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magazine

For Sustainable Global Gaming Excellence

Security Control Standard Responsible Gaming Framework

WLA CERTIFIED
Why certification matters.



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A note of thanks

As this is the last WLA Magazine issue before our General Meeting to be held in Buenos Aires at the end of WLS 2018, I would like to start with a big thank you to our outgoing president Jean-Luc Moner-Banet.

Throughout the whole six years of his presidency, I have had the opportunity to work with and learn from Jean-Luc. His commitment to the WLA is unparalleled. He has shown an unwavering dedication to ensuring the WLA fulfils its global mandate by addressing the concerns of all regions while accentuating the commonality that unites us all. With the untimely passing of our past Executive Director, Jean Jørgensen, Jean-Luc stepped up to the plate, not only accepting a third term as president but providing the additional support needed to the WLA staff to ensure the continuity of the Association's activities as well as their further advancement.

This issue of the magazine includes a two-part article (pages 30-35) about Bet-on-Lotteries and Courier Services. The first part of the article takes a closer look at how they operate around the world, while the second part examines the legal landscape in various jurisdictions. When selling their products to consumers in jurisdictions where they do not hold the authorization provided for under the relevant national legislation it is fair to presume that they are diverting revenues away from the good causes that authorized state lotteries, in their respective jurisdictions, work hard to support.

In the issue we also examine the recent U.S. Supreme Court decision to repeal the Professional and Amateur Sports Protection Act (PASPA), paving the way for legalized sports betting in the U.S. In the coming months, there will be a lot of details to work out for U.S. lotteries interested in offering sports betting products. Sports betting is an important source of revenue for more than half of all WLA members worldwide and has been for many years. The world lottery community has a wealth of experience to share in this area and I would encourage WLA members in the U.S. to call on us if they need any advice.

Additional articles in this issue remind readers of the benefits of certification to the WLA Security Control Standard (WLA-SCS) and the WLA Responsible Gaming Framework (WLA-RGF), and provide an update on the ongoing preparations for the World Lottery Summit 2018 (WLS 2018). If you have not yet registered for WLS 2018, I urge you to do so today. The summit will take place from November 18-22, 2018 in Buenos Aires, Argentina. A comprehensive business program and a whole range of engaging network events await you in one of Latin America's most enchanting cities.

We look forward to seeing you there!

Lynne Roiter
WLA Secretary General

The case continues

Recent months have seen landmark legal decisions in the United States and Switzerland, while the actions taken against unauthorized Bet-on-Lottery and Courier Service operators in certain jurisdictions are starting to show encouraging results. But beyond the courtrooms and legislative assemblies, says WLA President Jean-Luc Monet-Banet, state-authorized lotteries have an enduring duty to the community to defend the values of integrity, solidarity, and social justice. He answered our questions about how the WLA can help its members to continue the fight.

The U.S. Supreme Court ruled that individual states should have the right to regulate and tax sports betting, and that it is unconstitutional to ban them from doing so. What opportunities and challenges does this offer for state-authorized lotteries in the U.S.?

This is a great opportunity for U.S. lotteries to bring in added revenue for good causes through sports betting. According to the latest edition of the WLA Global Lottery Data Compendium (GLDC), sports betting sales among WLA members reached USD 53.4 billion in 2016. Since we started collecting data for the GLDC in 2013, we have recorded that sports betting sales have gone up continually year by year from USD 45.4 billion in 2014 to USD 53.4 in 2016. We expect this upward trend to continue as sports betting continues to grow in popularity throughout the world.

The integrity of sports will be a challenge for sports betting operators in the U.S. Match fixing is a global problem, one that takes the cooperation of the entire world lottery community to combat. In order to win this fight, information sharing is of the utmost significance. It will be important for U.S. sports betting operators to develop a cohesive system of collaboration with national and international law enforcement and federations of professional and amateur sports. Sports betting patterns will also need to be effectively monitored in order to ensure that the integrity of sports betting, and ultimately the integrity of sports, remains intact.

