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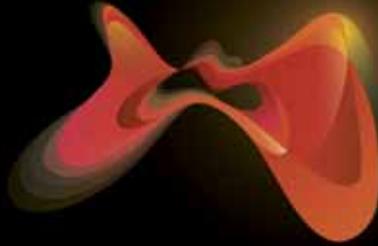
For Sustainable Global Gaming Excellence

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The World Lottery Summit 2018

Imagine the lottery event of the year, in an enchanting southern land, hosted by one of the most important lottery organizations in Latin America. Preparations are well underway for the World Lottery Summit 2018 (WLS 2018) to be held in Buenos Aires, Argentina, from November 18–22. In this issue, we introduce convention host ALEA, provide a glimpse of alluring Buenos Aires, and present selected WLS 2018 keynote speakers. Save the date – we look forward to seeing you there!



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Buenos Aires, here we come!

At the top of my agenda this year is preparation for the World Lottery Summit 2018 (WLS 2018), to be held in Buenos Aires, Argentina, 18–22 November. Clear your agendas and join us for the WLA's most important biennial event. Meeting in Latin America amid Buenos Aires' historic charms provides an extraordinary opportunity to celebrate our industry and exchange best practices, but most of all to prepare for the future: "Gaining the edge in the new world. It takes YOU to tango."

Preparing for the future is about more than slogans. I often hear that our industry's challenges are the same as they have always been: Navigating regulatory constraints and containing the threat of illegal operators; making games ever more appealing, and addressing new audiences; becoming masters of big data while demonstrating an ability to innovate like start-ups. Through the WLA's ongoing efforts to enhance cooperation among the regional lottery associations, to develop impactful joint seminars, and to invest in responsibility and integrity, I am reminded daily that we can't remain complacent. The summit only comes every two years, but fits into a continuous process of exchange that reminds us of the urgency with which we must serve our communities.

To inspire us to meet our challenges with urgency and determination, the WLS 2018 program will feature keynote presentations from Nando Parrado, who famously survived a plane crash high in the frozen Andes, and Tyler Hamilton, an unlikely champion of integrity, who braved a code of silence in professional cycling. The program will also feature other topics such as cybersecurity and illegal gaming, and have numerous panels for a variety of experiences.

The Argentine government and the city of Buenos Aires, recognizing the global importance of the lottery industry, have conferred official recognition on WLS 2018, and local host ALEA is working with the entire national lottery community to make this a memorable event. There is no better time than November to see Buenos Aires, when in late spring the antique markets will be bustling with activity in historic districts such as San Telmo, La Boca, or Recoleta. A full social and accompanying persons program will offer delegates, volunteers, and families plenty of opportunities to delight in the city's architecture, its football heritage, and tango! The location of the WLS 2018 venue, Puerto Madero, is a modern redesign of the old docking quarter, with restaurants and bars that will surely bring out the tango dancing gauchos of our community!

For the latest in convention details, updates to the program, and the upcoming registration go to www.worldlotterysummit.org.

Philip A. Springuel
WLA Executive Director

Finding common ground

As we step up to the challenges of an increasingly competitive market, it is more important than ever for State lotteries to develop a collaborative mindset with their stakeholders. Raising awareness of issues such as cybersecurity and illegal online gaming among players and fellow professionals is a critical first step. Going forward, the future success of our industry hinges on finding common ground – the ability to work together constructively with regulators, lawmakers, and each other. WLA President Jean-Luc Moner-Banet looks back on a busy year and puts the latest developments in context as 2018 begins.

The WLA is categorically opposed to illegal gaming. What is the Association doing to get the word out?

In 2017 the WLA published a position paper on illegal gaming, which is available for anybody to download from the WLA website. I encourage members to refer to this document whenever they need to, and to remind their contacts in the media and the regulatory community that the global trade association of State lotteries has a firm stance on this issue. We have an unwavering commitment to socially responsible gaming that has helped to shape gaming regulations in the past and hopefully will continue to inspire policymakers in the future.

Inside the WLA, we have also set up a working group to tackle certain specific aspects of illegal gaming, and in particular the threat posed by freeloaders offering lottery betting products.

Why is fighting illegal gaming important for the WLA?

The most obvious reason is that illegal gaming undermines the efforts of State lotteries to regulate the market and raise funds for good causes. They sell their products in jurisdictions where they have no legitimate authority to do so, and 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.

In 2016, WLA member lotteries raised over USD 76.1 billion for good causes worldwide, most of which goes directly to education, sport, culture and other social causes. The rest goes directly to State treasuries in the form of taxes paid

by WLA members. The WLA's view is that illegal gaming operators cannot be allowed to evade taxes in jurisdictions where their products are used by players.

These operators are undermining the ability of State lotteries to channel gaming demand into safe, secure environments.

The situation with lottery betting operators is particularly worrisome, as their practices are clearly fraudulent and erode the brand value of our members.

Is the government crackdown on Lottoland in Australia the start of a broader movement to stamp out lottery betting?

Time will tell. Pursuing illegal lottery betting operators in the courts is one way to fight the problem but there are others. Several countries have already blocked their websites. Last year the Swiss parliament voted to introduce blocking measures on foreign online gaming providers, and other jurisdictions are considering similar action.

But one of the most important ways we can fight the particular scourge of illegal lottery betting is by raising awareness among the playing public. It is actually quite easy to be misled: these sites go out of their way to suggest to users that they are actually taking part in the official games. They sometimes claim to offer even better prizes and odds of winning than the games they are feeding off, but they naturally cannot offer the same safeguards to players and not a penny of their profits goes to good causes.

Is this a role for regulators or must lotteries themselves take the lead?

The latest measures underscore the role of regulators in keeping gaming safe. In a separate development in the UK, the Gambling Commission and the Advertising Standards Authority (ASA) recently joined forces to stop online operators encouraging a gambling culture among young people by using cartoons and language that appeals in particular to children. The move ties in quite neatly with the 2017 Lottery Holiday Campaign, endorsed by the WLA, which has promoted responsible gift giving of lottery games every holiday season for the last 10 years.

Above all, the crackdown on sales to children in the UK shows what can be done when regulators work together. Gaming laws are being revised in Switzerland too, and I have seen for myself how vital it is to find common ground between the different regulatory bodies and interests. It's a long and complicated process. Lotteries themselves have an important role to play and need to manage their relationships with regulators carefully. Input from the regional trade associations, and of course from the WLA, can help to reinforce the lotteries' positions in consultations and negotiations.

One of the WLA's key achievements has been to set global standards of security and responsible gaming. Is your job finished now?

Far from it. It is heartening to see that the number of WLA-Security Control Standard and WLA-Responsible Gaming Framework certified members is growing all the time. Members have really come to recognize the value of these programs, not just as a PR exercise but in practical terms as well and as a way to sustain their credibility in an evolving regulatory environment.

We have developed a framework for continuous improvement in **responsible gaming**. Working within that framework and taking regional and cultural differences into account, lottery members need to constantly keep up the pressure in all of their business processes to progress from level to level. Even lotteries certified to the highest level need to repeatedly review their processes to ensure that changes in the external environment are fully reflected in their responsible gaming practices and processes. We can only retain the trust and loyal support of the playing public and the regulatory authorities if we have material evidence that these practices and processes are superior to any other.

The need for continuous improvement and constant vigilance is just as critical in the field of **security**. Cybersecurity in particular is a never-ending game of cat and mouse. Cyber threats evolve constantly and lottery operators need to stay one step ahead at all times. It's a particular concern for the lottery sector because (a) money is involved (b) some lotteries may hold personal details of players in their loyalty or online registration programs. We should never underestimate the growing sophistication of cyber threats or the determination of the cyber attackers. The new release of the WLA-SCS includes specific provisions on cybersecurity. Now more than ever before, lottery security and IT departments need to raise awareness among lottery staff, constantly hone their skills and work with outside experts to protect themselves and their players from online criminals and troublemakers.

The WLA has always been a pioneer in the area of security standards. Building on a globally recognized set of IT security standards, we have consistently updated a set of measures and provisions that are specif-

ic to lotteries. The standards in place today are the result of a huge investment of time and effort by the members of the Security and Risk Management committee. In particular, I would like to acknowledge the invaluable contribution of Thierry Pujol, who has stepped down as Chair of the Committee after 10 years in the position, and thank him for his dedication, efficiency and unshakable good humor!

Looking back on 2017, what were some of the WLA's most important achievements?

Members consistently point to the seminar program as one of the key benefits



of WLA membership for their staff. The seminar program is important for a number of reasons. It embodies the commitment to professional development and knowledge sharing that is one of the hallmarks of the Association, and in practical terms it reinforces the bonds between the WLA and the regional lottery associations. The marketing seminar in London, organized jointly with EL, really set the tone for the whole year with its focus

on Big Data, Big Communities, and Big Jackpots, which are three of the most critical customer-facing issues in our industry today. We also held a security seminar in Buenos Aires in association with Cibalae and a joint APLA/WLA seminar about the digital transformation in Chengdu, China. The sheer diversity of approaches to these questions in different regions is phenomenal, but at the same time, seminar participants invariably find common ground on the underlying issues.

In November, the WLA will be holding its biennial World Lottery Summit (WLS 2018) in Buenos Aires? How are the preparations advancing?

Members of the Executive Committee have made several trips to Buenos Aires to review venues with our hosts ALEA (Asociación de Loterías Estatales Argentinas) and to move the business program and trade show forward. Buenos Aires is a fascinating city and the line-up of speakers is particularly inspiring and diverse.

Some of the keynotes have already confirmed their participation – including Nando Parrado, co-author of *Miracle in the Andes*, and cycling legend Tyler Hamilton – and I am sure the WLA will once again deliver on its promise of staging the world's biggest and best lottery industry mega event!

Further details will be available on the event website at www.worldlotterysummit.org as they become available. Registration will open in the first quarter of 2018, and I

would encourage WLA members to book early. Don't miss this unique opportunity to share your views and experiences, learn about the latest innovations, meet old friends and new, and support the global lottery community as it embraces the challenges and opportunities of the digital era. Remember the tagline for WLS 2018 in Buenos Aires: Gaining the edge in the new world, it takes YOU to tango!

Latest Executive Committee line-up

With Andy Duncan leaving Camelot and Marion Caspers-Merk retiring from Lotto Baden-Württemberg, two seats on the WLA Executive Committee became vacant last year. Once again, the WLA is proud to announce that they have been filled by senior lottery executives with impressive credentials.



Andy Duncan served as the head of the UK National Lottery operator for six years and was a member of both the WLA and EL Executive Committees from 2014 to 2017. After 15 years in the food industry, Andy joined the BBC in 2001 as director of marketing and communications, during which time he supervised the launches of BBC Three and BBC Four, before joining Channel 4 in July 2004. Andy was also President of The UK Advertising Association, a Trustee of the Media Trust, which he chaired for eight years, and a Trustee of Oasis Trust. For the WLA, it has been a privilege and a pleasure to work with Andy over the past six years, and his insight on strategic issues has been much appreciated.



Andy Duncan's place on the Committee has now been filled by **Nigel Railton**, who was formerly CEO of Camelot Global and was officially appointed CEO of both Camelot Global and Camelot UK Lotteries in June 2017. Nigel joined Camelot Group plc in 1998 as Financial Controller and in 2003 he became Finance Director. At the same time,

he served as a Board Director of Uthingo, a position he held until 2005.

Having played a key role in Camelot's successful bid to operate the UK National Lottery in the third license period, Nigel became Finance and Operations Director in 2007. In 2008, working alongside then Group CEO Dianne Thompson, Nigel took responsibility for developing Camelot's overall strategy for both the UK and international markets, and drove the sale of Camelot to OTPP in 2010. He then became Group CFO and Strategy Director, securing a four-year extension to Camelot's current license, which now runs until 2023.

During his time at Camelot Global, Nigel was integral in securing the ten-year private management agreement to run the Illinois Lottery and in the successful bid to operate the Irish National Lottery. This was in addition to negotiating a five-year contract to work with the Arkansas Scholarship Lottery to help it improve its lottery sales, as well as launching a new online gaming platform for Swiss lottery operator Loterie Romande.



Marion Caspers-Merk stepped down as CEO of Staatliche Toto-Lotto GmbH Baden-Württemberg this past December, and therefore has left the WLA Executive Committee.

A long-standing member of the German parliament (from 1990 to 2009), Marion served as Parliamentary Secretary for many years,

with particular responsibility for health and social security. From 2010 to 2012 she was a national and international policy consultant to the World Health Organization before being appointed CEO of Staatliche Toto-Lotto GmbH Baden-Württemberg and Chair of the International Committee of the German Toto-Lotto Association in 2013. She became a Member of the WLA Executive Committee in 2015. The WLA thanks her for the commitment she has shown to the Association and the worldwide lottery community over the past three years.



Andreas Kötter will fill the vacancy created by the departure of Marion Caspers-Merk. As CEO of the leading German lottery operator, WestLotto, Andreas Kötter oversees sales and marketing, retail distribution and online/mobile operations, as well as product innovation and responsible gaming. He is also Chairman of Eurojackpot, a pan-European lottery that brings together 33 operators from 18 nations.

Born in Münster, Andreas Kötter has pursued a career encompassing different institutions such as Stadtparkasse Münster, WestLB AG and NRW.BANK. Before joining WestLotto, he was head of division for central product management at NRW.BANK and has more than 25 years of expertise in the banking sector. He is also a member of the Initiativkreis Ruhr, one of the leading economic alliances in Germany, and the Chamber of Commerce of Northern Westphalia.

New WLA members

Two new Lottery Members have been provisionally admitted to the WLA subject to approval by the WLA General Meeting in Buenos Aires:

National Lottery JSC – Bulgaria



Bulgaria’s national lottery operator has a customer base of over two million and provides lottery tickets, lotto games, sports betting and other games of chance through its website, 7777.bg, and through retail outlets across the country. The largest regulated gaming operator in Bulgaria, the national lottery is dedicated to creating new op-

portunities for the young generation by supporting and developing the Bulgarian education system.

Specifically, the projects and programs to be funded by the National Lottery are related to ensuring equal access to education, qualification and scholarship programs for disadvantaged people, sports and physical development of students, and modernizing the building and technical facilities of kindergartens, schools and universities. Particular emphasis is laid on information technologies and promoting innovation in education, as well as international partnerships and staff exchanges.

The Executive Committee has also approved applications for associate membership from the following lottery suppliers:

Boldt Gaming S.A. Argentina



Boldt Gaming is the Argentinian leader in betting system technology for state lotteries, including data capture, communication, validation and processing

for both online and offline operations. The company is also an expert in logistics and control systems for equipment and other supplies, and provides marketing assistance and training programs for lottery agents. Boldt Gaming offers turnkey services including data centers, communication equipment, antennas, online and mobile terminals, printers and supply chain management. The company also provides advisory services to the Official Institutes of Provincial Lotteries as well as remote IT maintenance and system administration solutions. Boldt Gaming was founded in 2007 and is based in Buenos Aires.

China Sports Lottery Printing Co. – China



中体彩印务

Established in 2003, China Sports Lottery Printing (CSLP) is a stated-owned enterprise committed to providing high-quality products and services to lottery customers.

CSLP is a professional lottery supplier focused on full-service printing of instant ticket and lottery thermal papers, including instant game design, manufacturing of instant ticket and thermal papers, warehousing, distribution, system maintenance, market operation support and marketing consultancy. CSLP is committed to social responsibility and sustainability. Its certifications include ISO27001, ISO14001, ISO18001 and ISO9001 as well as CNAS accreditation from the China National Accreditation Service for Conformity Assessment.

Ukrainian National Lottery – Ukraine



The Ukrainian National Lottery (UNL) is a Ukrainian state-licensed lottery operator conducting lotteries under the supervision of the Ministry of Finance and the State Treasury. UNL is a full-range lottery operator issuing all types of lottery games: draw-based, electronic instants, sports-based, quick-draw games, and scratch tickets.

The primary mission of the company is to raise funds for the State Treasury and for good causes based on the following core lottery values: responsible gaming, integrity, security, and support for society. UNL started lottery operations in 1997 and since the very beginning has established itself as an innovation-driven company. UNL offers the most popular lotto games in Ukraine.

Philippine Gaming Management Corporation



The Philippine Gaming Management Corporation (PGMC) is presently involved in the business of leasing online lottery equipment and providing software

support. PGMC is a wholly owned subsidiary of Berjaya Philippines, Inc., which has been listed on the Philippine stock exchange since 1948.

Beijing ZCSS Culture Diffusion Co., Ltd – China



Based in the Chinese capital, Beijing ZCSS Culture Diffusion has joined the WLA to support its continuing focus on the needs of lottery operators and develop new business opportunities in the state-regulated gaming entertainment sector.

New leadership for the WLA Security and Risk Management Committee

Thierry Pujol stepped down as Chairman of the WLA Security and Risk Management Committee (SRMC) in October 2017 after nearly 10 years in the role (see article on page 22). The decision coincides with his retirement from Française des Jeux, where



Thierry Pujol has stepped down after 10 years at the helm.

he served as Director of Sport Integrity and special advisor to the President. The WLA Executive Committee and the other members of the SRMC are sorry to see Thierry go, and wish him all the best for the future.

