos para la Asistencia Pública, México, and Driss Hamdoune of La Marocaine des Jeux et des Sports presented case studies on the successful certification processes in Brazil, Argentina, Mexico, and Morocco. The day was brought to a close by a panel of leaders from Uruguay, Argentina, and Spain, who agreed to highlight the importance of implementing security systems that shield organizations.

Luis Gama, President of CIBELAE, highlighted the clarity of the presentations given,

and stressed that speakers had “made clear the importance of security in betting”. He addressed those who have not yet put any work into their security and certifications that transparency in the industry is important, and that the advice received during the presentations was a good starting point. He emphasized that the process of certification is, in fact, significantly simpler than it may initially seem, and in terms of the returns that lotteries can expect to see, the cost is negligible. Unfortunately, he said, there are not many examples of important levels of certification, therefore he encourages all state lotteries in the region to start working on this important issue right away.

Josefina Canale, President of Instituto Provincia de Juegos y Casinos de Mendoza, weighed in on the discussion, expressing that she had found the presentations enriching. Her province has, in recent months, experienced two significant security failures, which she looked forward to sharing the details of, once all the necessary processes related to these incidents had been resolved.

Alfredo Monaco, President of ALEA, highlighted several cases that he had been exposed to during his more than 40 years in the industry. He stressed that “we must get ahead, be systematic and plan our processes. As far as organizations like ALEA, CIBELAE, and the WLA are concerned, we work on facilitating and promoting access to these certifications to our members.”

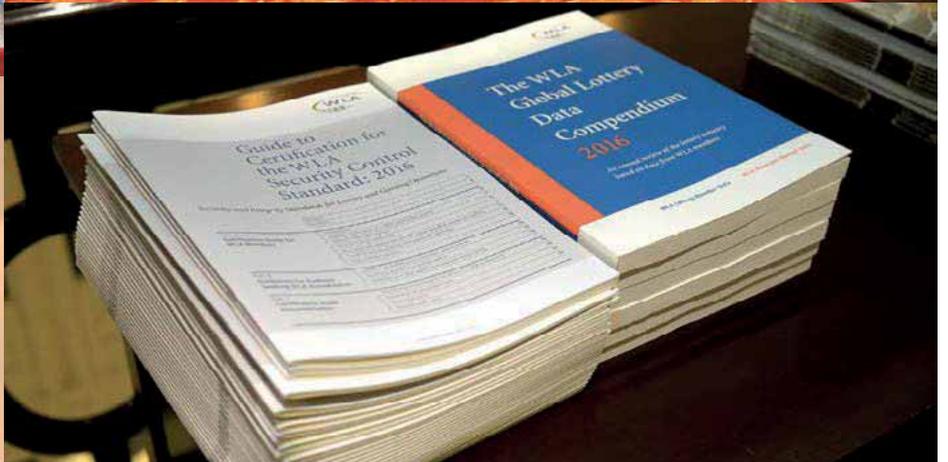
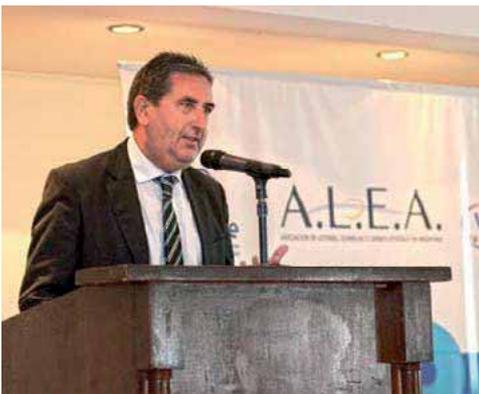
“Lotteries survive on their reputations, image and credibility. Any effort to improve security is worth it – we all take action to control our operations and prevent fraud, but by implementing systems, we take several steps forward and do things with a better methodology.” These were the words of Alfonso Galiano Martínez, Director of Business, Marketing, and International Strategy for ONCE (Organización Nacional de Ciegos de España), Spain’s national organization for the blind and disabled. He believes that implementing security systems is a process that starts from the top down, making it important that the head of the organization shows commitment to the process and to the team. He added that ONCE would not understand their operations without their robust security framework.

Galiano Martínez went on to emphasize that it is of critical importance that these systems and processes become part of the organization’s culture over time. People are initially resistant to changes, especially in processes, so it is important to work through those objections and integrate them into the organizational culture naturally.