In the U.S., both legislators and high-ranking officials of the major sports leagues have expressed concerns for the integrity of sports in the wake of this monumental change to U.S.

gaming regulation. Do you see an opportunity for the Global Lottery Monitoring System (GLMS) to be deployed in North America?

An adequate monitoring system, such as the GLMS, should be in place so that everything possible is done to maintain the integrity of sports and sports betting operations in the U.S. The GLMS certainly fills this bill. As a consortium of state lotteries that offer sports betting, GLMS members have coordinated their efforts to monitor betting in order to detect and analyze any suspicious patterns that could indicate

“Today there is a clear opportunity for U.S. lotteries to benefit from global experience in sports betting monitoring and make the GLMS even more effective by expanding its reach.”

Jean-Luc Monet-Banet

criminal intent. Now in its third year of operation, the GLMS continues to grow internationally, with 29 member lotteries across the globe. It currently has two operational hubs, one in Europe and one in Asia. The European hub is hosted on the premises of Danske Spil, in Copenhagen, Denmark, and the Asian hub, which just recently opened, is based in Hong Kong at the Hong Kong Jockey Club. A further expansion to North America would certainly benefit the GLMS as a monitoring system, and in turn would be beneficial for

the world lottery community. U.S. lotteries offering sports betting would definitely gain from joining the GLMS network.

What can U.S. lotteries learn from the world lottery community in regard to sports betting?

In many parts of the world, sports betting has a long history and tradition – especially in Europe, the Asia-Pacific region, and Latin America. Many state-authorized lotteries around the globe have embraced sports betting as a viable means of raising revenue for good causes. More than half of all WLA member lotteries offer sports betting in one form or another. In Europe, state-licensed sports betting started more than 80 years ago, when Tipstjänst (the predecessor of Svenska Spel) began offering pools services in Sweden. Since that time, sports betting products have evolved, and modern technology has improved delivery methods. As WLA member lotteries that offer sports betting have matured, they have already faced many of the challenges that the U.S. lotteries intending to offer sports betting will soon face, especially in the area of integrity. The GLMS was born in Europe as the natural outgrowth of the European Lotteries Monitoring System (ELMS), which was operational from 2009 until 2015 when the GLMS superseded it. Today there is a clear opportunity for U.S. lotteries to benefit from this experience and make the GLMS even more effective by expanding its reach.

Parallel to the founding of the GLMS, the Council of Europe established the Convention on the Manipulation of Sports Competitions. The Convention has been open for signature since September 2014, and has been signed by more than 30 sovereign nations to date. The Convention

lays out the legislative, policy, and other measures needed to address the problem of match fixing and corruption in sports. Signature and ratification of the Convention is open to all nations, regardless of membership of the Council of Europe. I would encourage U.S. legislators to consider signing and ratifying the convention. In so doing, they will adopt a comprehensive legal framework for countering corruption in sports, which is of course a global problem.

In the past two to three years, operations of unauthorized Bet-on-Lottery and Courier Services, have expanded dramatically. Why is this of concern to the world lottery community?

The core mission of our member lotteries is to raise money for good causes. These private online lotto-betting operations – many of which are operating illegally without the authorisation of the majority of the jurisdictions they are selling in – exist only for profit. Through aggressive and sometimes questionable marketing practices, they can create confusion in the marketplace and compete for the patronage of our players. Not only is this damaging the brand identity of our member lotteries, it is logical to conclude that it also siphons off money that would otherwise go toward good causes. The whole system of “lotteries for the benefit of society” has taken decades to build up, and now these unauthorized operators are trying to cash in on our success for their own profit. It needs to stop.

What is being done around the world to curb the activities of parasitical lottery services?