Taking his place as Chair of the SRMC will be Carlos Bachmaier, Head of Risk, Continuity and Personal Data Protection Management of SELAE, Spain. Carlos has been serving in his current position at the Spanish lottery for the last 19 years and has been Vice Chair of the SRMC since 2010. He has also been a member of the Security and Integrity Working Group since 2008 and chaired the group since 2015.

His valuable contributions to the SRMC, his long-standing engagement with WLA matters, and above all his extensive professional experience of the various dimensions of security make Carlos an excellent and worthy successor to Thierry. He can

count on the full support of the Executive Committee in this crucially important role. Driss Hamdoune, General Secretary of La Marocaine des Jeux et des Sports, Morocco, has been appointed the new Vice Chair of the Committee.



Spain's Carlos Bachmaier has been appointed as the new Chair of the SRMC.

The kidnapping of Lennart Käll, Svenska Spel CEO

Svenska Spel CEO Lennart Käll relates the tale of his 2016 abduction by disgruntled punters in his new book, *Bakbunden*.

On the morning of April 13, 2016, CEO of Svenska Spel Lennart Käll left his home outside of Stockholm, Sweden, to go to work. After driving a very short distance he was suddenly stopped by a man pointing a gun straight at him. The man approached the car, smashed the driver-side window, and dragged Käll from his vehicle. The criminal bound Käll's hands behind his back, and threw him on the floor of Käll's car. The kidnapers – who had planned the abduction for some time, thoroughly mapping out the daily routines of the Käll family – were de-

manding a ransom of EUR 300,000, allegedly to cover money lost playing Svenska Spel VLTs. If the money was not paid, they were threatening harm to both Käll and his family.

For some unknown reason the kidnapers left and with the help of a neighbor, Käll could notify the police. The culprits were apprehended shortly thereafter, but it took more than a year for the perpetrators to be tried, convicted, and put in jail. Throughout this year, the Käll family lived in fear with

security systems and under the constant watch of bodyguards.

In order to work through the lingering trauma of the attack, Käll set out to write a book on the incident. The book, *Bakbunden* “Hands bound behind your back”, recently made its premiere in Sweden.

Bakbunden portrays the risks of being the top manager of a public company, but it goes much further. Käll also reflects on the priorities of being a CEO, on safety precautions, on responsible gaming and marketing, on the current state of Swedish gaming legislation, and on the increasing incidence of match fixing. Although the

book is presently only available in Swedish, it covers themes of common interest to WLA members.

Since Lennart Käll began at Svenska Spel in 2011, responsible gaming has been his top priority. According to Käll, responsible gaming will be even more important in the future, and Svenska Spel wants to stay on top in this respect. “What other operators may look upon as the ceiling, we regard as the floor,” said Käll. “We want to have our players registered so we can contact them if something seems to go wrong. We should not offer any bonuses and our marketing should be restricted and responsible,” he continued.

As a former football player, Käll understands the temptations that lower-division players face for accepting bribes to rig the outcome of a match. For this reason, Käll believes, bets on such lower-division games should not be allowed. Nor should betting on single events be allowed, such as betting on corners, penalties, and tackling. “I am

very much looking forward to January 2019 when we will see a complete new situation in our business,” Lennart Käll concludes. If the proposals being presented by the Swedish

Government are approved by the parliament, new gaming legislation will come into effect in Sweden at the beginning of 2019 (see article below).



In his new book, Lennart Käll reflects on risk and responsibility.

Sweden moves to enact cohesive gaming legislation



With the growing encroachment of illegal Internet gaming operators on the Swedish gaming market, the government moves to bolster Svenska Spel’s position.

Since the end of the 1990s the gaming market in Sweden has been in a kind of wild west situation, with a steadily increasing number of illegal Internet operators from outside the country taking an ever-bigger share of the turnover. In 2017, it was estimated that illegal operators have taken around 25% of total sales. Svenska Spel now holds only a 42% net market share of the Swedish gaming market, ticking down from a 43% net market share in 2015. A number of parliamentary reports have been issued with ideas on how to remedy this situation but nothing has happened until now. Finally, the Swedish Government has decided to present a proposal for new gaming legislation some time this spring. If the proposal is accepted the new gaming legislation will take effect as of January 1, 2019.

The new Swedish gaming legislation will be very much in line with current Danish and French gaming legislation. There will be a license system for selected private operators, while casinos, VLTs, and lotteries will remain under state control. Foreign sports betting and horse race betting operators may apply for a Swedish gaming license, but will be required to pay a tax of around 18%. All operators will have to comply with state guidelines on marketing regulations and responsible gaming. All players must be registered and age restrictions will need to be in place.

During preliminary discussions, some parties have hinted that Sweden’s state lottery, Svenska Spel, should be sold. The Swedish football association had earlier expressed interest in running Svenska Spel’s pools and

sports betting, but for the moment it seems that the lottery will remain in control. With new gaming legislation in place as of January 2019, Svenska Spel will be in a better position to compete with private operators than it is today.

Under the proposal, a new Swedish gaming authority, Lotterimyndigheten, will replace the present gaming board. There will be heavy penalties for illegal gambling and for match fixing, which has increasingly become problematic.

Lennart Käll, the CEO of Svenska Spel, says that he is very happy that something will happen at last. Hopefully the new authority will control more than 90% of the market when the new legislation takes effect next year.



WORLD
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WORLD LOTTERY SUMMIT 2018
GAINING THE EDGE
IN THE NEW WORLD.
IT TAKES YOU TO TANGO.

SAVE THE DATE!

The WLA is honored and proud to organize the next World Lottery Summit together with ALEA (Asociación de Loterías, Quinielas y Casinos Estatales de Argentina), the Argentinian association of state lotteries. WLA President Jean-Luc Moner-Banet, together with ALEA President CP Alfredo Mónaco, look forward to welcoming you from November 18–22, 2018 in Buenos Aires, Argentina, to the World Lottery Summit 2018.

For the latest convention updates, please go to the official website at:
www.worldlotterysummit.org



ALEA



World Lottery Summit 2018 in Buenos Aires

Gaining the edge in the new world

November 18–22, 2018



Photo: istockphoto.com, uschools

Online registration is about to open for November's World Lottery Summit 2018 (WLS 2018) in beautiful Buenos Aires, Argentina. Organized by the WLA every two years and hosted each time by a member lottery from a different region, the week-long convention and trade show is the high point in the global lottery industry calendar.

Gaining the edge in the new world – that's the theme for the next WLA World Lottery Summit. It will be a fantastic opportunity for lottery professionals to gain fresh perspectives, share experiences and pitch new ideas, learn about the latest developments and technologies, and connect with thought leaders and decision-makers from all over the world.

In the following pages, we offer you a chance to meet our hosts and discover or rediscover the enchanting city of Buenos Aires. ALEA President Alfredo Monaco speaks about the significance of this world-class event for lotteries in Argentina, Latin America and beyond. And we introduce some of the personalities in the outstanding line-up of keynote speakers.



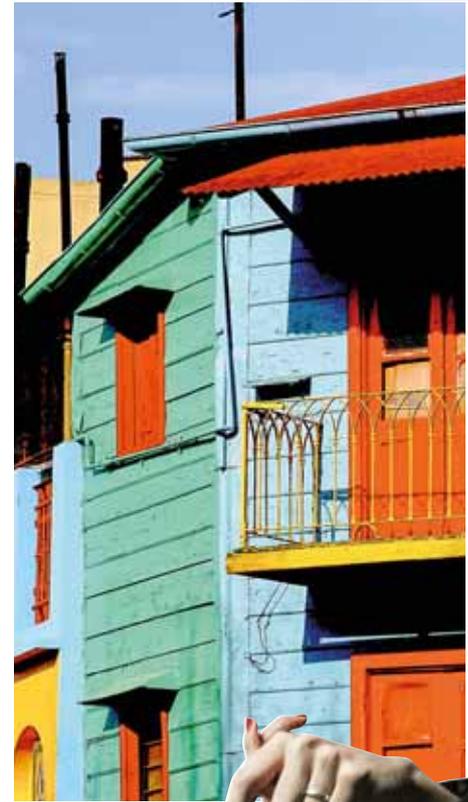
Spotlight on Argentina and Buenos Aires

It takes YOU to tango!



Photo: istockphoto.com, dolphphoto

From the moment delegates and guests land in Argentina, they will discover a country unlike any other – a nation immortalized in modern music and one of the powerhouses of South America’s economy. The country is one of the most stable economies in Latin America, and a founding member of international organizations including the United Nations, the World Trade Organization, and the World Bank. The capital Buenos Aires is home to three million people and one of Latin America’s leading cultural centers. From world-class restaurants to a vibrant music scene, Buenos Aires has something for everybody – and all on a human scale.



The second-largest country in South America, Argentina shares its entire western border with Chile, and, along with this neighbor, lays claim to Tierra del Fuego, one of the world's best-known and southernmost tourist destinations. With a history that stretches back to the Paleolithic era, Argentina offers visitors the opportunity to experience the breadth of human history, all in one country.

Quality of life

Buenos Aires, the capital of Argentina, is a dynamic, multicultural city set on the southeast coast of the Río de la Plata – so wide that many travelers mistake it for the ocean. Buenos Aires has a mild climate and it will be mid-spring at the time of the congress. The green and wet natural landscape can be enjoyed either within the city and its surroundings in the many parks, or in the very large Costanera Sur Ecological Reserve located five minutes away from downtown. However, many tourists visit Buenos Aires for other attractions. The city, with three million inhabitants, has 48 neighborhoods to visit. In each one there are bars, public squares, football and other sport stadiums, temples, *milongas* (organized events where people dance tango) and theaters, but the areas most visited by national and foreign tourists are Abasto, Puerto Madero, San





Telmo, Recoleta, Palermo, La Boca, and Corrientes Avenue in the heart of the city.

According to a 2016 survey conducted by Mercer Human Resource Consulting, Buenos Aires is the second-ranking city in Latin America, after Uruguay's capital Montevideo, for quality of life. As one of the main cultural centers of the South American continent, the city is considered fourth in the world theater scene, having more theaters than New York City. Buenos Aires' traditional and modern museums are famous. Tango music and dance can be found at the most sophisticated tango houses or the most popular neighborhood *milongas*.

With more than 3,000 restaurants, eating in Buenos Aires is simply a question about choosing where and what to have for

lunch and dinner: from typical local dishes like *asado* (barbecue), to pizza, Buenos Aires' food culture reflects centuries of European immigration. Football is a passion for Argentines and many fans plan their trips to coincide with the national classic match between Boca Juniors and River Plate.

Locals and visitors alike are attracted to Buenos Aires' shopping scene, with fairs, open-sky commercial circuits and malls. The independent scene – alternative theater performances and movies but also musicians and designers – is also a setting for international meetings and festivals. In Buenos Aires, there are fairs and cultural events all year round. To get around the city, there are multiple transportation choices: six subway lines, more than 100 *colectivos* (buses) lines, and railways. Taxis and *remises* are a common means of transport, being safe and affordable compared to other cities.

Travelers can take a walk around the city on their own, or with specialized guides; they can enjoy Buenos Aires over months or they can discover its most important places and amenities in a few days. But beware, once being bitten by the Buenos Aires bug, many visitors go home with a strong desire to return.



Introducing ALEA Meet the hosts



Behind the scenes, the WLA and ALEA (Asociación de Loterías, Quinielas y Casinos Estatales de Argentina), have been working hard to ensure that WLS 2018 lives up to the expectations of the world lottery community and meets the standards of excellence set by previous World Lottery Summits. WLA officers and staff have visited the venues and met with ALEA's organizing team on several occasions, and are continuing to provide hands-on support to ensure the success of this flagship event. But who exactly is ALEA?

The Republic of Argentina is a federation of 23 provinces plus the autonomous city of Buenos Aires. Each of these jurisdictions has a body that regulates, administers, and controls games of chance within its respective territory. ALEA brings these organizations together under one roof. Based on the combined revenues of its members, ALEA is one of the world's larger lottery organizations, with total sales on a par with the California State Lottery or CAIXA Economica Federal in Brazil. In 2017, for example, gaming revenues totaled USD 5.1 billion, of which USD 810 million came from the national lottery Loteria Nacional Sociedad del Estado, a sep-

arate organization that offers lottery games on a nationwide basis. (source: WLA Global Lottery Data Compendium).

A non-profit organization founded in 1970, ALEA has provided its members with training and advice on a broad range of subjects for 47 years now. Focusing on the control, oversight, modernization, and optimization of gaming resources, ALEA is positioned as the country's premier advisory and training entity and is supported in its role by the cooperation and data sharing that it promotes among its members. The association aims to integrate all regulators nationally under principles of social responsibility, driven by the common denominator of raising funds for good causes. As well as its 24 regular members, 26 suppliers to the gaming industry are currently associate members of ALEA.

Structurally, ALEA comprises six advisory commissions that deal with legal matters, administrative affairs, marketing, training, IT, and international relations. It has two coordinating groups that work on the prevention of money laundering and social responsibility, and two further working groups that concentrate on statistics and communication. The biannual ALEA Magazine has been distributed to members since 2011.

One of the core initiatives of the association is the preparation of the Gaming Map of Argentina. This not only quantifies the industry's impact on games of chance both in every jurisdiction and nationally, but also provides statistical data on the redistribution of money intended for welfare to help provide a stronger basis for determining how this activity should be disseminated within the entire society.

Headquartered in the city of Córdoba, the association has had a second office in Buenos Aires since 2010. CIBELAE opened a sub-office at ALEA's Buenos Aires premises in 2013.



Then and now: the ALEA Assembly in the 1970s (left) and today (below).



Interview with Alfredo Monaco

Welcome to Argentina!

Alfredo Monaco is the President of ALEA, the host organization for the next World Lottery Summit. We asked him what he hopes the event will achieve and where Argentina fits into the world lottery picture.

As the president of ALEA, what is your vision and your goal for this important event?

As I told WLA President Jean-Luc Moner-Banet on his most recent visit to Argentina, it is a great honor for ALEA to have been selected by the WLA to host WLS 2018. The event will bring prestige to our association and to Argentina. I would like to thank Jean-Luc and the WLA for making this possible. We are looking forward to working together

with the WLA to make Buenos Aires shine in the spotlight this November. The government of Argentina will soon issue a declaration claiming WLS 2018 as an event of interest, and ALEA is proud to be a part of the experience. With lottery professionals from around the globe, the most important international suppliers to the lottery industry, and experts from other areas that are relevant to the gaming sector converging on Buenos Aires,

WLS 2018 will undoubtedly be a world-class event. This will provide an unparalleled opportunity to learn about the latest trends, to network with international peers, and enjoy four unforgettable days in Buenos Aires.

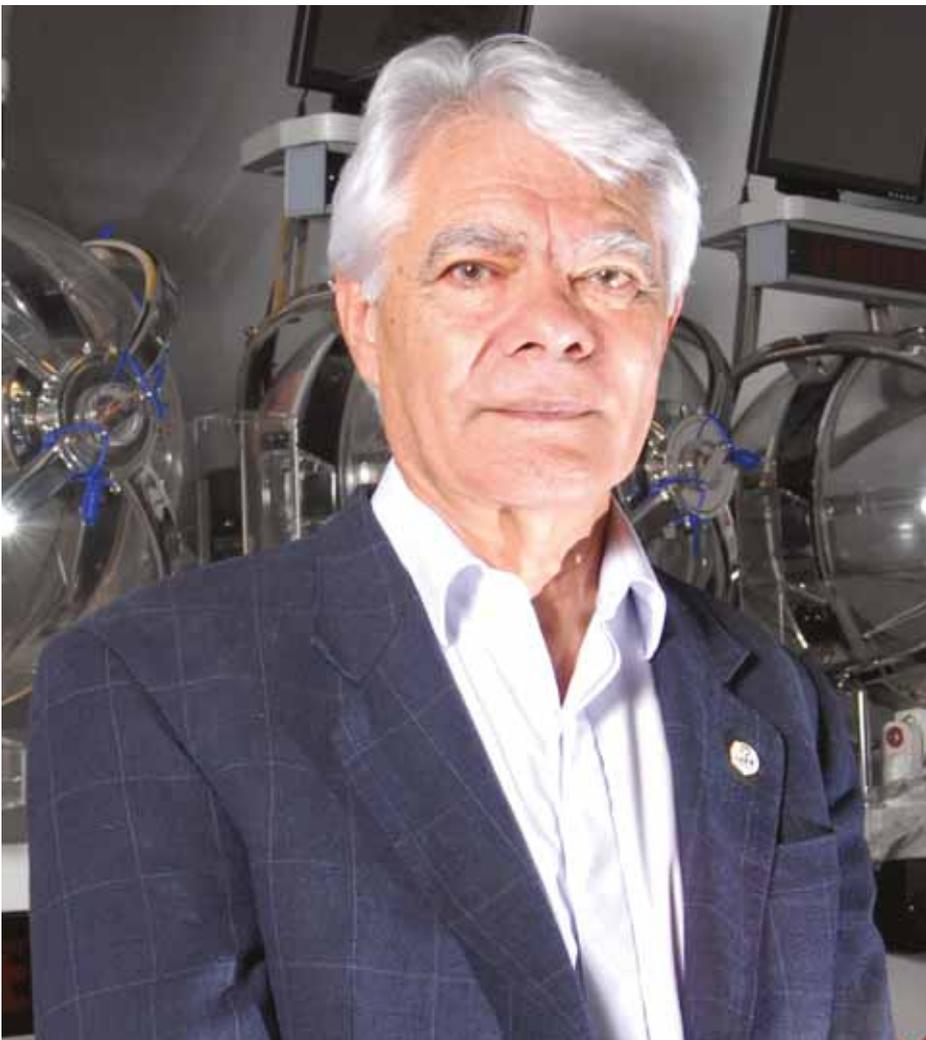
Why do you believe that Argentina is the right venue for WLS 2018?