Regarding the implementation of such systems, Galiano Martínez advised that those who are initiating the processes, those who must decide on the structures and methodologies of the management system, will be required to put those systems in place. Whether a single person is put in charge of risk analysis, improvement and control, or a whole division is charged with this duty, it is ultimately the Director’s responsibility to promote these processes.

He cautioned that while it may be tempting to say, “we had to create a whole department”, it is still more important to make sure the processes are implemented right throughout the organization, becoming part of the culture. “It is a process of continuous improvement, internal and external audits, records of incentives, all the details. That’s the only way to do it”, he concluded.

Carlos Bachmaier Johanning brought the seminar to a close by hitting home that the WLA-SCS and the ISO 27001 are the best tools available, but the methodology does not shield lotteries alone. It is up to those in charge of the lotteries to promote these processes and safety standards among lotteries worldwide, and more especially in the region.



Sustainable success in sports betting: Be competitive, be responsible



From May 23–25, 2017, the EL/WLA sports betting seminar took place in Stockholm, Sweden. With the title “Sustainable Success in Sports Betting: Be Competitive, be Responsible”, the seminar covered a wide range of topics revolving around the themes of competitiveness, differentiation, and responsibility. Svenska Spel graciously hosted the seminar, which attracted more than 120 participants from 35 countries around the globe. Below we provide a selection of some of the remarkable moments of this seminar.

Fredrik Wastenson, Vice President of Products and Services for Svenska Spel, opened the seminar, welcoming the participants to Stockholm. With Sweden moving from a monopoly situation to a deregulated and competitive market, Fredrik underlined the relevance and importance of the seminar’s themes, competitiveness and differentiation, for Svenska Spel. Fredrik also commented on the proximity of the seminar venue to the national ice hockey arena and noted that Sweden is the reigning world champion in ice hockey.

WLA Executive Director, Philip Springuel, welcomed the participants on behalf of the WLA, and paid homage to the victims of the terror attack at the Manchester arena, which had occurred just prior to the seminar. Philip spoke of the growing popularity of sports betting and its increased importance for the lottery sector as a means of

raising funds for good causes. He also emphasized the importance of continuing the fight against corruption in sports and of doing all that we can to thwart illegal betting operations worldwide.

In his opening address, EL Sports Chairman Torbjørn Almlid affirmed the purpose of the seminar program, which was designed to provide insights into how lotteries and sports betting organizations can differentiate themselves from the private and illegal operators. Torbjørn stated that it is essential that lotteries and sports betting operators emphasize their support for good causes in the communities where they operate, as a main differentiator between them and the private operators. If lotteries and sports betting operators fail to differentiate themselves, their publics will begin to question the need for having state-regulated gaming agencies.

Before introducing the first speakers, seminar moderator Jens Nielsen, Sports Betting Manager of Danske Spil, Denmark, spoke about the different regulatory environments within which our member lotteries operate. He further stated that what all lotteries have in common is that their players expect them to operate responsibly, with integrity, and provide competitive and entertaining gaming products.

Regional market updates

Market updates were provided from the African, North American, Latin American, Asian, and European regions. In addition to sales data, the updates featured new trends and products, and noteworthy developments within the region.

Representing the African market was Khalid Fahim, Sales and Operations Director, La Marocaine des Jeux et des Sports (MDJS).

Khalid commented on the fact that sports betting is still developing on the continent. In fact, of the 14 members of the African Lottery Association (ALA), only five offer sports betting – MDJS, Morocco; LO.NA.SE, Senegal; LONACI, Ivory Coast; COGLO, Congo; and PMU Mali. Khalid provided an overview of each of these lotteries and discussed the pioneering role that MDJS has played in the African sports betting market.

Speaking for the North American market was Greg Paolini, Manager for Enterprise Sports at BCLC, Canada. Greg gave an overview of the challenges that the North American sports betting market faces. In addition to stiff regulations, the North American market also faces strong grey market competition. In particular, Greg spoke about the competition from Fantasy Sports, which raised an estimated USD 350 million in net revenue in 2016. Both Draftkings and Fanduel, the major fantasy sports operators, receive huge exposure through advertisement during NFL games. Paradoxically, the major sports leagues in America are anti-gambling, opposing any advertising from legitimate sports betting organizations.