Many of our member countries have started to mobilize against the onslaught of these unauthorized private operations. Some countries are passing new laws, and others are enforcing existing laws more rigorously. In the past it has proved difficult to litigate against these organizations as they operate online from offshore companies and have no physical presence in the countries where they sell their games. But thankfully we are starting to see countries implementing IP-blocking of the websites of illegal operations. In a few countries where these private op-



erators have managed to secure a license, they have been successfully challenged in the courts for trademark infringement. So I am pleased to see that many of our members are not sitting idly by but are resisting the continued expansion of these illegal operators.

On June 10, Swiss voters went to the polls to decide on a significant revision to Swiss gaming legislation. Why was this decision important for the gaming industry in Switzerland, and what can the world lottery community learn from it?

This was a landmark decision for the gaming industry in Switzerland. Through

the passing of this bill, we have modernized Swiss gaming legislation, ushering it into the digital age. The new legislation introduces strict new measures to eliminate illegal gaming in Switzerland by allowing the IP addresses of foreign online gambling operations to be blocked. With this measure we have helped to put a stop to illegal online gaming operations in the country and effectively secured the CHF 650 million that Swiss lotteries raise each year for good causes. Additionally, the new gaming legislation will protect Swiss consumers by introducing obligatory responsible gaming measures for gaming operators. It also strengthens existing

“We must never forget what distinguishes us from operators who do not adhere to the values of our community.”

Jean-Luc Moner-Banet

measures to combat money laundering and will step up the fight against match fixing in Switzerland. We have worked hard for this outcome and are pleased about the result. I truly hope that the positive result of this vote will encourage other countries to do all that they can to work within their own legal frameworks to block illegal gaming operators in their respective jurisdictions.

Certification has featured prominently in this issue of the magazine. What are the benefits of certification, and why is it important for WLA member lotteries to certify to both the WLA Responsible Gaming Framework and the WLA Security Control Standard?

Our member lotteries have a duty to ensure not only that revenue streams are sustained for the public good but also that our players are protected. To achieve these objectives, it is essential that the security and integrity of their assets remain intact, and that they operate in a safe and responsible manner. The well-being of our players is essential to the integrity and reputation of our organizations, and ultimately it is the key to our members' ability to secure revenue for good causes.

One of the cornerstones of the WLA's mission is to help member organizations ensure a high level of information security management and to build and maintain a viable responsible gaming program. Through our two internationally recognized standards for the lottery industry, the WLA Security Control Standard (WLA SCS) and the WLA Responsible Gaming Framework (WLA RGF), we help our member lotteries offer a reliable and sustainable source of funding for good causes.

Certification to the WLA SCS and the WLA RGF enables member lotteries to provide material proof of their commitment to public order and player protection. Above and beyond that, certification just makes good business sense. By helping individual lotteries to gain regula-

tory acceptance, increase brand loyalty, and improve their organizational performance, certification will give them the edge they need to win and to win consistently. The principles of security, integrity, and social responsibility go hand in hand with economic performance.

With the World Lottery Summit 2018 just around the corner, lottery professionals from around the globe will soon be descending on Argentina. Why was Buenos Aires chosen for the summit?

In order to take advantage of the cultural richness that a global organization such as the WLA has to offer, it is our policy to hold our flagship convention, the World Lottery Summit, in a different region of the world every two years. After being in Asia with WLS 2016 in Singapore, it was decided to hold WLS 2018 in Latin America. Buenos Aires is one of Latin America's main cultural hubs. Among the many reasons it was chosen as host city for WLS 2018 is the fact that it is distinctly Latin American yet strikingly cosmopolitan. Preparations for the convention are well under way. Together with ALEA, our host organization for WLS 2018, we have been working to ensure that this will be the most important lottery event of the year. Registration for the convention has been open since May. I would encourage all those who have not yet registered, to do so today. We hope to see as many of our members as possible in Buenos Aires for the convention.

The WLA's biennial General Meeting will also take place in Buenos Aires, and with it a changing of the guard as you hand over the presidency to your successor. You have served an unprecedented six years as WLA President. What will remain the most lasting memory of your time as President?