For two reasons: tradition and diversity. The government of Argentina has a long tradition of gaming regulation dating back to 1893. Since its inception in 1970, ALEA and its members have encouraged the nation to protect the integrity of our games of chance as a source of revenue for funding good causes. The decision to stage WLS 2018 in Buenos Aires is a source of pride for the Argentinian lottery community because it honors that tradition and endorses a long-standing commitment to the values of continuous improvement, progress, and integrity.

Second, Argentina's rich cultural diversity and its wealth of tourist attractions make it an enchanting place to visit. The convention will provide delegates the opportunity to see Argentina in all its splendor. As the promotional video for WLS 2018 says, "Those who visit Iguazu Falls, Valle de la Luna, Perito Moreno Glacier, and Bariloche, will remember Argentina forever."

How do you view ALEA's role in the world lottery community?

ALEA has been a member of the WLA since 1999 and was a member of AILE



ALEA President Alfredo Monaco has been a member of the WLA Executive Committee since 2016.

“Since ALEA members signed the Bariloche Declaration, lawmakers have classified illegal gaming as a criminal offence in Argentina, showing just how important it is for our industry to project a strong, unified position on critical issues.”

Alfredo Monaco



(Association Internationale des Loteries d’État) before the WLA was founded. I am currently a member of the WLA Executive Committee.

Being part of the world lottery community has been very enriching for ALEA, especially to share knowledge on new technologies, gaming regulation, responsible gaming, combating illegal gaming, and other issues of universal interest.

Attending a meeting of the WLA Executive Committee this past March in Geneva, Switzerland, I participated in a discussion on illegal gaming. I shared ALEA’s experiences in dealing with illegal gaming in Argentina, and was able to offer suggestions on how illegal gaming could be fought on a global scale. Regarding corporate social responsibility, I put forth the proposition that the WLA recognize International Responsible Gaming Day, and encouraged the WLA to sign the UN Global Compact on human rights, labor, environment and anti-corruption. I also emphasized the need for a common communication policy to strengthen the image of the lottery sector internationally.

At the regional level, ALEA has been an active member of CIBELAE since 1989, serving as its president or vice-president on numerous occasions. At its most recent convention in Panama, CIBELAE elected a new governing body. Luis Gama, Director of the Dirección de Loterías y Quinielas, Uruguay, was unanimously re-elected President, while ALEA was re-elected treasurer. ALEA proudly views this as a vote of confidence and will continue to assume this task with dedication and professionalism – especially considering the fact that ALEA and CIBELAE have shared a common office in Buenos Aires since 2013.

Looking forward, working to achieve the objectives of CIBELAE’s strategic plan will be intense. ALEA is involved in practically all of CIBELAE’s working groups supporting the fundamental guidelines of the corporation.

At home, we collect extensive data, not only on lottery products, but across the full spectrum of the Argentinian gaming market. This information is naturally shared with the world lottery community.

ALEA also provides training opportunities for the 11,000 employees of lotteries throughout Argentina. We recently launched the first course in management and administration of games of chance. This advanced diploma course was launched in conjunction with the Universidad Provincial de la Administración Pública de Salta. It is provided through an e-learning platform and helps to establish a common base of knowledge for the 24 lotteries of Argentina. There are currently 80 individuals participating in the introductory course, and we are continuing to augment this unique program with new learning modules.

In addition to courses and seminars, ALEA also holds discussion groups on themes ranging from illegal gaming to online gaming and the prevention of gaming addiction.

What steps has ALEA taken to combat illegal gaming in Argentina?

In November 2016, the members of ALEA authorized the Bariloche Declaration, which recognizes the criminal nature of illegal gaming, and we met with national elected officials to enlist their support in this important fight. Legislation has now been enacted by the national government

that classifies illegal gaming as a criminal offence – showing just how important it is for our industry to project a strong, unified position on critical issues.

Legislation on online gaming is still pending in Argentina. Under the Argentinian constitution, gaming legislation is enacted at the provincial level and online gambling is currently governed by the same legislation that governs land-based gaming. In view of the accessibility of online gambling and its continued proliferation, ALEA considers this inadequate and is continuing to work with members to ensure that the issue is properly addressed.

The reality is that new technologies are often unscrupulously exploited for profit. It is therefore ALEA’s obligation to work diligently on this front. While some jurisdictions already have platforms in place for mobile and online gaming services, others are still in a period of testing.

At ALEA, we encourage and promote the sharing of knowledge and experience, both locally and internationally, so that each of Argentina’s 24 jurisdictions will find the most appropriate way to protect players online by offering safe, transparent and entertaining games that generate funds for good causes.

How are the WLA’s flagship standards on Responsible Gaming and Security viewed by the members of ALEA?

We view WLA Responsible Gaming and Security certification as highly important. Both certifications bring with them a high level of international recognition. At the same time, they motivate member lotteries to remain on a course of continuous improvement. We actively encourage the members of ALEA to seek

certification to both of the WLA's flagship standards.

This past August, five of ALEA's member lotteries received WLA-RGF Level 1 certification – Entre Rios Institute for Financial Assistance (IAFAS), Formosa Welfare Institute (IAS), Neuquen Provincial Gaming Institute (IJAN), Rio Negro Lottery for Social Action Work, and Tierra del Fuego Provincial Institute of

Gambling Regulation (IPRA). A sixth lottery, Lotería de Córdoba, has achieved WLA-RGF Level 3 certification. By seeking WLA-RGF certification, these six lotteries have expressed their commitment to continuous improvement in the area of responsible gaming.

We believe that the regional associations play a significant role as facilitator – operationally as well as financially – for

their member organizations seeking to achieve certification to these standards.

Which other ALEA initiatives are of relevance to the broader world lottery community?

In this world of fast-changing technology, the needs of lotteries are many and varied. Just like any other organization, lotteries need to continually update and transform their processes. It is also essential that they have a team of professionals that are capable of bringing forth these transformations, whether they are big or small.

To address this need for professional development and promote best practice, ALEA promotes specialized training in the areas of human resources and applied management and control processes, and we provide our members with the tools to properly implement these trainings.

ALEA is also driving the creation of industry-specific quality management standards. In October 2017, we signed a framework cooperation agreement with the Argentinian Institute of Standardization and Certification (IRAM) to develop a manual that establishes quality management benchmarks for gaming processes for the provincial lotteries and casinos who are members of ALEA. The technical teams of IRAM and ALEA recently initiated this collaborative effort, which is expected to last around five months. At their first meeting, the initial scope of the new quality standard was established. The prevention of money laundering, responsible gaming measures, betting, drawings, prize payout, and customer service were among the items included in the scope. This initiative aims to strengthen the professional knowledge of ALEA's officials in the areas outlined in the standard and prepare their individual organizations for certification to the standard, which will apply to both government entities and to private companies in the gaming sector.

Ultimately, we aim to offer gaming regulators in our country the necessary tools to enhance their performance, helping member organizations to offer their games efficiently and transparently within a safe and healthy framework and in turn to guarantee the provision of funds to support good causes in Argentina.

Having our voice heard

ALEA member lotteries are excited that their country is about to host this world-class industry event. In particular, they see it as a unique opportunity to raise the profile of public gaming in Argentina, to remind policymakers that lotteries throughout the world share many of the same concerns, and to work together to promote the strong institutional framework needed to gain the edge in the new world.

"Hosting WLS 2018 is a big opportunity to heighten the visibility of the state lottery sector in Argentina and strengthen our institutions, both of which are critical factors in an industry that still has plenty of opponents in our country. WLS 2018 will open up Argentina to the world and provide a unique opportunity to share international experiences on the issues we all face."



Silvio O. Vivas,
President,
Instituto de
Ayuda Financiera
a La Acción Social
de Entre Ríos



"We welcome this opportunity to understand how funds from official gaming are used in other regions. We are looking forward to this unique chance to share experiences, reflect on common issues, challenges, and guidelines in order to improve the whole industry's outlook for the future."



Miguel Travella,
President,
Instituto
de Seguridad
Social de
La Pampa-Dafas



"This will be a unique opportunity to remind policymakers and the playing public that the whole world shares our commitment to safe, reliable, high-quality gaming opportunities and the responsibility of nation states in gaming control and regulation."



Roberto A. Lopez,
President,
Lotería para Obras
de Acción Social
de la Provincia
de Santa Cruz



"Sharing experiences with lotteries from all over the world will help us to establish the firm principles needed to solve the big problems faced by our industry, such as illegal operators, gambling addiction, and the lack of regulation in online gaming. We also live in a beautiful country – and we hope visitors will have happy memories of their stay in Argentina and our hospitality!"



Luis Ayestaran,
President,
Lotería de
Río Negro,
and Treasurer
of ALEA



Furthermore, in addition to our traditional training schedule, this year we are offering advanced studies through the e-learning system I mentioned previously. We are also coordinating a second program aimed at officers and employees of lottery institutes and other provincial bodies. This joint initiative with the National Institute of Public Administration is being conducted under the federal public policy program. It provides an extremely enriching

learning experience, in the form of itinerant on-site workshops combining theoretical and hands-on components, and we provided three courses in the first year, organized by different lottery organizations around the country. These included a workshop on results-based/process-based management, another on strategic human resources management in government organizations, and a third on communications and network strategy.



Looking for inspiration?

One of the highlights of the WLA's biennial convention is its business program and its list of exciting and inspirational plenary speakers. Here, we introduce some of the keynote speakers that have been selected for WLS 2018, with a brief biography of each and a taste of the topics they intend to cover.



Nando Parrado

Author,
CEO,
television
presenter
and survivor

His is a story that many will recognize, but few have an opportunity to hear first-hand. Nando Parrado recounts the extraordinary tale of how he and 15 of his teammates survived for 72 brutal days after their plane crashed into the frozen Andes Mountains more than 40 years ago. It remains one of the paramount survival stories of all time.

From the time the plane crashed on October 13, 1972 until their rescue on December 22, Nando and his fellow Uruguayan rugby teammates were forced to cross both physical and mental boundaries. After waking from a concussion, only to learn that his mother had died on impact and his sister was near death, Nando became obsessed with surviving and emerged a hero after he

and teammate Roberto Canessa walked for 10 days to find their salvation. Their story of courage, teamwork, determination and leadership, experienced at a level few have known, will leave you with a heightened awareness of the value of human life.

Soon after the rescue of the 16 survivors, Nando worked with Piers Paul Read, the author chosen by the survivors, to pen the best-selling book *Alive*. Twenty years later, Nando served as technical advisor to the Frank Marshall/Kathleen Kennedy production of the film of the same name starring Ethan Hawke as Nando. The success of the film quickly prompted requests for Nando to speak around the world about the "miracle in the Andes" and he began doing so on a very limited basis in 1995. Requests for presentations continue to exceed the number that he is able to accept due to business and family obligations.

Nando is the author of the New York Times bestseller *Miracle in the Andes: 72 Days on the Mountain and My Long Trek Home*, a major release from Crown books, which tells the story of the Andes ordeal from an intensely personal perspective. In 2010, Nando was featured in the History Channel documentary *I*

Am Alive: Surviving the Andes Plane Crash, which continues to air around the globe.

Since this experience, Nando has become a successful businessman and television producer. He is CEO of four companies in Uruguay. He also hosts several popular television programs in Uruguay, including shows on nature, public affairs, autos, and travel. He is also a highly sought-after speaker on the international lecture circuit.

In his spare time, Nando enjoys racing motorcycles, sports cars, stock cars, and watercraft. He has many awards, including the European Team Cup for stock car racing and the Open Watercraft Championship in Punta Del Este, Uruguay. In 1991, Nando was part of a team of drivers who raced across the Sahara in stock model Peugeots. The trip, from Morocco to Tunisia, covered 8,500 km and took 28 days.

A native of Montevideo, Uruguay, Nando graduated from Stella Maris College run by the Irish Christian Brothers. He also participated in a study abroad in the United States that allowed him to attend high school in Ann Arbor, Michigan. Nando speaks five languages and travels extensively.

In his keynote address with the same title as his best-selling book, *Miracle in the Andes*, Nando will retell his harrowing experience on the Andes 46 years ago.



Jane McGonigal

World-renowned game designer, Inventor of SuperBetter. Author of the New York Times bestsellers, SuperBetter and Reality Is Broken.

Jane McGonigal is today's leading speaker on the engagement economy and the application of game design to the real world, referencing lessons learned through her work creating games for organizations such as the World Bank, the Olympic Games, the American Heart Association, the New York Public Library, and many more.

Jane is notable for bringing gaming to the healthcare space. Her best-known project is SuperBetter, a mobile app and web-based game that helps individuals challenge personal health challenges (depression, anxiety, chronic pain, stress reduction), and get support from their "allies" – real-life friends and family. With more than 400,000 players, it is currently under study at OSU Medical Center and the University of Pennsylvania. Jane's other healthcare games include collaborations with the American Heart Association and the Myelin Repair Foundation.

Her book, *SuperBetter: A Revolutionary Approach to Getting Stronger, Happier, Braver and More Resilient*, which debuted at #7 on the New York Times Advice bestseller list, reveals a decade's worth of scientific research into the ways all games change how we respond to stress, challenge, and pain. She shares stories and data from players who have followed the SuperBetter rules to get stronger, happier, and braver in the face of depression, anxiety, illness, and injury.

Her previous book, *Reality Is Broken: How Games Make Us Better and How They Can Change the World*, is a New York Times bestseller. In this engaging, forward-thinking

book, Jane makes the case that the gamer spirit – an attitude of fun, dedicated, collective problem-solving – is our greatest asset as we face the social, economic, and environmental problems of the 21st century.

Jane herself is a specialist in this field, a designer of alternate reality games, where a real-life activity is re-framed as a game. Players of Jane's games face challenges as serious as surviving peak oil or establishing local sustainable businesses. And they face them with courage and creativity, inspired by their gameful state of mind. Persistence, energy, collaborative creativity, a sense of purpose in hard work – games unlock all of these powerful attitudes. And, most importantly of all, they restore to contemporary life the kind of heroism and communal striving that most of us struggle so hard to find.

"We can use the same strengths we display playing games to overcome business and individual challenges."

Jane McGonigal

She serves as the Director of Game Research & Development with the Institute for the Future in Palo Alto, California. Her recent projects include a Games for Healthcare initiative with IFTF and the White House, as well as Paths Out of Poverty, a crowd-sourcing game by IFTF for the Rockefeller Foundation.

After Jane's acclaimed keynote address at WLS 2014 in Rome, Italy, she has been invited back to give us an update on the state of game design and gamification in 2018.



Tyler Hamilton

Former professional cyclist and New York Times best-selling author

Tyler Hamilton was once one of the world's top-ranked cyclists – a fierce competitor renowned among his peers for his uncanny endurance and epic tolerance for pain. He started his career with the US Postal Service team in the 1990s, and quickly rose to become Lance Armstrong's most trusted lieutenant, and a member of his inner circle. For the first three of Armstrong's record seven Tour de France victories, Hamilton was by Armstrong's side, clearing his way. But just weeks after Hamilton reached his own personal pinnacle – winning the gold medal at the 2004 Olympics – his career came to a sudden end: he was found guilty of doping and exiled from the sport.

Denying the use of performance-enhancing drugs in the years that followed, Hamilton was forced to come to terms with his past in 2010 when the Federal Government launched an investigation into systematic doping on the US Postal Service team. Hamilton was subpoenaed to testify before a grand jury and, for the first time, broke the code of silence that had protected the sport's hard truth for so long. His testimony chronicled a shocking culture of performance-enhancing drug use encouraged and aided by team doctors, managers and coaches, and a dark world in which the sport's top performers lived.

In 2012, Hamilton released his memoir, *The Secret Race: Inside the Hidden World of the Tour de France: Doping, Cover-ups, and Winning at All Costs*, a riveting journey into the heart of a never-before-seen world, the stark choices that went along with his decision to compete at a world-class level, and his complicated relationship with Lance Armstrong. The book became an instant New York Times bestseller and was the recipient of the prestigious William Hill Sports Book of the Year Award.

Freed from the burden of hiding the truth and being able to tell a story that, only a few short years ago, would have seemed unimaginable, his story is the example of how culture can drive behavior – not just in sports, but in business and in life – and how values can be easily compromised as a consequence. He is also a testament to the transformational power of the truth.

Hamilton raced professionally from 1995 to 2008 and now runs his own training business for cyclists of all levels, Tyler



Hamilton Training LLC. He currently lives in Missoula, Montana.

Tyler will address WLS 2018 participants about the scourge of competition manipulation and what can be done to prevent it.