Francisco Javier Maffei, Key Account Manager, Polla Chilena, covered the Latin American market. Focusing on Polla Chilena, Francisco spoke of the evolution of sports betting at his organization – from its beginning with the launch of Polla Gol in 1934, through to the relaunch of their current flagship game Xperto in 2009. Originally launched in 2004, Xperto was successfully revamped in 2009 based on an extensive study of their players' behaviors and preferences.

Providing an overview of the Asian market was Rupert Bolingbroke, Head of Trading for the Hong Kong Jockey Club. Rupert pointed out that there has been significant movement on the legislative front in Asia – in particular in China. He spoke of the crackdown on money laundering and corruption that China enacted two years ago and the effect that this has had on the gambling market in Macau. He discussed interventions by Chinese authorities in the Philippines in an attempt to curb Chinese money laundering in Philippine casinos. He also spoke about the pending Tabcorp-Tatts merger in Australia, which would result in one of the largest betting companies in the

world. Rupert handed the podium over to Song Jiaxin, Product manager of the China Sports Lottery (CSL), who discussed the opportunities and challenges that CSL is facing today. At the end of his presentation, Song provided a forward-looking picture of CSL, with their focus on the younger generation, new products, and new sales channels.

Christian Kalb, Director of CK Consulting, France, and Walter De Beauvesier Watson, Manger Lottery and Sports Betting Department of Nederladse Loterij, the Netherlands, provided a comprehensive analysis of the sports betting market based on a yearly survey commissioned by the EL on the private bookmaking sector. The duo pointed out that the sports betting market is currently dominated by two main groups – Landbrokes-Coral and Paddy Power-Betfair, with the former aggressively focusing on international growth. Additional big players worldwide include, among others, Bet365, Betclit, William Hill, Betsson, and Unibet. Profits are increasing for the private sector, which through assertive lobbying has been able to have taxes reduced in many countries. One of the biggest challenges for the lottery sector going forward will be to differentiate itself from the private bookmakers, especially in the face of the growing illegal betting market. Christian and Walter pointed out that a conservative estimate finds that 82% of sports betting sales worldwide still belong to the illegal operators. They further emphasized that the best model for curbing illegal gambling is to retain and strengthen the state monopoly on sports betting. A robust regulatory environment, with high taxes and stringent licensing, is a must.

The Nordic legal landscape

In light of the ever-evolving betting landscape internationally, a panel was convened to discuss the regulatory environment and legal climate in the Nordic region.

Åsne Havnelid, CEO of Norsk Tipping, presented new government policies on gambling and their implications for sports betting in Norway. According to Åsne, recent reports delivered to the senate reveal that opening the market will damage the state lotteries. It comes down to a choice between – on the one side – responsible gaming and the funding of good causes – and on the other side – the profit of private gaming operators. Norway is looking at how they can best protect the legal gaming market.





Sami Kauhanen, Vice President of Sports, Horses, and Table Games for Veikkaus Oy spoke on strengthening the monopoly in Finland. Sami discussed the recent mega-merger in Finland between Fintoto, RAY, and Veikkaus, which was designed (in large part) to strengthen the state monopoly. As Sami stated, a strong state monopoly is essential for mitigating gambling addiction and for containing criminal activity. Although the monopoly has built a strong front at the retail level, they are still facing competition online.

Danske Spil CEO Niels Erik Folmann spoke on the lessons that have been learned in six years of an open market in Denmark. Today Danske Spil operates in a highly competitive market and has learned to differentiate themselves from the competition. In 2007 Danske Spil successfully launched their fantasy sports platform, which was complemented with the launching of a daily fantasy sports platform in 2016. Today Danske Spil is one of very few state-owned providers of fantasy games. Lessons learned by Danske Spil since the liberalization of the market in Denmark were underlined by Niels. Danske Spil has learned that scale matters. As Danske Spil is subject to geographic restrictions, it is difficult for them to compete with the large international private betting companies. Niels suggests that one way forward would be for Danske Spil to form strategic partnerships with suppliers or other WLA members in order to give them parity of scale with private international operators. He advised that lotteries that face an opening of the market should do all that they can to lobby for an optimal legal framework. As Niels pointed out, once a legal framework has been established it is difficult to change it. On the positive side, Danske Spil has learned that liberalization can boost your sales and GGR.