It has been a busy period and I have learned a lot. The life of the WLA is made up of many activities, punctuated by committee meetings and a fair amount of travel involved in the mission of President. But I think the most memorable experi-

ence of my time as President will have been the World Lottery Summits, which are really a unique opportunity for everyone to meet, compare experiences, and take stock of the WLA's achievements over the previous two years.

I will have experienced three of these summits as President. The summits in Rome in 2014 and Singapore in 2016 were memorable, with some important decisions taken by the General Assembly that have since been implemented, such as the creation of GLMS (Global Lottery Monitoring System) and the evolution of the security and risk management standards. In Buenos Aires in November this year, I hope to witness further important decisions, in particular about the evolution of our by-laws.

Each of the Executive Committee meetings during my six-year term of office has been an opportunity to compare and contrast the points of view of some of the world's most outstanding lottery professionals, whom I wish to thank warmly for their contribution and their availability.

In which areas do you think lottery leadership should focus their efforts in the next five to ten years?

I think that the world of lotteries and sports betting that the WLA brings together must never forget what distinguishes us from operators who do not adhere to the values of our community. WLA members are fortunate to be able to offer both modern and attractive lottery and sports betting games for their customers, while putting social responsibility at the center of their business and generating considerable profits for public budgets and all the good causes we support. Whatever the future holds in store for our association and our industry, this must always remain at the center of our decisions and actions.

What advice would you give to young professionals who have just entered the lottery world?

Always be curious. Listen actively to the experiences of other WLA members in order to develop our industry in keeping with our values and goals. Recognize that you are fortunate to be working in an industry that upholds such a strong set of values and is flourishing because it serves the public good.



The Singapore Pools 50th anniversary celebration was attended by former and present leaders of the lottery, and Singapore's Minister for Finance, Mr. Heng Swee Keat (back row, center).

Golden Jubilee celebrations in Singapore



Singapore Pools recently marked 50 years of service to the community with a series of charity events and a big celebration at the city's JW Marriot South Beach hotel. As the lottery's role has grown over the years, its development has mirrored – and in some ways driven – the emergence of the high-tech hub we know today.

Back in 1968, Singapore was a very different place. Exploring the historic streets of Tanjong Pagar today, it's hard to imagine that this fashionable district, just steps from the tall glass towers of Raffles Place, was once a hotbed of crime and back-alley gambling operations. That was before Singapore Pools was set up by the government to create

a safe place for Singaporeans to play games of chance and channel the large sums generated by these illegal games into uses that could benefit society.

Now the country's sole legal lottery operator, Singapore Pools has become an important source of revenue for the community and

the nation. Several of the city's landmarks – including the first National Stadium, the Indoor Stadium and the Esplanade – owe their very existence to lottery funds. Since 2004, Singapore Pools has channeled more than \$5.8 billion of these surpluses to support six key sectors – charity, community development, education, health, sports, and the arts.

At the Golden Jubilee event on May 21, Finance Minister Mr. Heng Swee Keat paid tribute to the lottery's 50 years of service and applauded its ability to adapt as gaming preferences change. "The digital revolution is changing business models," he said. "Singapore Pools is doing well to build capabilities that keep it relevant, while sustaining its philanthropic efforts."

Mr. Koh Choon Hui, Chairman of Singapore Pools, also spoke to the 250 guests attending the celebrations, promising that the organization would continue to strive ahead with ex-

cellence for the next 50 years, doing even more for community benefit as well as enhancing its role as a responsible gaming operator.

In particular, he mentioned the iShine program, which is an opportunity for lottery staff to give their time to support worthy charities and community causes directly. In many ways, this unique staff volunteering program epitomizes the sense of solidarity that Singapore Pools has sought to foster for half a century now. "For it is in giving that we receive – may we never waver from this spirit!" said Mr. Koh.