Friedrich Martens

Head of Integrity Betting Intelligence System (IBIS), International Olympic Committee

Following various initiatives taken by the IOC to combat illegal and irregular betting, Friedrich Martens was appointed to

the position of Head of the then newly created Integrity Betting Intelligence System (IBIS) in 2013. IBIS establishes a link between the Olympic movement, players in the sports betting world, and various law enforcement entities. Through its pragmatic approach, IBIS enables communication between all stakeholders in a lean and direct way, with the aim of identifying and therefore safeguarding sports events from match manipulation connected to sports betting.

Friedrich was appointed as Head of the Olympic Movement Unit on the Prevention of the Manipulation of Competitions in early 2017, strengthening and streamlining all IOC initiatives under the Three Pillar Strategy (regulations and legislation, education and awareness raising, intelligence and investigations), including IBIS, and further engaging all Olympic Movement stakeholders, including international feder-

ations, national Olympic committees, athletes, and their entourages.

Prior to joining the International Olympic Committee, Friedrich had already been drawn to the field of sports and betting, working both for sports organizations (two years as manager of competition analysis at FIFA's Early Warning System, which aims to spot patterns suggesting match fixing) and the sports betting industry (for a German gaming company and, more specifically, their sports betting company, Cashpoint).

In his keynote address, Friedrich will present the IOC's concept for ensuring ethical conduct and preventing manipulation during Olympic competitions.

For further details and the latest developments on WLS 2018, please visit the official convention website at www.worldlotterysummit.org.

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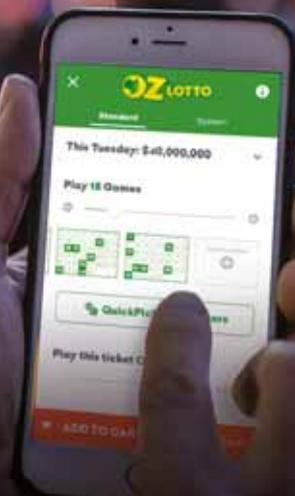
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To protect and to serve: thank you, Thierry Pujol!

Thierry Pujol's decision to stand down as Chair of the Security and Risk Management Committee marks a decade of steady progress for the lottery industry's global security control standard and also a palpable change in lotteries' approach to the underlying issues. Increasing numbers of lotteries and suppliers have adopted the standard, but during his 10 years at the helm, Thierry has above all been part of a fundamental shift in attitudes as lotteries recognize the mission-critical nature of security and integrity in gaming markets today.

Hardly a day goes by without the threat of a security breach affecting our organizations, institutions and the private lives of ordinary citizens. In our increasingly connected and open world, it has become almost mundane to advocate a rigorous approach to security and risk management. But this has not always been the case. When Thierry Pujol took over as Chair of the WLA's Security and Risk Management Committee (SRMC) exactly 10 years ago, the association already had developed a set of lottery-specific security controls reflecting industry best practice. However, fewer than 30 member lotteries had incorporated these measures into their business processes, and some regions of the world were not represented at all. After ten years with Thierry Pujol as Chair, the SRMC has taken the world lottery industry to new level of maturity in terms of security and risk management.

The number of certified lotteries has more than doubled since 2008. Over the same period, certification has been opened up to associate members, with 18 providers now certified to the latest release of

the standard, compared with just 1 in 2008. And with 22 assessment service entities and more than 60 approved auditors around the world, the WLA certification procedure is readily accessible to lotteries in every region.

Crown jewels

As guardians of what many people consider the crown jewels of the WLA, Thierry Pujol and his fellow committee members have in some ways rebranded the Security Control Standards to refocus attention on their underlying value proposition. Today, a growing number of lotteries have bought into the standard, no longer simply checking boxes as part of a regulatory compliance exercise but embracing WLA certification as a hallmark of the professional integrity of their organizations at every level.

Holding the committee together for nearly 10 years, Thierry has worked tirelessly to steer the industry in this new direction. As well as coordinating the latest release of the security control standard (WLA-SCS:2016), he promoted a vision of security and integ-

egrity that brings the strategic importance of these issues into sharp perspective and repositions State lotteries as champions of safe, secure, responsible gaming entertainment.

The importance of trust

Thanks to Thierry's expertise, leadership, and gentle powers of persuasion, more and more lotteries around the world have come to recognize the operational benefits of embedding security and integrity within their processes and corporate culture. They have come to view security compliance as an opportunity to excel, rather than merely an obligation or a regulatory constraint. More than ever before, lotteries have come to understand that security and integrity are key to their ability to build and retain the trust of the playing public – and therefore critical components of their brand equity. Thierry's legacy to the lottery community lies here. It is no coincidence that State lottery organizations, by demonstrating measurable performance on matters of security and integrity, are successfully consolidating their thought leadership role within





Thierry Pujol, who has stood down as Chair of the WLA Security and Risk Management Committee after 10 years of loyal service.

their own jurisdictions and at a regional or global level.

Working collegially with members of the SRMC from lotteries all over the world, Thierry has been the WLA's greatest ambassador on security, risk management and integrity. His remarkable knowledge and professionalism have been invaluable assets for the lottery community, and his personal style – a combination of modesty, good humor and attention to detail – has been warmly appreciated. The WLA thanks him for his unflagging enthusiasm, his kindness, and a career-long dedication to service that has made us all stronger.

Bio

Thierry Pujol graduated as an engineer from France's prestigious Saint-Cyr military academy and served the national defense and intelligence community for many years. Returning to corporate life, he received an MBA from HEC Paris in 2000 and joined La Française des Jeux in 2005 as Director of Risk Management and Security and a member of the managing board. In 2015, the French lottery appointed him Director of Sport Integrity and Special Advisor to the President.

He served as chairman of the EL's Public Order and Security Working Group from 2010 until 2015, Chair of the WLA's Security and Risk Management Committee (SRMC) from 2008 to 2017, and Vice-President of the Global Lottery Monitoring System from 2015 to 2017. In 2015, he was inducted into the PGRI Lottery Industry Hall of Fame.

Thierry Pujol retired from La Française des Jeux in October 2017 and stood down as Chair of the SRMC at the same time. He continues to serve the international lottery community in a consultative capacity.





Mega Millions ups the ante

Mega Millions, one of two big national jackpot games in the United States, relaunched as a USD 2 game with a new matrix at the end of October, adding an industry-first option called “Just the Jackpot”.

Lotto games are their own worst enemy. The bigger the jackpots get, the harder it is to generate interest in the games at lower prize levels. In the United States, Powerball raised the bar with a world record USD 1.58 billion jackpot in January 2016; consumer expectations for jackpots have never been the same.

Mega Millions, a game managed by a consortium of 11 lotteries and sold by all American lotteries, had set the previous record jackpot of USD 656 million in March 2012. Since then, it had only surpassed USD 500 million twice, despite a matrix change in October 2013 designed to build bigger jackpots. As a result, the 15-year-old game was ready for another refresh in 2017.

Gordon Medenica, the Director of the Maryland Lottery and Gaming Control Agency who was named lead director of the Mega Millions consortium in early December, talked about the changes. “Part of the challenge in product development is timing: when is the right time to introduce changes that can drive revenue growth? Powerball clearly benefitted from changes made several years ago, and all of us, the Mega Millions states included, enjoyed that success. The timing was right to tweak Mega Millions to get players excited about our game again.”

Therefore, a new game matrix went into effect beginning October 28, 2017, and the first drawing under the new rules was held

October 31. The changes are designed to create bigger average jackpots – and faster growing jackpots – with the bonus of better odds of winning the USD 1 million second prize. In addition, most of the game’s other prize levels have been increased from previous levels, and the starting jackpot is now USD 40 million, up from USD 15 million.

The new Mega Millions is a 5-of-70 plus 1-of-25 matrix, which means that the odds of winning the jackpot will lengthen to 1 in 302,575,350. That’s up from the 1 in 258,890,850 odds of the previous game, which offered a 5-of-75 plus 1-of-15 matrix. The USD 1 million second prize odds, however, improve to 1 in 12,607,306, so the new game should live up to the promise of more millionaires. The overall chance of winning any prize is 1 in 24.

To support these new value propositions, the price of the game has increased to USD 2, matching the price of Powerball. Although the two national American games are now the same price, the overall goal is to have each game capable of developing the exciting big jackpots that players want.

“Matching the USD 2 price point that was so successful for Powerball was the key strategic driver for Mega Millions,” explained Medenica. “Jackpot fatigue is very real but fades somewhat over time. Given that it’s been two years since the USD 1.58 billion Powerball jackpot hit, we think our players are ready for another one. Interestingly, we were intrigued by the media attention generated by the ‘dual rolling jackpots’ back in August when both Mega Millions and Powerball went over USD 300 million. The increased media attention only served to re-

inforce the notion that the issue of jackpot fatigue among players is, in essence, “media fatigue.” In fact, jackpots that once garnered media interest at much lower levels no longer appeal to the media, and as a result, we receive less free publicity for higher jackpots than we once enjoyed.”

Good causes benefit

Of course, all lottery games are designed to raise money for good causes, and the changes to Mega Millions designed to increase sales will necessarily increase net revenues as well. Lotto games typically produce more net revenue as a percentage of sales than other lottery products, so it’s critically important that these games remain healthy. And with bigger jackpots expected, more casual and infrequent players will participate as well. As a result, these revenues will come from an ever-expanding pool of players attracted by the size of the jackpots.

Game options

In most states, Mega Millions also offers a multiplier option called the Megaplier, added at the time of purchase for an additional USD 1 per play. Before each drawing, a Megaplier value is drawn, from 2x to 5x, and that Megaplier is applied to all non-jackpot prizes, including the second prize of USD 1 million. Mega Millions is the only jackpot game where the second prize can reach USD 5 million with the multiplier option.

The Megaplier has long been an option on Mega Millions, but with better odds on the Match 5 second prize category, it is expected that there will be more multi-millionaires as well. And sure enough, in six

weeks with the new game matrix, four second prizes included the Megaplier, resulting in two prizes of USD 4 million and two of USD 2 million. That compares quite favorably to the previous 10 months of 2017, when a total of eight second prizes included the Megaplier.

A brand-new option offered with the new Mega Millions is a unique “Just the Jackpot” wager type. For USD 3, a player will receive two sets of numbers for two chances to win the jackpot. These Just the Jackpot tickets are not eligible for any other prize levels. This industry-first option is designed to appeal to players who are only interested in the jackpot prize, especially the occasional or infrequent players who come in during times of high jackpots.

Each participating lottery chooses whether or not to offer the “Just the Jackpot” option – 18 lotteries offered the option to start with. They include the District of Columbia, Georgia, Idaho, Indiana, Kansas, Kentucky, Nebraska, New Jersey, New Mexico, New York, Rhode Island, South Carolina, South Dakota, Texas, Virginia, Wisconsin, West Virginia, and Wyoming.

“Just the Jackpot is an interesting and creative product idea,” said Medenica. “There’s no better test of a new concept than actually launching it in the marketplace. However, we won’t really have a sense of its success until we live through a few high jackpots since the game is intended to appeal to those players who only dream really big! But the experience will provide invaluable data for the entire industry to use in designing the next wave of national game innovations.”

Nine ways to win in Mega Millions

Match ●	Match ●	Prize USD	Chances
5	+	1	Jackpot 1 in 302,575,350
5	+	0	1,000,000 1 in 12,607,306
4	+	1	10,000 1 in 931,001
4	+	0	500 1 in 38,792
3	+	1	200 1 in 14,547
3	+	0	10 1 in 606
2	+	1	10 1 in 693
1	+	1	4 1 in 89
0	+	1	2 1 in 37
Overall chances to winning any prize:			1 in 24

Odds and prize values for the Mega Millions Megaplier feature

Match ●	Match ●	Your prize (USD) if the Megaplier number is:				
		2 (1 in 3)	3 (1 in 2.5)	4 (1 in 5)	5 (1 in 15)	
5	+	0	2,000,000	3,000,000	4,000,000	5,000,000
4	+	1	20,000	30,000	40,000	50,000
4	+	0	1,000	1,500	2,000	2,500
3	+	1	400	600	800	1,000
3	+	0	20	30	40	50
2	+	1	20	30	40	50
1	+	1	8	12	16	20
0	+	1	4	6	8	10

From a pool of 15 balls, five are marked with 2X, six with 3X, three with 4X and one with 5X.

Australia makes moves to ban Lottoland

In October 2017, the government of Tasmania became the sixth Australian state of six to make moves to – or noises about – banning lottery betting operator Lottoland. The company is pleading for legitimacy but will the politicians and regulators listen?

Australian politicians have been getting more and more vociferous in their denunciations of what some are branding “fake lotteries”, “pretend lotteries”, or even “synthetic lotteries”.

Tasmania’s Parliamentary Secretary for Small Business, Trade, and Red Tape Reduction Roger Jaensch echoed the views of his counterparts in New South Wales, South Australia, Victoria and Western Australia when he urged the state’s residents to boycott Lottoland in support of the newsagents, pharmacies, small supermarkets, corner stores, and dedicated lottery outlets where state lottery tickets are sold.

“We would urge all Tasmanians who want to have a punt in a lottery to support local businesses, which in turn creates jobs and generates taxes for community services,” said Jaensch.

Western Australia’s Premier Mark McGowan was particularly strident: “All that Lottoland does and those sorts of organizations, is suck money out of here, send it elsewhere and not give anything back.”

The attacks have not been limited to state level. Right-wing politicians such as One Nation leader Pauline Hanson has lobbied for a federal ban, while former centrist Senator for South Australia Nick Xenophon has also backed a ban.

Tasmania and Western Australia are planning on legislating against Lottoland. If they did so, they would be following in the footsteps of South Australia, which is the only state in which the Gibraltar-based operator does not operate.

The Frequently Asked Questions section of the Lottoland website acknowledges: “Due to

lottery betting not being a betting contingency approved by the Independent Gambling Authority of South Australia, it is an offence for Lottoland to sell this product to South Australian residents. Accordingly, Lottoland will not permit South Australian residents to register or play at lottoland.com.au.”

It is understood that Tasmania’s lawmakers have started asking the South Australia government’s advice on the best way to draft legislation.

In September, the state of Victoria announced plans to restrict betting on lotteries in its new Gambling Regulation Amendment Bill 2017.

New South Wales quickly followed suit. The state’s Deputy Premier and Minister for Small Business John Barilaro said the NSW government was looking at ways to stop the practice of betting on lotteries.

The politicians’ have voiced three main concerns: protecting local businesses that sell genuine lottery tickets; protecting the money returned to good causes by state-authorized lotteries; and the confusion that Lottoland creates among customers.

“The Tasmanian Government believes that lottery outcome wagering products are potentially confusing to the public” said Jaensch. “It is not sufficiently clear to consumers that the product being offered is not a genuine ticket in a given lottery, but is rather a wager on the outcome, and it does not have the same levels of consumer protection as regulated lotteries.”

There has been opposition towards betting operators such as Lottoland across the world but nowhere has the opposition been

voiced quite as vigorously as in Australia. In part, this is due to the operator’s success Down Under.

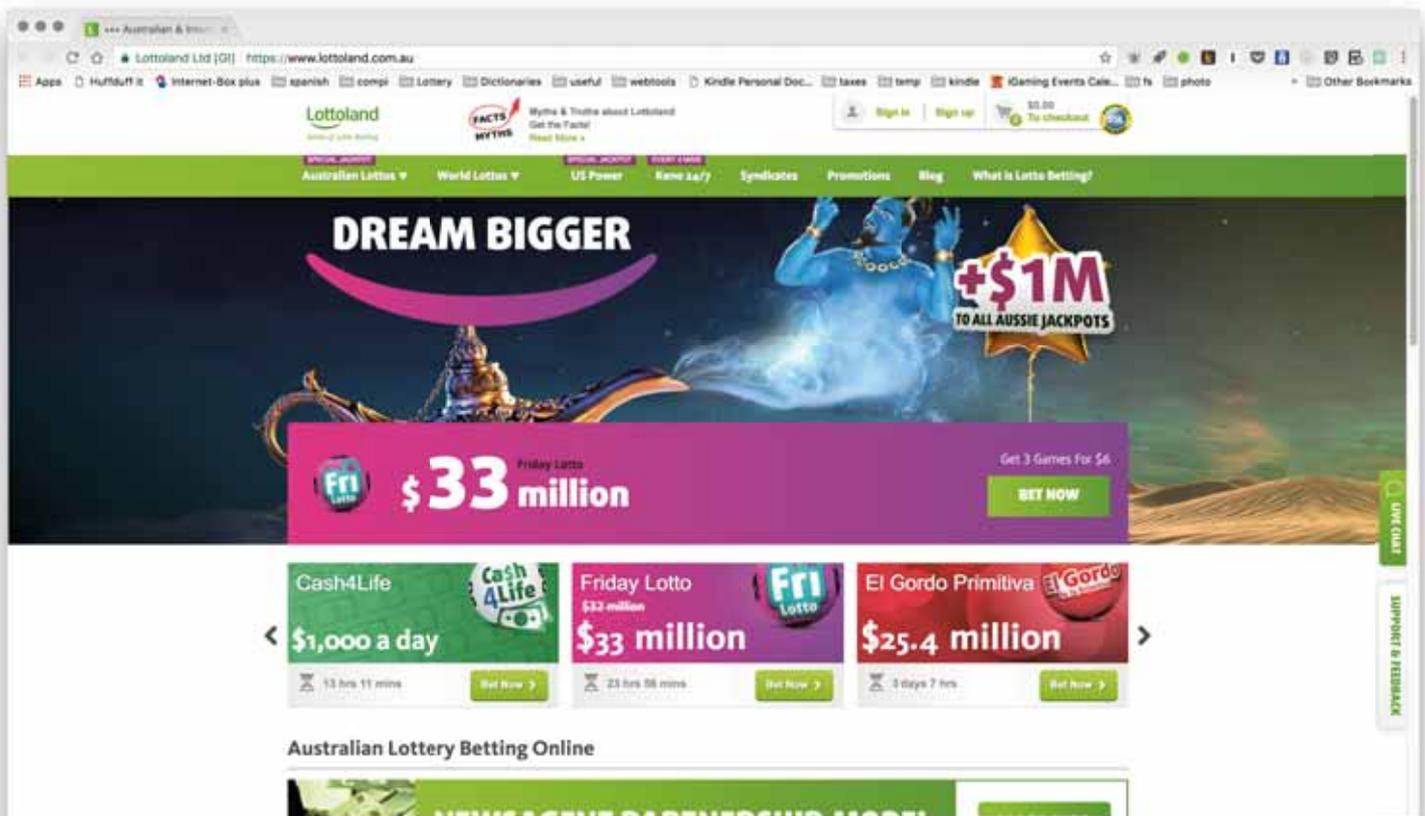
Lottoland’s emergence

Lottoland’s short history in Australia can be traced back to January 2016, when it became the first business of its kind to be awarded a license to operate in Australia. The five-year license was awarded by the Northern Territory’s Racing Commission. It is the only regional government to hand Lottoland a license.