Fredrik Wastenson, Vice President of Products and Services at Svenska Spel, Sweden, gave a presentation on how to succeed in a regulated environment. Svenska Spel is facing a liberalization of the market in Sweden. The proposed regime for the new regulatory situation comprises a three-pronged approach – a monopoly for land-based casinos and VLTs, a regulated market for lotteries, and licensing for the deregulated market (sports betting, i-Casino, online Poker, etc.). Fredrik presented Svenska Spel's strategy to best position themselves in the deregulated

market, which sees (among other things) a further development of their unique portfolio of sports betting products and strengthening their image as the most responsible sports betting provider in the land.

Input from industry suppliers

In a special session, WLA Contributors and EL Partners were asked for their input on what can be done to best support sustainable competitiveness in lottery operations.

Kevin Anderson, Vice President of Business Development for Scientific Games, suggested that instead of the four Ps of marketing – Price, Product, Promotion, and Place – lotteries should adopt the four Ls – Legitimacy, Latency, Leverage, and Liquidity. According to Kevin, lotteries will not derive differentiation from their products, but rather from the perception of their players. As long as a player feels you are different, you are different.

Chanoch Ben Simchon, Group Director Betting Operations for INTRALOT, addressed the changing needs and desires of our players and what we should do to retain their loyalty. Today's players are mobile and they are demanding. In order to retain our players, sports betting should be entertaining. At the same time, our gaming protects must be safe and have the best interest of our players at heart.

Anders Frigren, Director of Sports Betting for IGT, spoke on the difficult balance that WLA members must maintain between commercial effectiveness and Corporate Social Responsibility (CSR), between market demands and regulatory requirements. Going forward, there are four essential steps that lotteries must take. According to Anders, lotteries should step up the transition from pure physical operations to digital operations. They should embrace an omni-channel approach in order to provide a coordinated user experience both at the retailer and online. Their marketing should be highly customizable, in order to provide optimal service to individual players. And they should seek to continually provide added services and increased value to their players.

Dietmar Wieslinger, Chief Commercial Officer for Playtech BGT Sports (PBS), reiterated the need for a player-centric operation and focusing on what your customers want. He provided an overview of PBS's global operation. With over 10 years of ex-



perience working with the world's biggest bookmakers, PBS operates in 24 different countries across four continents with more than 120 partners.

Dusan Jonanovic, Product Manager of Sports Betting for NOVOMATIC Lottery Solutions (NLS), spoke on the importance of innovation in the face of rapidly advancing technology. Currently, almost 26% of the world population was born into a digital world. As that percentage increases in the years to come, the need to go digital will be imperative. Innovation, along with cost effectiveness and responsibility, are three areas in which NLS is striving to help lotteries going forward.

For Kambi it is all about creating the optimal betting experience for their partners, according to Joni Hovi, Kambi's Executive Director of State Lottery Business. Joni believes that the ideal betting experience should be delightfully entertaining and avoid frustrating the player in any way.

Further, it should protect the integrity of the lottery by upholding the highest principles of social responsibility.

Other topics

New products and innovations were also showcased at the seminar. Petr Dolejs, Product Manager at SAZKA A.S., and Viktor Pecha, iGaming and Fantasy Sports Product Manager, SAZKA A.S., detailed their experiences with the launching of Daily Fantasy Sports at their lottery. Also, eSports betting and the opportunities that it offers for lotteries, as well as its ethical implications, were addressed by Andrew Gellatly, Head of Global Research Services, Gambling Compliance, UK.

In the sports integrity session, Christian Kalb, Director, CK Consulting, France, and Pim Verschuuren, Research Fellow of IRIS, France, presented their co-authored White Book on the Prevention of the Criminal Risks Linked to Sports Betting. The White Book, which was published in June 2017, provides

an overview of research done within the framework of the PriCimBet program. The intent of the PriCimBet program is to identify, analyze, and evaluate the criminal risks linked to sports betting activities. Also in this session, Chris Rasmussen, Coordinator for the Global Lottery Monitoring System (GLMS), provided an update on the new association's progress, and how the input and interaction of GLMS members has been a key to its growing success.

The wealth of material presented at this seminar is unfortunately too voluminous to cover further in this report. The WLA would like to thank all participating speakers for sharing their knowledge with the world lottery community. Special thanks go out to Jens Nielsen for his outstanding moderation and for facilitating a cohesive program. We would also like to thank Svenska Spel for their generous hosting of this seminar and making us feel welcome in Stockholm. And finally, many thanks to the EL for their collaboration and excellent organization.