Digital services platform for charities

In recent years, Singapore has emerged as a magnet for high-tech activity across the entire Asia Pacific region, and Singapore Pools is also ahead of the technology curve when it comes to charitable giving. Its latest venture, announced during the Golden Jubilee celebrations, provides charity organizations with an affordable, integrated suite of IT services and solutions via a secure cloud-based platform. Developed in partnership with the National Council for Social Services, the platform uses the same IT infrastructure and resources as Singapore Pools itself. Affordably priced, subscription-based iShine Cloud services will enable charities to improve their back-end operations so they can focus on better serving their beneficiaries.

Hassle-free IT

iShine Cloud services include an integrated suite of business and productivity solutions, a secure virtual desktop environment where users can access the solutions from their own devices, secure cloud storage at Singapore Pools' data centers, and enterprise-grade data backup, disaster recovery and cyber-security monitoring. The program will also include user training and professional development opportunities, as well as a remote helpdesk and IT helpline to troubleshoot problems. Singapore Pools expects many local charity organizations to sign up to the new platform. With IT management operations outsourced to iShine Cloud, they will no longer have to manage their own IT contracts, maintenance, troubleshooting, and cyber protection. They will have better oversight and control of their data, with information readily available and easily retrievable for reporting and decision-making. And by reducing the time and manpower required for their back-office processes, the platform will improve cost and operational efficiency, bringing about an increase in productivity and optimal leverage of resources. This way, charities not only level up their digital capabilities, they are also better equipped to channel their focus on the core that matter – their beneficiaries.



At the 50th Anniversary celebrations in May 2018, Finance Minister Mr. Heng Swee Keat met some of the beneficiaries of lottery funding and members of the Singapore Pools team who work hard to keep the lottery relevant to players and the community at large.

Svenska Spel prepares for competition



SVENSKA SPEL

Swedish state lottery operator Svenska Spel is restructuring and rolling out new products as it prepares for the opening of a fully regulated online gambling market in January 2019.

During Q2, Svenska Spel announced a deal with Scientific Games' interactive division SG Digital to provide the platform and content for its new online casino.

As Sweden liberalizes its gaming market and introduces a licensing scheme for online operators, Svenska Spel is changing. The organization is being split in two. One division will operate in the newly-created competitive sports betting and online casino gaming market; and the other will continue with "monopoly" operations such as the lottery, Vegas video lottery terminals and Casino Cosmopol, operator of four land-based casinos in Sweden.

In addition to the structural reorganization, Svenska Spel is looking for a new chief executive officer after Lennart Käll submitted his resignation more than six years after taking charge. On June 26, Svenska Spel announced the appointment of Patrik Hofbauer, replacing Käll as CEO (see the corresponding article on page XX for further details).

During his last annual general meeting as chief executive officer, Käll said the operator could look forward to 2019 and the opportunities offered by re-regulation, which might include e-sports, horseracing or fantasy sports leagues.

Käll has lobbied for a widening of the operator's product range since taking charge in

2011. He has watched unlicensed Swedish operators such as Betsson, Unibet, Mr Green and LeoVegas expand rapidly on the back of online casino games, which Svenska Spel was not allowed to offer under the terms of its license.

For Käll, the arrival of the new market represents a good time to leave with his mission accomplished.

"Work on adapting the organization for the new gaming market is proceeding according to plan. We are well prepared and look forward to competing on equal terms. This is a good opportunity for a new CEO to handle and continue developing Svenska Spel," said Käll to the delegates of Svenska Spel's annual general meeting.

Sweden submitted the draft of its new gambling legislation to the European Commission in December 2017 and formally introduced legislation to parliament in April this year, and was passed on June 7. The draft proposal has attracted some criticism from the private sector, which is unhappy about the new structure of Svenska Spel.

An independent investigation will among other things evaluate Svenska Spel's adaption to the new legislation. The new market is going live in January 2019. The path of the legislation might be disrupted by the September general election, but there seems to be political agreement about the need for re-regulation, if not the exact content of the legislation.

The licensing process is to open in August and Svenska Spel will need to get regulatory approval before it can launch its SG-powered casino.