The regulatory picture is slightly confused by the makeup of regional and federal (Commonwealth) governments in Australia. The country has six states (New South Wales, Queensland, South Australia, Tasmania, Western Australia, and Victoria) and two self-governing mainland territories (the Northern Territory and the Australian Capital Territory). In practice, the two self-governing mainland territories are often treated like states, owing to their relative size and importance. In principle, however, there are important differences between the states and the territories.

States have rights recognized by the constitution, most notably the power to pass laws in their own right. If the laws of a state ever conflict with the laws of the Commonwealth of Australia, the Constitution says that Commonwealth law is to be followed. Territories, on the other hand, are directly subject to the Commonwealth Government. While the self-governing internal territories can make their own laws, the Federal Government retains full power to legislate.

The differing regulatory frameworks for the states and territories have enabled the Northern Territory to carve out a niche for



Lottoland's Australian website

itself as one of Australia's most liberal betting regimes. With a favorable tax rate and welcoming attitude towards new products, it has made itself a home for betting operators in a similar manner to European gambling hubs such as Gibraltar or Malta. This has not always made it popular with neighboring states, which claim the Northern Territory deprives them of gambling tax income.

Just one month after winning its license, Lottoland signed up 250,000 Australian customers in 48 hours as it mushroomed off the back of a snowballing USD 1.5 billion US Powerball jackpot. It advertised on television networks such as Sunrise, 7 News and Channel 9, while receiving national newspaper and radio coverage. It was an astonishing launch.

The backlash begins

At first, Lottoland's Northern Territory license gave it some form of legitimacy. As early as May 2016, the Western Australia government started voicing its concerns about lottery betting operators. However, it was not Lottoland that was its target, but a separate operator, the unlicensed Lotto Spring.

Acting Commissioner for Consumer Protection David Hillyard said: "Lotto Spring does not have the required Australian license for this sort of gambling. The community needs to be aware that with Lotto Spring you aren't offered the same protection or guarantees of payouts as you are when playing with lawful Australian lotteries and there may be issues in relation to taxation as payouts will be coming from overseas."

The same complaints would later be made about Lottoland. The company's success has emboldened other more established operators to follow suit. One of Australia's most successful casino operators, Crown Resorts, has launched its own lottery betting service and UK bookmaker William Hill has entered into a partnership with Lottoland to launch its Planet Lottery product in Australia.

The backlash really began to take hold during Autumn 2017, when Australia's leading lottery operator Tatts Group backed a campaign by the Australian Lottery and Newsagents Association titled 'Lottoland's Gotta Go'.

"The very existence of these fake lotteries in our opinion creates an uneven playing field for your business," said ALNA in a statement

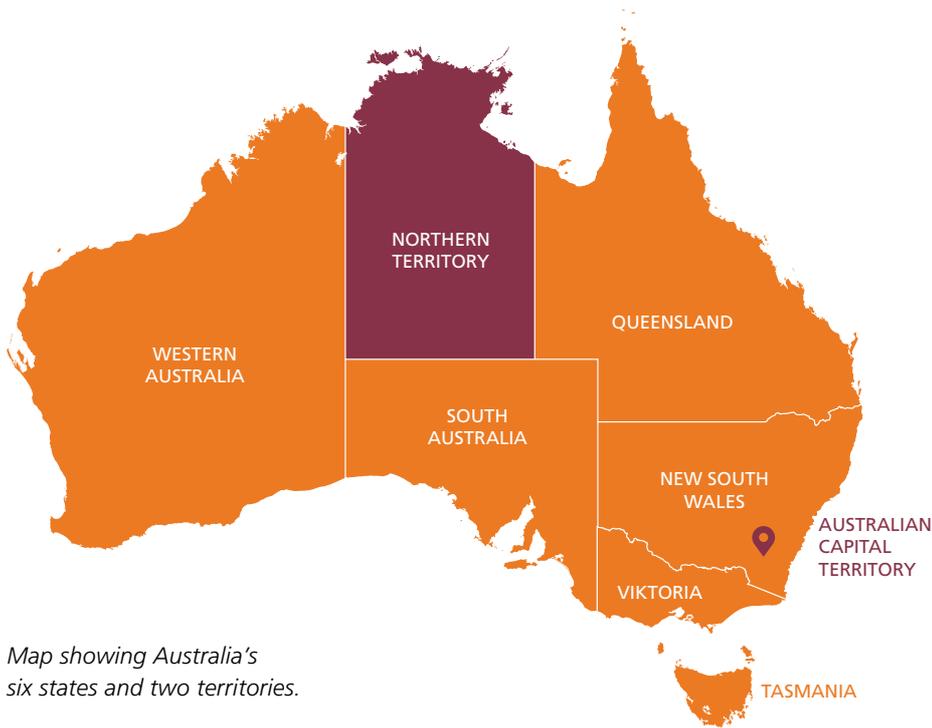
to its members. "Whilst you are restricted in the way you conduct your lottery business and bound to a range of state regulations, the fake lottery wagering model has freedoms and margins that are unavailable to you so it can out-advertise regulated state lotteries."

It vowed to lobby state and federal government to legislate against Lottoland. The politicians have been queueing up to voice their concerns ever since.

Recently, the Northern Territory government has moved in concert with the other Australian governments. In November, its attorney general announced that Lottoland would be banned from allowing customers to bet on the outcome of Australian lotteries. The operator would still be able to accept bets on international lotteries, which form the bulk of its business.

Ban them or tax them?

Lottoland's response has been to go on the offensive. The company offered newsagents the chance to advertise Lottoland's services in-store. Each new Lottoland customer would be asked to name their local newsagent upon signing up. When they select a



Map showing Australia's six states and two territories.

participating retailer, that store will receive a 10 percent cut of any bets placed by the player on the site.

Lottoland's suggested advertising, in the form of posters and flags, would be limited to betting on international lotteries.

The scheme was immediately dismissed by ALNA chief executive Adam Joy: "Lottoland has spent 18 months denigrating newsagents, and a partnership requires trust and

usually does not involve a party that is aggressively trying to detract from the other party's livelihood. They have repeatedly said that they are not targeting the customers of newsagents, yet this idea does exactly that."

In addition to the somewhat bizarre partnership offer, Lottoland has ramped up its "don't ban us, tax us" plea. It claims to pay corporate and income tax "just like everybody else in Australia". As of July 1, 2017, Lottoland also began to pay goods and services taxes,

in line with new legislation. But outside the Northern Territory there are no gambling taxes applicable to lottery betting.

All that might be about to change. South Australia recently introduced a 15 percent "point-of-consumption tax" and Western Australia is planning on doing the same. Federal lawmakers are planning a similar scheme, based on the South Australia model. The Australian government said that all states supported a national tax except the Northern Territory. In fact, even Lottoland has supported these plans.

However, the government's proposal is for a tax on horse, harness, and greyhound racing, as well as sports and general betting (such as betting on election results or the Academy Awards). This is the South Australia model that the federal government is seeking to copy and, of course, lottery betting is not a legitimate category of gaming in South Australia.

The federal government said the point of consumption tax would be accompanied by new rules for online gambling and protections for those betting online. Thus far, nobody has mentioned licensing for lottery betting operators. However, Lottoland has its claws embedded deeply into the Australian market and will not give it up without a fight. You can expect this debate to run and run.

UK government adds to Lottoland's woes

The Australian authorities are not the only ones taking a action against Lottoland's business model. In November, the UK government announced plans to stop all lottery betting operators from accepting bets on EuroMillions draws taking place outside the UK.

The ban will be introduced through a new license condition, which aims to bring non-UK EuroMillions draws in line with the UK draw. However, Lottoland and its ilk will still be allowed to accept bets on the outcome of other international lotteries such as the Irish Lottery or New York State Lottery.

The UK's Department for Digital, Culture, Media & Sport (DCMS) said that the

changes will be made to ensure that EuroMillions draws receive the same level of protection in relation to funds for good causes as those received by The National Lottery.

The changes have been made because of a loophole, which barred betting operators from accepting bets on EuroMillions draws in the UK but allowed them to place bets on the draws in the eight other countries taking part in EuroMillions. Although each country's game relates back to a single draw held in Paris, the nine games are technically separate.

A DCMS spokesperson said: "Our view is that this practice runs counter to the spirit and intention of section 95 of the

Gambling Act, which seeks to maintain the clear blue water between the National Lottery and commercial gambling products, thereby protecting returns to good causes."

Lottoland chief executive Nigel Birrell commented: "We believe that today's decision is unjustified, and sets a dangerous precedent for policy-making on the basis of no evidence."

The DCMS anticipated this criticism, stating that it realized there was little evidence that betting on the outcome harmed the income from EuroMillions. However, it recommended that action be taken on a precautionary basis before the market is able to grow.



Digital innovation strategy: A key resource for CIBELAE's future

CIBELAE's 16th biennial congress began on a positive note with a warm welcome from their president Luis Gama. The two-day event featured a business program with enlightening presentations by speakers from both Latin America and around the globe. Thanks to the impeccable organization of the CIBELAE staff, and host Lotería Nacional de Beneficiencia de Panama, delegates were provided with an experience that was educational and inspirational in a cordial and enchanting environment.

From October 10–13, 2017, CIBELAE welcomed more than 125 international participants at its 16th congress, which carried the apt tagline “Gaming without borders”. Panama City was the venue for this event,

which was graciously hosted by Lotería Nacional de Beneficiencia de Panamá. Delegates and speakers came from Latin America, Spain, Portugal, Switzerland, the United States, and from as far away as India.

This international blend of speakers and participants provided a broad view of the ways that lotteries have evolved throughout the world, in the face of ever changing technologies.



The opening keynote address was delivered by famed boxing champion Roberto Durán, whose presentation “Focus and perseverance: the way of success” was engaging and entertaining. During his speech, Durán told of the challenges he had to face along the path to glory, and how through focus and perseverance he ultimately achieved success. Although he has always had an immense desire to win, Durán maintains a positive perspective toward winning and has invariably remained mindful of his humble origin.

Passive lotteries vs. Lotto

During Wednesday’s plenary session, Martín Moreno Bravo, department head for the coordination of games and lotteries at SELAE, Spain, gave a comprehensive comparison of passive lotteries (*productos pre impresos bancados*) and Lotto (*juegos de pozo*). Mr. Bravo underlined the main characteristics of each modality highlighting such aspects as the history of both games, price development, sales, and prize structure.

Historically, Lotto arrived in Spain in the eighteenth century when the Lotería Real was created as a means of supporting the poor. From its beginning until today, Lotto has been characterized by its low prices and high jackpots, which attributes to its lasting popularity.

The passive lottery was introduced in Spain in the fourteenth century to finance the war against France and remains highly popular today. A limited number of tickets are printed in passive lotteries, and the price per ticket is relatively high compared to the price of a Lotto ticket.

SELAE’s dedicated retail system – retailers that sell lottery games exclusively – shows the highest sales compared to games that are sold in a mixed retail environment,

where the retail activity is focused primarily on selling other products. Lotto sales are made through both distribution channels, while passive lotteries depend almost totally on sales generated by the dedicated retail system. Players are becoming more inclined to buy lottery products in a mixed retail environment, which is leading SELAE to assess an eventual convergence of both retail modalities. Mr. Bravo commented that in the face of such a convergence it is essential that the identity of both games be maintained.

Product innovation

Adapting to the new technological age and changing consumer behavior, CIBELAE members have been focusing heavily on product innovation. For the last 20 years, this development has been growing exponentially, seeing CIBELAE’s members offering more interactive, personalized, and exciting products. One striking example is ALEA’s Quini 6, which was born out of a desire to offer a product that distinguishes itself from traditional lottery games.

Other lotteries have innovated in distribution, opening up more points of sale (POS) by increasing the number of lottery terminals at each outlet. Players also have a wider choice of payment methods today, paying with either with cash, credit card, bank transfer, or prepaid cards.

Spain’s ONCE (Organización Nacional de Ciegos Españoles), which was founded on the principle of helping people with disabilities help themselves, has innovated technologically to help its sellers, many of whom are disabled. Innovations include the management of online sales, as well as an internal communications system to inform sellers about new campaigns and product launches. “For our business, lotteries are the way we fulfill our mission of

providing help for the disabled of Spain,” said Alfonso Galiano, Executive Director of ONCE.

Advantages of innovation

Innovation has allowed CIBELAE member lotteries to increase sales while optimizing their resources, expanding their customer bases, and improving the effectiveness of their logistics. Technological development has helped them not only to extend their product portfolio, but also to reduce the costs of ticket printing and thwart internal and external fraud. It has also allowed for better methods of tracking their products. The latter has allowed for a greater control over the management of their stock.

Efficient communication between ONCE and its sellers has benefited the organization greatly. Sales declarations, which in the past had to be physically delivered, can now be made by mobile device. This has allowed ONCE to extend its sales hours.

Marketing campaigns

With an ever demanding public, lotteries must develop marketing campaigns that are based on tactical strategies in order to increase the number of customers and strengthen brand positioning. In Brazil, Caixa occasionally holds its drawings from a truck that moves from town to town, to be closer to its public and so maintain their trust. In Argentina, ALEA’s commercial strategy is based on a continuous evolution of their brand identity. Recently, ALEA began linking actors and well-known personalities with its communication campaigns, in order to strengthen brand identity and customer loyalty. Meanwhile, Loterías y Quinielas of Uruguay launched the marketing campaign “Lotería Uruguay vuelve a vos” (Uruguayan lottery comes back to you), promoting the campaign with an extensive tour throughout the country.



ONCE, on the other hand, focuses its activities on enhancing customer loyalty by studying the sociodemographic characteristics of their player base in order to create individual client profiles and thus offer their players personalized gifts.

Challenges and plans

Although innovation has benefited lotteries greatly, they still encounter obstacles, such as rejection of new technologies from both older vendors and older players. As such reactions from the older generation impede the market, it is essential to develop strategies that target younger players. Other challenges that lotteries face include modernizing traditional gaming systems and fighting the scourge of illegal gaming.

CIBELAE member lotteries plan to focus on the implementation of business intelligence systems to leverage data that would allow them to better understand the market and establish strategies that address changes that have occurred in each period.

How to innovate within a tightly regulated framework can be a challenge for state lotteries. In her presentation "The impact of regulation on the regulated entity", Dr. Lea Meyer of Polaris Strategic Foresight, Switzerland, spoke on the delicate balance between regulation and operational performance. Although the tendency is to view regulation as a necessary evil, Lea pointed out that regulation can also be viewed as a blessing in disguise in that it can serve as a basis for optimizing the operational performance of your organization.

Responsible gaming and good causes

The World Lottery Association encourages its member to certify their organizations to the WLA Responsible Gaming Framework (WLA-RGF). La Banca de Quinielas de

Roberto Durán – An example of focus and perseverance

Famed Panamanian boxer, Roberto Durán, also known as "Mano de Piedra" (Hand of Stone), has been recognized by Sports Illustrated as the best lightweight of all time. He is also listed as the greatest boxer of Latin America and one of the top-five, pound per pound, in the whole history of boxing.

Durán was born in 1951 in Guarare, Panama, and raised in the slums of El Chorrillo, a humble township in the district of Panama City. Before becoming the great boxer that we now know, he worked at various jobs to make ends meet. He was a shrimp peeler, an underwear peddler, as well as a lottery sales assistant. To this day, Durán has maintained an affinity for playing the lottery.