Advertisement

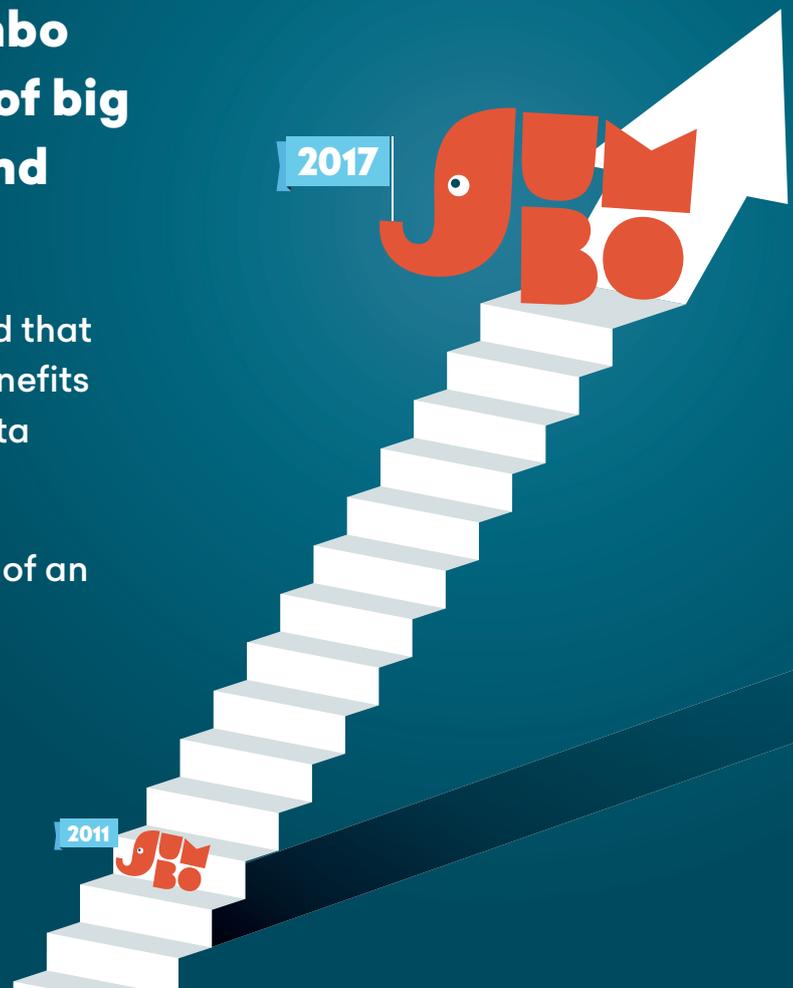
Over the past 5 years Jumbo has unleashed the power of big data to double its sales and customer base.

Experience and a proven track record that can help your Lottery achieve the benefits from an online sales channel and data analytics.

Contact Jumbo to get the full power of an online lottery reseller.



www.jumbointeractive.com
partners@jumbointeractive.com



Many thanks to our PLATINUM Contributors



Many thanks to our GOLD Contributors



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, Bronwen Bartlett,
Steve Hoare, and Stephen Wade.
Print: Werner Druck & Medien AG,
Basel, Switzerland
Layout: 3satz GmbH,
Thalwil, Switzerland



NOVOMATIC LOTTERY SOLUTIONS

GROWTH COMES FROM INNOVATION

Companies that do not change or who do not innovate do not survive – ask a formally famous maker of mobile phones. Innovation does not only mean survival, it helps us to thrive. Innovation always brings value; innovation delivers an improvement on an existing condition. That value is a key component of sustainable growth. Perpetuating invigorated, sustained growth is the purpose of NOVOMATIC Lottery Solutions (NLS). Let us show you.

NOVOMATICLS.COM



NOVOMATIC
LOTTERY SOLUTIONS



DO YOU KNOW THESE PEOPLE?

Do you know their emotions? Their needs? What drives them? You need to. They're the key to growing your lottery business. Which is why you need to read the new whitepaper from IGT's Insights360 team: "Beyond Hope: Engaging Player Emotions."

Download at www.IGT.com/LotteryBlog

© 2017 IGT Global Solutions Corporation. The trademarks used herein are owned by IGT or its affiliates, may not be used without permission, and where indicated with a ®, are registered in the U.S. IGT is committed to socially responsible gaming. Our business solutions empower customers to choose parameters and practices that become the foundation of their Responsible Gaming programs.