SG Digital will supply an account management system via its Open Platform System,

Patrik Hofbauer new CEO for Svenska Spel

On June 26, Svenska Spel's Board of Directors named Patrik Hofbauer as the company's new CEO. Patrik succeeds Lennart Käll who previously announced that he was resigning to pursue his own business interests and directorships. Patrik Hofbauer is 49 years old and is currently CEO of Telenor Sweden. He will be taking up the position as President and CEO of Svenska Spel no later than mid-December 2018.

Patrik Hofbauer has extensive senior management experience and, in addition to his current role as CEO of Telenor Sweden, he has previously been CEO of Telenor Broadcast, Canal Digital, NEC Scandinavia and Clear Channel. Patrik's CV also includes a 10-year career as a professional ice hockey goalkeeper with Örebro, Björklöven and Djurgården.

"I'm delighted to welcome Patrik Hofbauer to Svenska Spel. The experience he brings with him both from commerce and the world of sports will be invaluable, especially given the exciting prospects facing Svenska Spel as the new Swedish



person to lead the company into this new gambling market," commented Erik Strand, chairman of Svenska Spel.

"Svenska Spel occupies a strong position, enjoys a strong brand and is facing exciting challenges as a result of the new gambling legislation. I enjoy the connection between business and sport, something that is very close to my heart. I am now very much looking forward to leading the company into the next phase together with the employees of Svenska Spel," added Patrik Hofbauer.

Svenska Spel's current CEO Lennart Käll departs on July 19. The Board of Directors has appointed Svenska Spel's current CFO and deputy CEO Marie Loob as acting CEO for the interim period until Patrik Hofbauer's arrival.

which will provide a one-wallet access for registered customers and a range of loyalty programs. Svenska Spel will integrate the platform into its existing line of game products such as sports betting, bingo and poker.

It represents a new era for Svenska Spel, which has been the exclusive operator of lotteries and gaming in Sweden since 1997, following the merger of the two state companies Penninglotteriet (lotteries) and Tiptjänst (pool games). It has been offering

online poker for more than ten years and became the world's first government-owned and licensed online poker site in March 2006 when it launched with Boss Media (now part of IGT). Its wait for the full portfolio of on-line products will soon be over.

Sports betting integrity management goes global with GLMS



Over the last few years, sports betting has been in the international spotlight, due to high-profile cases of unscrupulous activity. As a result, lotteries and sports betting operators have been working hard to combat this scourge and operate with transparent integrity. Fortunately, organizations like the Global Lottery Monitoring System (GLMS) are at the forefront of bringing credibility and integrity back to sports betting. GLMS has been rapidly developing over the past few months, and plans to remain on a course of continuous improvement.

The last several months have seen considerable development within GLMS, including rapid development and strong delivery in all areas, from operations to policy and communications. GLMS has gradually become one of the most credible, visible and authentic players world-wide in the field of sports integrity. We have also had the opportunity to further strengthen our “glocal” character, with the addition of new members who will further contribute their local information and knowledge to enhance the global reach of GLMS.

Updating the membership

On 15 May 2018, just before the EL/WLA Sports Betting Seminar, GLMS held its Extraordinary General Meeting, during which the GLMS membership received key updates on GLMS's activities. One of the main outcomes of the meeting was that, following the approval of the proposed modifications to the Statutes, collective GLMS membership was opened up to the following regional lottery associations: APLA, CIBELAE, ALA, and NASPL. EL and the WLA remain, of course, the founding collective members of GLMS. At the same time, a new membership category was created: Associate Members will include sport organizations, law enforcement agencies with an interest in safeguarding the integrity of their operations, and suppliers and service providers.

The next GLMS Extraordinary General Meeting is scheduled for November 20, and will be held in Buenos Aires, during the World Lottery Summit 2018.