He is a four-weight world champion, having held titles at lightweight (1972–1979), welterweight (1980), light middleweight (1983–1984), and middleweight (1989). He is also the second boxer to have competed over a span of five decades, the first being Jack Johnson. Durán retired in January 2002 at age 50, with a professional record of 119 fights, 103 wins, and 70 knockouts.



Montevideo, Uruguay, holds WLA-RGF level 4 certification, and is the only lottery in Latin America that has achieved this high level of certification. During her presentation, Sandra Conde, General Manager of La Banca, shared La Banca's experience leading to WLA-RGF level 4 certification, what they learned along the way, and how certification has helped them improve their business.

Each year, CIBELAE's member lotteries give between 15% and 20% of their income to social causes, supporting education, health care, public works, and various foundations in their particular communities. However, lotteries' contributions to good causes depends largely on sales, which were in decline last year owing partly to the spread of illegal gaming in the region. As illegal gaming is a global problem, the members of CIBELAE expressed the need for

WLA members to share their experiences in dealing with this issue. With that, WLA Senior Vice President Rebecca Hargrove underlined the importance of information sharing and spoke of measures that the WLA has taken in the fight against illegal gaming. To this end, the WLA published a position paper delineating the WLA's stand on illegal gaming early in 2017. Ms. Hargrove also encouraged member lotteries to work closely with their regulators to bring illegal gaming under control in their respective jurisdictions.

Closing addresses were delivered by CIBELAE President Luis Gama and ALEA President Alfredo Mónaco, who with great enthusiasm encouraged delegates to attend the World Lottery Summit 2018 that will be held from November 18–22, 2018 in Buenos Aires, Argentina.





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NASPL 2017 – Shifting ideas

The annual conference and trade show of the North American Association of State and Provincial Lotteries (NASPL) was held in Portland, Oregon, in September, and the theme resonating throughout was the need for lotteries to shift their thinking in order to stay relevant.

Many of the challenges faced by American lotteries are challenges that are unique to the regulatory and operational environment in which they operate. Things that are now routine business for lotteries in other parts of the world – like online sales – are still in their infancy in the United States. And those are the things that need to change in order to keep lottery products top of mind for today’s consumers.

Just how to effect that change was the common thread at the 2017 NASPL annual conference – the theme of “SHIFT! Your Game” reflected the need for shifting the way lotteries do business in a rapidly changing marketplace. The keynote sessions featured fresh perspectives from outside the industry, and special Insights sessions focused on lottery-specific topics. Top-level associate members also had their say in a special session.

Along with these educational opportunities, the annual conference includes a trade

show, and NASPL welcomed 37 exhibitors this year, including the World Lottery Association. A few companies were first-time exhibitors, looking to break into the industry with new mobile solutions, signage, and retail point of sale items. Throughout the trade show floor, the hottest properties included self-service, online and mobile so-



Incoming NASPL President Charles McIntyre, Executive Director of the New Hampshire Lottery, addresses the NASPL 2017 delegates.

lutions, all designed to help lotteries shift their business to meet today’s consumer expectations. It’s more challenging to do so when the regulatory environment isn’t cooperative, but vendors continue to look for solutions that will allow lotteries to venture in the right direction, one step at a time.

Keynote Speakers

The educational program was headlined by five keynote speakers, three in the area of technology and two covering marketing and branding strategies. All were experts in their fields who offered insights into ways lotteries need to shift their thinking in order to secure their future.

Futurist **Steve Brown** talked about the rapid evolution of technology and how consumer expectations are changing as a result. Smart objects will become commonplace, and new business models will develop to take advantage of those objects. Sophisticated voice controls, sensors and ad-

vanced artificial intelligence will allow smart robots to interact with people – and lotteries could potentially rethink lottery ticket delivery strategies. Evolving digital technologies will provide more data than ever before, data that will help businesses learn more about their customers. And because automation continues to put jobs at risk, Brown explained that people have to work harder to find ways to add value to society. He advised lotteries to optimize business around human/machine partnerships. “You need to reimagine everything!”, he said. “Every part of our lives can be done better. The challenge is to throw away what you’ve always done and do something amazing” with all these new technologies.

Fashion designer **Christopher Bevans** is doing just that with the sportswear created by his company DYNE. His clothing line uses near field communication technology (NFC) to share information about the products with customers, communicating with those customers through their mobile de-

vices. It’s all about improving the consumer experience using technology.

Cyber-security expert **John Sileo** talked about the dark side of technology – the hackers that utilize all this digital technology to wreak havoc on the world. He summarized the top threats to data security, and warned lotteries that their lack of the little data breaches experienced in other industries is actually a danger sign. “There’s nothing to get you keyed up for when the ‘big one’ happens,” he said, and lotteries have a lot to lose because their business depends on their reputations.

Debra Ringold, Dean and JELD-WEN Professor of Free Enterprise at Willamette University, gave a presentation on consumer satisfaction and relationship marketing. She explained that the successful businesses of today are those that focus on customer satisfaction for long-term sustainability and profitability. She suggested asking yourself if customer satisfaction drives every deci-

sion made by your organization. Can you describe all your consumers and know what they value? What changes do you need to make to maximize consumer satisfaction? Ringold emphasized that the best strategy for any organization is to find people in the marketplace who love what that organization does best – so you have to know what you do well.

The final keynote speaker of the conference was marketing and strategy consultant **Gerry O’Brion**. He emphasized that because things that are outside of your control – like technology, consumer preferences, demographics, and laws – are always changing, it’s important to look beyond what you can do today. Tomorrow won’t be like today, so “look at what is possible” in the future. And because companies need to differentiate their products in a competitive marketplace, brands help companies define the values that influence purchase decisions. He helps CEOs focus their brand and their business by looking at three areas: Insights about

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Corporate social responsibility was one of four special Insights sessions at the conference, each drawing strong speakers who explored their topics in depth.

customers, which gives you power; demonstrable outcomes, which is easy for lotteries because of all the winner presentations; and finding the ‘because’ in your message that helps consumers filter out all the messages that bombard them every day.

Industry Insights

In addition to the keynote speakers, there were four special Insights sessions during the conference, each examining shifts that are occurring in topics critical to lottery operations – corporate social responsibility, multicultural outreach and marketing, working in a political environment, and research and analytics.

In a session looking at **corporate social responsibility**, participants from both lotteries and vendors discussed the importance of embedding CSR into every aspect of the organization. All emphasized that transparency is critical, and that you need to be authentic when it comes to CSR – it can’t just be window dressing. You do that by aligning CSR with your business goals and building it into the business culture.

A discussion on **multicultural outreach and marketing** covered the changes in demographics throughout North America, and how lottery communications efforts need to be all inclusive to reach diverse audiences. Going beyond pure demographics, using insights about background and heritage helps unite consumers and connect them with brands.

Another session examined the pitfalls of **working in a political environment**. In the United States in particular, lottery CEOs must balance a wide variety of compet-

ing stakeholders, missions and expectations, and their average tenure is just three to four years. Policymakers often disdain gambling in public, while privately they rely on gambling revenues to fund their programs. The bottom line is that lottery directors need to stay in alignment with their governing authority.

The final Insights session examined the industry’s use of **research and analytics**, and panelists agreed that data-driven decision making is critical for lotteries. All too often they collect the data, but don’t use it in a significant way. Business has evolved from big data to small data and smart data – identifying the little things that will drive the industry forward. By understanding what consumers want, lotteries can offer the products that will satisfy them.

Associate Member Discussion

Top-level NASPL associate members took the stage for a discussion of key topics facing the industry today. Led by Rebecca

Hargrove, President and Chief Executive Officer of the Tennessee Lottery, the participants were Frank Cecchini, Chief Executive Officer and Managing Director, Novomatic Lottery Solutions; John Donahue, President and Chief Executive Officer, INTRALOT USA; Jay Gendron, Senior Vice President, WLA North America Lottery, IGT; Doug Pollard, Co-Chief Executive Officer, Pollard Banknote; and Jennifer Welshons, Senior Vice President Marketing, Lottery Group, Scientific Games.

They chatted about ways to drive growth, the regulatory environment, the current industry effort to establish a NASPL standard API, expanding the retailer base, expanding the player base, and innovation in the lottery industry.

The obvious consensus was that the industry needs to expand into new sales channels – that would lead to many of the desirable outcomes discussed. To reach new retail outlets, and hopefully new players as a result, the API effort is critically important, but that work will also allow easier and less costly paths to innovative new games, including ideas from innovative third-party game developers. To reach new customers through online channels, which often requires regulatory approval, it’s important to make sure regulators are well-informed – arguments against using these new channels are often based on erroneous information.

All in all, the conference lived up to its theme, providing numerous opportunities for lotteries to understand the technology and marketplace changes that are affecting their ability to keep growing revenues to good causes.



Top-level NASPL Associate Members were represented in a session that explored the lottery-vendor partnership and how today’s key issues are being addressed.



NOVOMATIC LOTTERY SOLUTIONS

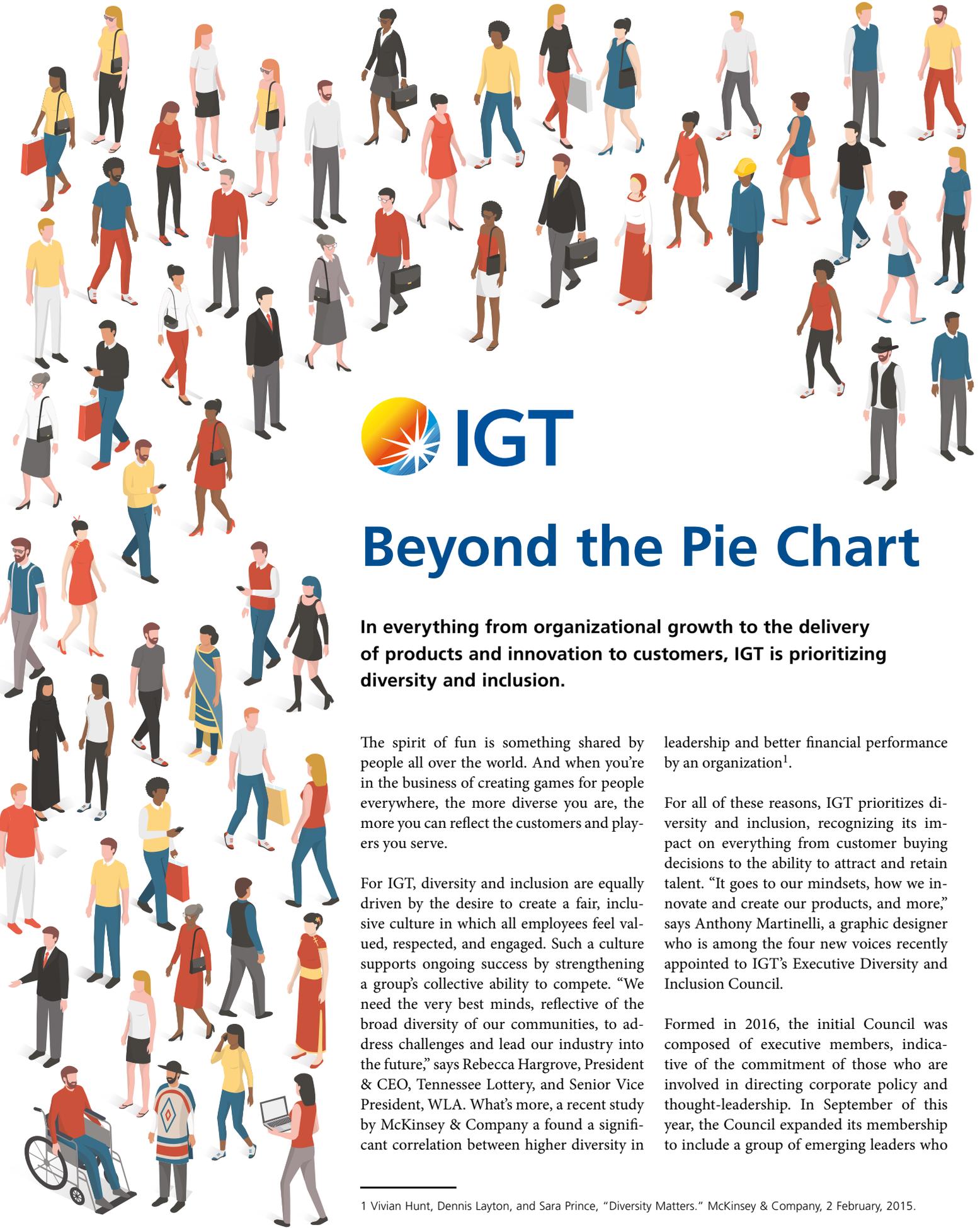
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Beyond the Pie Chart

In everything from organizational growth to the delivery of products and innovation to customers, IGT is prioritizing diversity and inclusion.

The spirit of fun is something shared by people all over the world. And when you're in the business of creating games for people everywhere, the more diverse you are, the more you can reflect the customers and players you serve.

For IGT, diversity and inclusion are equally driven by the desire to create a fair, inclusive culture in which all employees feel valued, respected, and engaged. Such a culture supports ongoing success by strengthening a group's collective ability to compete. "We need the very best minds, reflective of the broad diversity of our communities, to address challenges and lead our industry into the future," says Rebecca Hargrove, President & CEO, Tennessee Lottery, and Senior Vice President, WLA. What's more, a recent study by McKinsey & Company found a significant correlation between higher diversity in

leadership and better financial performance by an organization¹.

For all of these reasons, IGT prioritizes diversity and inclusion, recognizing its impact on everything from customer buying decisions to the ability to attract and retain talent. "It goes to our mindsets, how we innovate and create our products, and more," says Anthony Martinelli, a graphic designer who is among the four new voices recently appointed to IGT's Executive Diversity and Inclusion Council.

Formed in 2016, the initial Council was composed of executive members, indicative of the commitment of those who are involved in directing corporate policy and thought-leadership. In September of this year, the Council expanded its membership to include a group of emerging leaders who

¹ Vivian Hunt, Dennis Layton, and Sara Prince, "Diversity Matters." McKinsey & Company, 2 February, 2015.

“The most successful businesses look beyond basic statistics and demographics, and invest in knowing and understanding their evolving customer base at a cultural level. Businesses thrive when there is recognition that diversity is an asset, a workforce mirrors its customer base, and all views are valued equally.”

– Hugo López, Director, California State Lottery –

bring a cross-generational perspective from different vantage points within the company’s business units and global footprint.

The Council is only one component of the organization’s larger diversity and inclusion initiative, which is set to expand in the new year as IGT welcomes Kim Barker Lee as its first Vice President of Diversity and Inclusion. Most recently, as Vice President of Legal and Regulatory Compliance at Northstar Illinois, Lee created an award-winning supplier diversity program that far exceeded the organization’s goals. Lee will lead IGT’s Office of Diversity and Inclusion, chair the Council, and partner with its members to enact the policies and practices to support this ongoing mission.

A Clear Vision

As she prepares to take on the new leadership role, Lee brings clarity to terms that are sometimes interpreted in different ways by different audiences. “Diversity has tradition-

ally focused on numbers,” says Lee. “When people ask about the diversity of the organization, they typically want a pie chart, and that chart lists races and gender. Diversity is so much deeper than that.

“Diversity is the total mix of people. Not just race or age, but ethnic heritage, mental and physical ability, gender identity, religion, how we think, our character traits. These are all a part of diversity. And inclusion is how the organization embraces diversity. It’s having a workplace and a culture that allow for an appreciation of individuality, and this blends well with the mission of the company.”

“Our people differentiate IGT and make us successful,” says Mario Di Loreto, Executive Vice President, People & Transformation, and member of the Council. “Their talents, diverse cultures, backgrounds, ideas, and viewpoints drive the creativity that enables us to continue to deliver innovative products and solutions to our customers.”



Kim Barker Lee,
Vice President
of Diversity and
Inclusion at IGT.

Diversity and inclusion also mean looking at every area of the business. Echoing Martinelli’s observation, Lee adds: “It’s important that our efforts aren’t limited to HR issues. As we know from running lotteries, diversity and inclusion are important to the business at every level, from our advertising campaigns, to how retailers are onboarded, to everything we do.”

One of the goals IGT has been building into its plan are specific metrics around diversity and inclusion that are linked to business objectives. “We’re not talking about it in a vacuum,” says Lee. “It’s important to link diversity and inclusion to how we grow as an organization and how we help our customers grow.”

Emerging Leaders Join IGT’s Executive Diversity and Inclusion Council

Out of more than 60 self-nominations from passionate and talented employees who want to impact the wider community, four Emerging Leaders were recently appointed to join the senior IGT leaders on the company’s Executive Diversity and Inclusion Council. They will lend their per-

spectives and ideas to help IGT continue to foster diversity and inclusion throughout the company.

IGT’s first diversity and inclusion initiatives included hosting focus groups on women in leadership, unconscious-bias training

for management, and the creation of management objectives relating to increasing the number of underrepresented candidates for job opportunities. The Council will build on that work by creating a global Strategic Plan for Diversity and Inclusion.



In September, 2017, the Council welcomed its newest members: **Darnell Johnson**, Senior Manager, Product Management; **April Schmidt**, External Art Coordinator for Ignite Studio; **Anthony Martinelli**, Graphic Designer; and **Frederik Andreacchio**, Recurring Revenue Manager, Commercial Gaming.

Instant games grow in Hessen, Germany: Sales increase eightfold over the last decade



Strategic partnerships lead to a profitable instant game product category, as in the case of the relationship between Lotto Hessen and Scientific Games. With an eightfold increase in instant game sales over the last decade to EUR 55 million annually, Lotto Hessen proves that an innovative, marketing-driven partnership for instant game management is key.

In the center of Germany, instant games drove EUR 55 million in retail sales last year for Lotto Hessen, one of Europe's most respected lotteries. While the product category represents just nine percent of Lotto Hessen's overall revenues, instant game sales have multiplied eight times from where they began at just EUR 6.9 million after re-launching over a decade ago.

One of 16 states in Germany, Hessen is home to six million residents – many of whom enjoy the simple entertainment of scratching Lotto Hessen's games to win instantly. The lottery attributes much of its instant game growth to a strategic partnership that includes game portfolio management, marketing and game launch plans, logistics and retail enhancements.

"Before our Cooperative Services Program (CSP) launched for Lotto Hessen's instant game management in 2005, the lottery was actually discussing the possibility of eliminating the product category completely," says Matthias Müller, Managing Director, Germany, for Scientific Games. "But the lottery trusted both our understanding of the German market and our position as the leading supplier of instant games in the world."

Changing the Game

"At the time, Lotto Hessen allowed Scientific Games to make the changes we believed would re-invigorate their instant game category. And so the growth story of Lotto Hessen's instant games began," he says.

After eliminating the 50 cent (EUR 0.50) Euro game, the lottery and Scientific Games took a good look at the game designs, marketing and game launch plan, and blend of price points in the instant game portfolio.

Together, they made strategic adjustments, fundamentally changing the way the instant games looked, and focusing on the

introduction of games at the EUR 1, EUR 2, EUR 3, EUR 5, and EUR 10 price points using Scientific Games' global best practices. Lotto Hessen increased advertising to draw attention to the products, and for the first 10 years, Scientific Games contributed a dedicated field sales team focused on reversing instant games' reputation with Hessen's 2,000+ retailers.



About six years ago, they launched what would become Germany's popular, multi-state game, Platin7.

"Platin7 began with Lotto Hessen. We designed the game, and it became an immediate favorite with players here. It was adopted by other German lotteries, which made it even more successful due to the better prize pool. And now, players in 10 German states currently enjoy the game," says Müller.

In 2015, Lotto Hessen also re-launched and expanded their portfolio of eInstant games played online – they were actually the first lottery to re-launch eInstants following the 2012 state treaty regarding the Internet.

The lottery and Scientific Games began "pooling" prizes for physical scratch-off instant games and eInstants by mapping an overall prize structure that gave players the opportunity to win exciting prizes no matter which way they chose to play: at retail or online. This also allowed the lottery to advertise and promote all the prize opportunities available in a single pool. Players can easily transition from retail purchase to online purchase and back again. This builds brand loyalty for every game, wherever a player interacts with them.

"Our unique value proposition is that we offer our customers the product strategy and game science to deliver exciting winning opportunities, whether a physical or digital experience," says Müller.

Currently, Hessen is rolling out this successful eInstants concept for all tickets produced by Scientific Games. As a full-service supplier, the company provides artwork and data programming for the lottery's printed and eInstant games, as well as animation and sound for the eInstants. The company has supplied lottery systems and retail terminals to Lotto Hessen for decades.

Best of the Best

From a facility in Bielefeld, Germany, instant games for Lotto Hessen – and three other lotteries – are expertly managed by 30 Scientific Games CSP professionals handling product design, game planning, strategic marketing, warehousing, TelSell (inside sales), and distribution.

The journey has been an exciting one. Today, the company still works with Lotto Hessen in a close partnership on instant games through CSP, which is used by several dozen lotteries worldwide for instant game management.

"One of the main reasons Lotto Hessen embarked upon a CSP relationship with Scientific Games was the logistical expertise we wanted for game distribution," said Dr. Heinz-Georg Sundermann, Managing Director for Lotto Hessen. "The components of the program ensure that we have the right games, at the right retailer, at the right time.



This has made a very big difference in our instant game sales, as you can see by the eight-fold increase in sales over the last decade."

The company's latest analytics for the US marketplace – where instant games are the No. 1 selling lottery product – indicate the following results for 12 of 44 US instant game lotteries participating in CSP:

- **CSP per capita instant sales are 38% higher** than US lotteries operating under other solutions
- **Average sales per US retailer are 40% higher** for CSP customers versus other solutions
- The above is **also true for retailer commissions in the US**, assuming a consistent commission cashing incentive rate (i.e. 5.5%)

- **Per capita gross gaming revenue for instant products is 32% higher** for those US lotteries using CSP

In the US, since FY2012, per capita sales for CSP-operated accounts have grown 31%, compared to 22% for the remainder of the US instant game industry.

Winning Together

"We have very high expectations. Our partnership with Scientific Games works because we share the same vision of responsibly growing Lotto Hessen's instant game sales to EUR 100 million annual revenue in the coming years," says Dr. Sundermann. "We meet regularly, we discuss new ideas continually. It is not routine. We are growing Hessen's instant games business together."

Additionally, Lotto Hessen participated in the company's SalesMaker™ retail development program to implement best practices across its retailer network. Well known in the lottery industry for increasing incremental sales through retailer and lottery sales force training, and efficient installation of in-field merchandising, the SalesMaker program was created by Scientific Games and the previous owner of the New York Lottery's No. 1 retail location.

Along with implementing the SalesMaker retail practices, the lottery also increased the number of instant games on sale in the marketplace at any one time to 16–19 – well beyond the tradition in Germany. And Scientific Games developed custom instant game retail display dispensers, which are still produced for Lotto Hessen by a specialized German manufacturer.

"There are differences in languages, and many different cultures around the world, but good games are good games," says Müller. "We work with Lotto Hessen to offer their players the best portfolio of instant games possible, and sell them in the best manner possible at retail. Together, we have created a very successful, profitable EUR 55 million annual instant game product line. It's a wonderful story."



To Legalize or Not? – How Sports Betting can offer a paradigm shift for US State Lotteries revival

There's no escaping the fact that sports betting is massively popular among the population of many countries, and the US is no exception. However, with sports betting not being legal in the States, this poses a dilemma for lotteries – how to eliminate illegal sports betting operators, while offering fans a viable alternative. Is legalizing sports betting the answer?

In the US, State lotteries are committed to raising funds for good causes and offering reliable levels of support to State budgets. In this way, although they can be labeled as traditional, they are an excellent model in defining the social dimension and purpose of lotteries for sustainable and responsible growth. However, their product portfolios rely on a limited number of product offerings whose appeal is shrinking, along with the aging population that still supports them.

Limited growth, or even stagnation, in revenues and profits pose a direct risk for State budgets, while significant hurdles hamper lotteries' processes for digital transformation that are critical for sustainably addressing the next generation of players.

The ongoing debate surrounding the legalization of sports betting in the US poses the opportunity to drive the millions of Americans, who currently bet on sports illegally, to a

regulated and controlled environment. There is growing concern that US sports gambling prohibition has created a large underground betting market, where billions of untaxed dollars are wagered illegally¹. The Interstate Wire Act, the Professional and Amateur Sports Protection Act, and The Unlawful Internet Gambling Enforcement Act are in the early stages of review, with the prospect of extensive legalization of sports betting, that will, in theory, help to significantly re-

¹ "The key to sports integrity in the united states: legalized, regulated sports betting", American Gaming Association, 2016

² "U.S. Sports Betting Special Report Assessing the Obstacles and Opportunities", Gambling Compliance, 2016

duce or even eliminate these grey betting activities, while simultaneously attracting several established worldwide online sports betting operators. US sports betting market estimations indicate its potential to be between USD 1.6bn and USD 11.9bn in GGR, prospectively making it one of the world's largest regulated sports betting markets².

In considering these market projections, State lotteries are presented with a great opportunity to introduce their own sports betting offering, following what seems to be a common practice for many lotteries worldwide, in the same successful way as they do with their traditional games. At the same time, lotteries will be able to introduce new digital tools, such as CRM, and increase their presence in the online channels that will help with attracting and retaining players in a safe, regulated, and responsible playing environment. This lottery revival will be driven by revenue streams that will be recovered from existing, reportedly significant, illegal markets, even if these recovery rates are modest in the beginning; eventually they are bound to grow quickly with better regulation, adoption of modern technologies, and increasing engagement of a growing number of relevant stakeholders.

Failing to update and modernize their product offering by staying distant from the sports betting industry (retail, online and mobile), State lotteries run the risk of losing a considerable portion of overall gambling market share, particularly the one that applies to the younger generation, thereby

risking a possible reduction in overall lottery sales. This will consequently lead to a reduction of the funds allocated to the educational and good causes programs they support, as well as considerable erosion in their greatest current asset, their retail network.

Therefore, they need to actively participate to this new market with a sports betting product that is socially accepted, transparent, easy to understand, reliable and, of course, tailored to the US sports betting demand. Capitalizing on the breadth of their already established retail network, State lotteries could create and increase branding awareness of their sports betting offering, shifting betting entertainment to include the retail environment and making the game available to a wider playing audience.

It is widely documented that lotteries and sports betting appeal to different demographic groups. Exploiting the cross-sales effect, lotteries could potentially generate customer flow from the betting sector, generating an additional revenue stream for the benefit and support of societal good causes. As players change demographic groups over time, the conversion from playing one vertical to another will be facilitated by modern player engagement tools.

Furthermore, State lotteries, using their customer and market proficiency to their advantage, employing a more sustainable operational model that involves both online and retail offering, and focusing on events and markets of high interest to the State's

population, could safeguard their already established market share, and even grow it.

Nevertheless, State lotteries, bearing the image and brand of a reliable organization that has already operated for many years in the States, should undertake a key role, possibly even becoming the driver of the State licensing and expansion process, advising the way operators enter the market (i.e. how they obtain a license, number of licenses available per State, taxation issues, if a retail presence is required in order to operate) and, at the same time, setting the market standards for responsible gaming, ensuring that the sports betting product is secure and safe for their people.

In a recent conference on the subject, it emerged that the key to moving forward is in finding the right balance between offering a responsible product that is both competitive and makes sure that sports integrity is protected. INTRALOT places significant emphasis on a Customer Relations System that offers incentives to players and retailers, detects fraud, and maintains a safe playing environment, while introducing a personalized offering that accommodates the needs of the modern player. Recognizing the potential of this market, INTRALOT has also invested in a next-generation betting platform that, for the first time, offers in a single betting platform both an online and a land-based channel. INTRALOT also offers integrated infrastructure solutions for both lottery and betting verticals that will be at the focus of INTRALOT's exhibits at ICE exhibition in February 2018, in London.



intralot

Modernizing lotteries
in a digital world

**IN-TRA-PRE-NEUR**[IN-TRUH-FRUH-HUUR -NOOR -YVOOR]
NOUN

1. an employee of a company who is given freedom and financial support to create new products, services, systems, etc.,

The power of an intrapreneurial culture in an entrepreneurial company = BAMM!



Should innovation and ideas be tightly controlled, handled by the experts, and managed within just one department of a company? Or, like NOVOMATIC Lottery Solutions believes, should it be the province of any employee with a good idea and a passion for trying new things? In the true spirit of pioneership, NLS is encouraging employees to bring their best ideas forward and make a real, tangible impact on the lottery industry.

It's true. BAMM! is real.

Literally, the definition of the non-marketed word “bam” is an exclamation “used to imitate the sound of a hard blow or to convey the abruptness of an occurrence (Oxford Dictionary).”

In language, bam – and in marketing, BAMM! – represents the moment of influence, the energy exerted before and during contact, the force of a catalyst changing a static environment.

As NOVOMATIC Lottery Solutions (NLS) CEO Frank Cecchini recently explained, “BAMM! is an impact. BAMM! is a disruption. BAMM! is a sound you make when you break through barriers – we at NLS are breaking through barriers in the lottery industry; we are disrupting, and we are bringing new technology to an old market.”

NLS entered the lottery market with the unique combination of extensive experience and start-up enterprise energy. As a subsidiary of gaming industry leader NOVOMATIC AG, the reincarnation of Betware, a leader in Internet lottery, and the empowered starting point for industry change for many seasoned, knowledgeable industry experts, NLS entered the lottery vendor-partner business with experience on its side. But it is this BAMM!, this force for change, this mission to reset the lottery paradigm for the sake of survival and to exponentially secure increased funds for good causes, that distinguishes the NLS team.

The essence of BAMM! is the essence of NLS.

This is the NLS reality, and it is critical that every stakeholder in the lottery industry be given the tangible evidence, and understand the magnitude of the industry benefit, of this operating principle, of this energy that characterizes our corporate culture.

It's simple really: we are an entrepreneurial company. We value fun, creativity, increased employee input and involvement, and a commitment to everything innovative. Naturally, we attract intrapreneurs, skilled problem solvers who enjoy taking on important tasks within our company. Our intrapreneurs are the drivers of NLS, and consequently industry, innovation. They are the type of professionals who thrive on conquering challenges and who value collective ownership.

In service and deference to our intrapreneurial team members and to feed our innovation culture, NLS has created an environment that empowers people to innovate. One example of this is our Heavy Mental innovation program.

Each year, NLS holds a company-wide innovation event called Heavy Mental. It is an open and collaborative competition that fosters and encourages creativity and innovation. It's an

opportunity for all team members at all locations to contribute great ideas that increase the value of our work, while enjoying time with people from all segments of the company.

NLS staff work on ideas of their own choice and freely form teams around those ideas. The event influences product roadmaps, improves tooling and processes and is a great venue to have a direct impact on the company's internal and external offerings, while truly having fun with coworkers.

During the event, people work on their ideas for 24 hours, creating prototypes or mock-ups, and then each team or individual makes a short presentation at the end of the first 24 hours. The presentations are broadcast company-wide. Following the presentations, there is a vote for the best idea and wildest (BAMM!) idea. Over the years, the contributions to the company have been significant and many are well on the way to becoming realities for NLS internal and external stakeholders.

Here is an overview of the innovative projects submitted as a result of the Heavy Mental event alone:

1. The "cheap development dashboard"
2. A converter that converted songs into lotto numbers
3. Several proprietary solutions
4. Numerous new libraries and technologies
5. HipChat
6. "Live Lotto Shares"
7. And many more

Heavy Mental is a unique company perk. It is not just a program for idea generation that is remotely managed and impersonal; it is a rewarding, memory-making, valued engagement event that binds the culture of our international company. Some of the benefits:

1. Innovation culture
2. Great useful ideas
3. Improves how we work
4. Brings people together (team spirit!) even across departments and countries
5. Identifies talent (and the cursed one)
6. Allows us to identify what our staff is most concerned or interested in
7. Amazing pictures and happy winners

This year's theme was "Passion for Innovation" and it was a tremendous success,

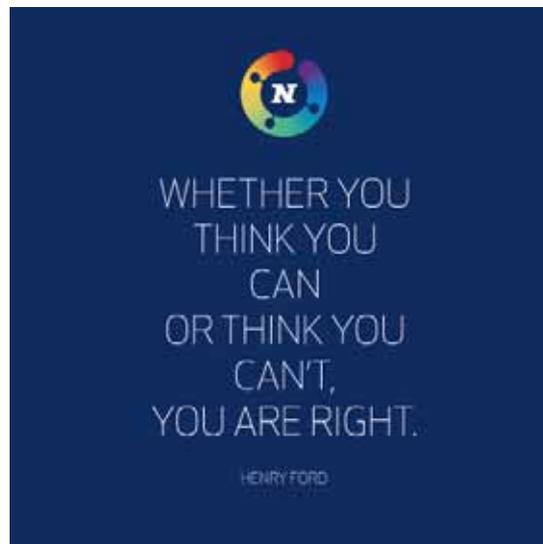
with 78 ideas submitted from the 2017 event alone. In the participants' own words:

Olafur Gudmundsson, General Manager, Serbia – "Heavy Mental is a great opportunity to work with new people, new ideas, new technologies, new tools, prototypes that people are thinking about through the year, and to truly have fun with it!"

Hugrun Elfa Hjaltadottir, Product Owner – "It is fun to work on different projects with other people from other teams and other countries." [The event is simultaneously held in Serbia, Iceland, Spain, and Austria.]

Kristrun Astvaldsdottir, Quality Assurance – For me the value and enjoyment is learning "from other people's experiences."

Finnbogi Darri Gudmundsson, Software Developer – "I think our idea was chosen because it has real-life implementation in the lottery business. Currently it takes minutes to get this data; with this idea we can get the data immediately!"



Sigurdur Skuli Sigurgersson, Software Developer – "What I like best about Heavy Mental this year is probably the fact that we won! We won best idea and the BAMM! idea and also, we were working on an idea that we really believe in, an idea that we really wanted to see in the product catalogue. Just seeing it all come together and working for the first time yesterday was just the greatest feeling in the world!"

Skarphedinn Thordarson, Software Developer – "I think our idea won was because it was for a demographic that we don't



always think of as customers, but as soon as we do, it seems obvious that we should be doing more for them. Also, I think we won because this idea really embodies our motto Expect Better."