Welcoming new members and enhancing services

In the period before June 17, 2018, GLMS was pleased to welcome among its membership two new members – Islensk Getspa from Iceland and STOLOTO from Russia – who joined GLMS's global lottery alliance to combat sport competition manipulations. We will shortly announce additional new members, who will have the chance to benefit from our enhanced services which, besides the new, enhanced alert and messaging platform, include education and prevention tools, a sports integrity certification program, as well as a complete information network.



GLMS President, Ludovico Calvi, shaking hands with Education & Training Manager of Tennis Integrity Unit, Matthew Perry

Concluding new partnerships and leading policy discussions

Being a trusted and credible stakeholder in the domain, GLMS also concluded a number of new cooperation agreements over the past months. With corruption in tennis' lower leagues at stake, GLMS concluded an agreement with the Tennis Integrity Unit. Noting the rise of eSports and the associated risks, GLMS also joined forces with the eSports Integrity Coalition (EsiC) to safeguard the integrity of eSports. GLMS also recently signed agreements with the Lithuanian and Norwegian regulatory authorities, in order to support them with keeping sport safe in their countries.

While remaining a strong partner of Council of Europe's Keep Crime out of Sport – KCOOS+ project, together with the WLA and EL, GLMS also signed an informal agreement with the Council of Europe regarding the cooperation between GLMS and the Group of Copenhagen (GoC), the network of national platforms created by the Council of Europe, as per article 13 of the Convention on the Manipulation of Sport Competitions. The cooperation mainly concerns the contribution of GLMS to the experimental phase of the GoC's LogBook.

In addition, GLMS has been represented in key fora, notably the European Parliament's

high-level panel debate on the Council of Europe Convention on the Manipulation of Sport Competitions. In this debate, GLMS President, Ludovico Calvi, joined key stakeholders in urging states to ratify the Convention.

Strengthening operations

Thanks to the intensive work of our two hubs in Hong Kong and Copenhagen, and the interactive exchanges with GLMS Members, GLMS has been delivering strongly at an op-

erational level as well, regularly engaging with its key stakeholders and reporting matches that cause concern, whenever applicable. A complete monitoring update is shared with GLMS members at the beginning of each month, where key facts and figures about GLMS's monitoring work can be found.

Join our efforts!

GLMS welcomes Lotteries that offer sports betting and that are members of any of the WLA, EL, APLA, ALA, CIBELAE, and/or

NASPL to contribute to our cause and join this unique lottery alliance. Suppliers and service providers are also welcome board. Lotteries or service providers are always welcome to contact us at info@glms-sport.org to find out more about our services and membership benefits!

We also welcome you to visit our website www.glms-sport.org and follow us on social media (@GLMS_Sport) to stay up to date with our activities.

Camelot announces new appointments to strengthen its Board

CAMELOT

Camelot UK Lotteries Limited ('Camelot'), operator of the UK National Lottery, today announced that Sir Hugh Robertson has been appointed Chairman, with immediate effect. Sir Hugh is currently Chair of the British Olympic Association (BOA), having previously served as Olympics Minister during London 2012 before becoming the Minister of State at the Foreign Office responsible for the Middle East, North Africa and Counter Terrorism.

The company also announced the appointment of Robert Walker as Deputy Chairman and Senior Independent Director, also with immediate effect. Robert is currently Chairman of Ei Group (formerly Enterprise Inns), the largest portfolio manager of pubs in the UK, and has an extensive track record of chair positions at large public companies, with recent appointments including Chairman of Travis Perkins, WHSmith, BCA Europe and Williams Lea.

These appointments further strengthen the governance of Camelot's Board in accordance with the Board Governance Review process that the company is currently undertaking.

Camelot's outgoing Chairman Jo Taylor said: "It's been a pleasure and a privilege to serve as Camelot's Chairman for the past two years. In Sir Hugh and Robert, we have appointed two individuals of exceptional calibre who will bring extensive commercial and stakeholder experience to further strengthen Camelot's Board.

He continued: "I would also like to thank Sir Patrick Brown and Tony Illsley, who are standing down from their roles as Independent Non-Executive Directors, for their expertise and wise counsel over the past few years."