Mirka Pejanvoic, Scrum Master – "Heavy Mental is a very important part of the company culture. It engages people and gives them the opportunity to do something different."

Pall Palsson, Director Corporate Strategy and Innovation – "It is just the greatest feeling in the world to work together, take something from the point of frustration to resolution, from a concept to the reality of an accepted improvement/innovation."

Stefan Petkovic, Software Developer – "The best thing of all is that it's fun!"

Of course, Heavy Mental is but one of the mechanisms NLS supports for sustaining the energy and excitement, and sense of belonging, that motivates our intrapreneurs. Every undertaking being worked on by every employee every day is managed in-line with our

Company profile:

NOVOMATIC Lottery Solutions (NLS) is an energized, full-solution alternative technology partner for international lottery operators. Most importantly, NLS is an inspired team of people, people who share a mission to advance and invigorate the lottery industry. The company's operating principles are to anticipate rather than react to consumer demand, embrace all innovative technologies, question how to surpass the expected and deliver long-term industry resilience and success.

As CEO Frank Cecchini describes, "Our people are different because our company is different. For one, the advantage of the equally important hubs in four major locations brings the spirit and energy of newness to the everyday work world. We are constantly learning from our coworkers and incorporating that sense of newness into our culture, and into our solutions."

Expert insights and practical solutions

In a big room on the ground floor of NH Hotel in Madrid, 113 participants came together from September 20–23, 2017 for the European Lotteries and World Lottery Association seminar on Responsible Gaming. Hosted by ONCE, the seminar included a mix of presentations and round-table discussions addressing the challenging issue of responsible gaming and corporate social responsibility (CSR). The business program consisted of three parts: developments in responsible gaming, research by experts in the field, and testimonials by lotteries that are working hard to make responsible gaming a reality.

EL/ WLA CSR – Responsible Gaming Seminar

September 20 – 22, 2017

Madrid, Spain

Hosted by ONCE

Angel Sánchez Cánovas, ONCE's General Manager, Rebecca Paul Hargrove, WLA Vice-President and Edmundo Martinho, Chair of the EL CSR/Responsible Gaming Committee, were the personalities in charge of giving the welcome speech to the seminar.

The review of the latest developments in responsible gaming included presentations by Sylvain Lambert, Strategy Group Associate at PricewaterhouseCoopers (PwC) in France, and Tomas Sercovich, Director of External Relations at Foretica (Spain).

The costs of inaction

Sylvain Lambert talked about CSR and resilience. He stressed the importance of sustainable development and how vital it is to focus not just on social dimensions but also

on economic and environmental factors. He explained that 76% of CEOs now say business success is about more than just financial profit. Nowadays, all over the world, there is an attitude towards corporate responsibility that is motivated by factors like the company's external image or reputation, the growing demands of institutional investors, and also by competitive and regulatory pressures.

Tomas Sercovich explained that both investment trends and consumer trends are changing. He said that now lotteries play a new role in society and that taking action is essential. The risks of inaction are costly, he stressed, and explained that businesses need to capture opportunities, align business strategies with sustainable development goals and encourage collaboration, because these goals are beyond the reach of any single company. Mr. Sercovich also indicated that we may be approaching the end of voluntary CSR, as new legislation like a new EU Directive is starting to make CSR an obligation for all corporations.

Age enforcement

Opening the discussions on the latest research in the field of corporate responsibility, Joris Van Hoof, assistant professor at the University of Twente in the Netherlands, gave a very interesting and engaged presentation about harm minimization, age limits, compliance and sales protocols. He presented a number of recommendations, including the unification of age limits policies in Europe and the introduction by the lottery industry of ID verification in all stores where lotteries sell their products. Moreover, he stressed the need for closer monitoring and stricter enforcement strategies for age limit legislation, and urged operators to build on the findings of independent experts' analyses and field experiments.

Superbowl advertising unfit for children?

The next presentation was by Ana Estévez, Senior Lecturer in Psychology at the Department of Personality, Psychological Assessment and Treatment at the University





of Deusto (Spain) and winner of ONCE's 3rd International Contest on Responsible Gambling Research in 2017. She spoke about the impacts of gambling advertising on young people. She explained that adult problems typically begin at adolescence and that a major source of preoccupation nowadays concerns the impact of betting advertising upon vulnerable age groups like children. She also mentioned that gambling

advertising during sports broadcastings is more positively valued by consumers than advertising that does not occur during these events. This is of special significance, she argued, because sports betting and sport betting advertising are naturally associated with sports, which are largely considered harmless merit-based activities that can be actively performed or passively consumed by children.

Personalities in the making

Did you know that people's personalities are not completely formed until about age 25? This is one of the interesting facts that Professor Ken C. Winters, Senior Scientist at Oregon Research Institute and Adjunct Faculty at the University of Minnesota, pointed out during his presentation about "Youth, brain development and vulnerability to problem gambling." He explained

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RISK MANAGEMENT SERVICES

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that adolescence is a development period often characterized by risk-taking and poor decision-making. He mentioned that most adult gamblers begin to gamble in their youth, so prevention strategies and sound public health policies in the gambling field are of vital importance for this age group.

News from the coal face

Rounding out the seminar program, several lotteries gave presentations about their own efforts to make responsible gaming a reality.

Zenita Strandanger from Svenska Spel outlined the Swedish lottery's efforts to promote diversity and gender equality and the targets that it is pursuing in this area. The proportion of employees with a foreign background should be at least 28% (they have achieved already 27.5%) and gender distribution among managers should be in the range of

45% to 55% (compared with 40–60% today). In March 2018, Svenska Spel is also planning to launch a digital awareness and training module on LGBT issues to promote inclusion, increase knowledge about the LGBT community and stop discrimination and intolerant behaviors.

Stefania Colombo from Lottomatica described the Italian lottery's work on the support and care of cultural heritage and cultural projects, explaining that Lottomatica has been a long-time supporter of cultural programs in Italy. One example of Lottomatica's Italian heritage restoration initiatives is the 2016 project to restore the Tomb of Pope Julius II with its famed sculpture of Moses by Michelangelo.

Kim Wilson, CSR Manager at Atlantic Lottery in Canada, mentioned the importance of training employees on CSR issues.

She explained that Atlantic Lottery had launched a CSR Employee Certification Program to boost employee engagement and their understanding of CSR. This certification program is designed to elicit a change in behavior when it comes to CSR and Atlantic Lottery is playing a leading role in supporting it within the gaming industry. She encouraged everyone to take action in this field and once again stressed the overarching importance of CSR in establishing and maintaining a company's reputation.

An exemplary host

Event hosts ONCE – themselves a pioneer in the field of responsible gaming – did a great job hosting this event. The seminar was very interesting, helpful and there was an engaged audience. The speakers not only exposed the problems but also offered solutions, showing a genuine commitment to positive change in the field of responsible gaming.

Award-winning research

In a separate talk with Ana Estévez, the psychologist from the University of Deusto in Bilbao, Spain explained the major findings of the study on the influence of advertising on risk behaviors in the context of sports betting¹, which won the 3rd International Contest on Responsible Gambling Research in 2017. Organized by ONCE every two years, the contest aims to promote the development of preventive tools and strategies to minimize undesired effects of gaming in all areas.

- Although further investigation is needed, it is reasonable to say that sports betting advertising represents a real problem for a significant proportion of people who take part in sports betting regularly.
- Some of the ideas transmitted through advertising – like the idea of showing loyalty to your team by betting on these games – are potentially dangerous.
- Another possible danger could come from the suggestion that betting is a rational way of investing money or that gamblers are professionals in finance.
- Equally dangerous is presenting sports betting as an alternative to practicing sports.
- Special attention should be paid to children and adolescents, who are in a particularly vulnerable age groups, and to children whose parents have an addiction to gaming, who could also be especially exposed to risk.
- It is very important to take into consideration impulsive gaming, which is encouraged by high levels of engagement, emotionally charged situations and the chance to take immediate action by betting on mobile phones.

¹ "Influencia de la publicidad comercial en la conducta de riesgo en las apuestas deportivas de los jóvenes: Guía para reguladores, operadores, instituciones y medios" by Ana Estévez, Susana Jiménez-Murcia and Hibaí López- González



Cybersecurity – Combating digital threats

The WLA seminar season ended with the annual WLA/EL security seminar held in Oslo, Norway from October 24–26, 2017. Generously hosted by Norsk Tipping, the seminar drew more than 80 international delegates. Among the themes covered this year were organizational resilience, cyber criminality, and – in a special session – the multi-faceted potential of blockchain technology. A selection of some highlights from the seminar are presented below.

An Umbrella for Success: Organizational Resilience!
 A Joint EL/WLA security seminar
 October 24 – 26, 2017
 Oslo, Norway
 Hosted by Norsk Tipping AS

The seminar delegates were warmly welcomed by Norsk Tipping CEO, **Åsne Havnelid**, who was quick to stress the importance of cybersecurity for the lottery industry. She also emphasized the significance of sharing information among member lotteries, as the sharing of best practices is one of the keys to strengthening cybersecurity globally.

The timing of the seminar coincided with the 20th anniversary of Norsk Tipping achieving WLA-SCS certification. As one of the first WLA member lotteries to attain WLA-SCS certification, Norsk Tipping had every reason to celebrate. Norsk Tipping’s Chief



Security Officer, **Trond Laupstad**, spoke on their 20 years of certification and what it has meant for the organization. Trond told of how the WLA-SCS has played a significant role throughout the years in strengthening the trust of Norsk Tipping's players. As he put it, "Trust takes years to build, seconds to break, and forever to repair".

Organizational resilience

The title of the seminar, "An Umbrella for Success: Organizational Resilience!" was delineated by **Tony Reilly**, BSI Group Marketing Director. He defined Organizational Resilience (OR) as the ability of an organization to anticipate, prepare for, respond, and adapt to incremental change and sudden disruptions in order to survive and prosper. According to results obtained from a survey of 411 senior executives conducted by The Economist Intelligence Unit (EIU), OR is defined as a business priority and an essential element to long-term growth and competitive advantage. The EIU is the research and analysis division of The Economist Group, a leading analytical source for international business and world affairs.

As Tony reported, there is a lack of resilience-oriented practices in about 70% of all organizations worldwide today. OR involves a whole new mindset, one that maintains a balance between innovative action and preventative control, between consistency and flexibility. It is the capacity of an organization to embrace paradox that affords it the flexibility and resilience to survive in a rapidly changing world.

Although top-level management is responsible for adopting resilience-oriented policies, OR is not just a top-down approach. It is not only about building best practices, it is about embedding OR into the entire organization.

Tony pointed out that no organization is perfect. But we should learn from our errors: not only from our mistakes, but the mistakes

of others as well. As Oscar Wilde once said, "Experience is simply the name we give to our mistakes". It is through learning from our mistakes that we can create strategies of continuous improvement and execute coherent actions.

But in order to reach the top, it is important to remember the significance of cooperating and collaborating with your team. With that, Tony closed with an old African proverb, "If you want to go fast, go alone. If you want to go far, go together".

Cybersecurity

With the continuing expansion of businesses into the online sphere in recent years, the importance of cybersecurity has accordingly increased. In a short video presentation, provided by Camelot's head of information security, **David Boda**, the significance of cybersecurity in today's online world was emphasized. The threats to cybersecurity are dynamic and complex. Many organizations today struggle to manage this area of risk and have been successfully attacked. David emphasized that the lottery industry is not immune to these attacks.

David spoke of the world of cyber criminals as being highly organized with criminal elements collaborating internationally. The buying and selling of criminal services and the trading of information on which organizations are vulnerable is common practice in this realm. David posed the question, "If cyber criminals are collaborating, why aren't we?"

David, who is also a member of the WLA Security and Risk Management Committee (SRMC), spearheaded a cybercrime working group within the SRMC at the outset of 2017. With this effort, David is working to collaborate and raise the bar on cybersecurity across the lottery sector. Eight lotteries have joined the working group to date. In addition to sharing information on cyber

threats, and the measures they are taking to defend against them, the working group is also looking to establish an information platform to help better defend state lotteries across the globe.

Based on a cybersecurity survey that was launched at the seminar, the working group will work to produce a whitepaper in 2018. The whitepaper will take the anonymous, aggregated data of the survey and produce a document that will allow member lotteries to benchmark themselves against the industry in order to know where they stand on cybersecurity.

Attila Pogany, Software Development Manager of International Lottery Systems for Scientific Games, USA, discussed the importance of information security in new operational environments. Information is an important business asset and as such needs to be suitably protected. According to a yearly global economic crime survey conducted by PwC Global, the three most commonly reported types of economic crime in 2016 were – in order of frequency of occurrence – asset misappropriation, cybercrime, and bribery and corruption. Cybercrime, which before 2011 did not even appear on the survey, is now the second most frequent economic crime. With cybercrime steadily increasing, it is estimated that less than 40% of all organizations globally are capable of adequately responding to a cyber attack.

According to **Judie Ayoola**, UK Information Security Manager for Playtech, more companies are investing in cybersecurity today than ever before – 63% in 2017 compared to 56% in 2016. In her presentation, "Managing Third Party Risks", Judie stated that for businesses, the costliest cybersecurity breaches are those that result from the failures of third-party suppliers, and that your security is only as good as your weakest link. Transparency and the lack of visibility of a supplier's environment, operation, and sup-





ply chain can be a challenge for an organization. In order to manage and mitigate third-party risks, it is important to make information security part of the procurement process and contract requirements. Monitoring your supplier's security policies and procedures, and their organizational security, is vital for the security of your own organization.

Blockchain

The seminar concluded with an optional blockchain workshop, coordinated by **Fred Steinmetz**, Research Associate from the University of Hamburg, Germany. Fred is a member of the Blockchain Research Lab team, whose goal is to explore the disruptive potential of blockchain technologies from an economic perspective. Fred provided the delegates with a comprehensive overview of the fundamentals of blockchain, its origin, the philosophy behind it, and how blocks are technically conceived and maintained within a blockchain network.

Blockchain was conceived to develop a monetary system (Bitcoin) that is free of government scrutiny, requires no bank intermediation, and allows the holder full control over their funds. It represents a systematic effort to delegate authority to the lowest possible level. A blockchain is a distributed database jointly managed by the participants of a network. It allows for efficient, low-cost transaction processing, with minimal dependencies, and no single points of failure.

Franz Müller, Head of Information Security at Saarland Sporttoto, Germany, took the discussion further, providing an in-depth view of digital currencies. Franz explained the complexities of the blockchain transaction in detail, contrasting the classical centralized ledger (current-day banking system) to the distributed ledger (blockchain).

As blockchain allows for the transfer of value, it is not limited to financial transactions. This was demonstrated in the pre-

sentations of **Lilla Kovacs**, Legal Adviser to Szerencsejáték Zrt., Hungary, and **Manuel Machado**, Digital Transformation and Blockchain Global Solutions Sales Manager, Worldline Global, Spain.

Lilla discussed how blockchain can be used in the implementation of "smart contracts". The idea of the smart contract was first proposed in 1996 by Nick Szabo, an American computer scientist, legal scholar, and cryptographer best known for his research in digital currency and digital contracts. A smart contract is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a contract. Like digital currencies, smart contracts allow the performance of credible transactions without third parties. These transactions are trackable and irreversible.

Manuel provided insights into how blockchain can be used to enhance digital identification and privacy. Digital identity is becoming a key part of our everyday lives: it is critical to many business and social transactions. According to Manuel, current digital identity solutions are costly, disjointed, and fallible. Furthermore, they do not do enough to counter growing concerns over privacy. Blockchain holds the key to digital identity management in the future. It allows one to keep personal information secure and private but shareable on a trusted network, and made available only to those that need to know. It empowers consumers to control their own identity and share between trusted entities with their consent. Because no single institution can compromise a person's digital identity, digital identity with blockchain is beneficial for consumers, business, and regulators alike. It offers consumers greater control over their personal data; for businesses it can reduce the risk and the cost of a data breach; and for regulators it brings increased efficiency in compliance control and monitoring.

In closing the blockchain workshop **Carlos Bachmaier**, WLA SRMC Chair and PDGRyCN of SELAE, Spain, discussed the potential of blockchain for the lottery sector. He spoke about blockchain as a replacement for Random Number Generators (RNG). He highlighted the case of the Isle of Man-licensed Quanta, a blockchain lottery platform that will use smart contract technology to replace current RNG technology. Quanta claims that the system will be decentralized, autonomous, and will need no human intervention. They further assert that a decentralized autonomous lottery game will provide full protection from RNG manipulation as happened in the notorious case of Eddie Tipton, the former information security director of the US Multi-State Lottery Association who was convicted of lottery fraud in 2017.

The amount of material that this seminar provided was regrettably too extensive to cover completely in this report. We would however like to thank all participating speakers for sharing their valuable knowledge in Oslo. Special thanks go out to the knowledgeable and respected veteran of the lottery industry, Ray Bates, for his outstanding moderation. We would also like to thank Norsk Tipping, in particular CEO, Åsne Havnelid and Chief Security Officer Trond Laupstad for their gracious hosting of this seminar and for making us feel at home in Oslo. And finally, many thanks to the EL for their collaboration and excellent organization.



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