Sir Hugh commented: "I am delighted to be joining as Camelot's Chairman. I have been privileged to see first-hand the enormous difference The National Lottery makes to the fabric of the UK, not least through its funding of the 2012 London Olympic and Paralympic Games as well as the 2016 Games in Rio, and its ongoing support for our elite athletes. When I heard that Camelot was seeking a new Chairman, I actively sought the role – and am delighted to be joining a business that plays such an important role in today's society.

"However, Camelot's role in running a national institution can never be taken for granted. I look forward to working with the current management team, as well as my fellow Board colleagues, to further build on the company's long tradition of commercial innovation – growing National Lottery sales in a socially-responsible way – while looking to ensure there is an appropriate policy and regulatory environment which allows The National Lottery to flourish."

Sir Hugh became Chair of the British Olympic Association in 2016 and has chaired the Canterbury Cathedral Appeal since 2015. He worked for Schroder Investment Management before he was elected as MP for Faversham

& Mid Kent in 2001. From 2010 to 2013, as Minister for Sport and the Olympics, he was responsible for the successful rebuilding of Stratford's dated infrastructure and the construction of a 560-acre Olympic Park, as well the delivery of London 2012 – and is credited with securing the most ambitious ever programme of major sports events for this country, and delivering the best ever funding package for Olympic sport through to Rio 2016 and beyond.

Robert Walker has been Chairman of Ei Group since 2012. He started his career at Procter & Gamble before moving to McKinsey & Company. Robert then went on to spend more than 20 years at PepsiCo, where he was responsible for the company's beverage businesses in Europe, the Middle East, Africa and Asia, before moving to Severn Trent from 1999 to 2005 – holding the position of Group CEO from 2000 to 2005. Robert has also held a number of non-executive roles at a wide range of companies. These have included Wolseley, BAA, Tate & Lyle, Signet Group and Thomson Travel.

In addition to Jo Taylor, Camelot's current Non-Executive Directors are Jane Rowe, David Kelly and Rob Rowley. A further Non-Executive Director will be appointed in the coming months. Chief Executive Nigel Railton also sits on the Board.

*As with all senior Camelot appointments, Sir Hugh's and Robert's appointments have received Gambling Commission consent and are subject to vetting.

Why certification matters

In our open, connected and commercialized world, it sometimes seems as though the barriers to market entry have disappeared. Newcomers can reach huge numbers of potential consumers via the Internet, and it can be difficult to tell exactly who they are, where they are located, and above all whether they can be trusted. Certification to the WLA's standards of security control and responsible gaming can make all the difference.

Despite strict regulation and the monopoly status that many operators enjoy in their respective jurisdictions, the lottery market is no different from any other market in this respect. Faced with an explosion on the supply side of the equation, lotteries have increasingly recognized the need to differentiate themselves from the rest of the field. They want to make it clear to their players, and to their other stakeholders, that they stand out from the crowd and can be trusted implicitly.

But implicit trust really no longer exists today. The reasons people trust each other nowadays need to be made very explicit – and this is where certification comes in.

Over the last 19 years, the WLA has invested a lot of time and effort in developing a set of global best practices specifically for the lottery industry, and, crucially, an independent certification process that provides the world with material proof that a lottery applies those best practices in its day-to-day operations.

Rather than seeking to replace existing standards, the idea behind the WLA Security Control Standard (WLA-SCS) and the WLA Responsible Gaming Framework (WLA-RGF) has always been to build on legacy standards and regulatory frameworks and to propose a specific set of measures focusing on aspects of our activities that are particular to the lottery sector. By adopting the WLA standards, lottery organizations have an opportunity to go beyond compliance and gain a competitive edge over the for-profit gaming industry.

Large numbers of lottery organizations around the world have chosen the path to WLA certification in addition to applying existing standards and regulations in areas

such as information system security and age verification.

Before, during and after certification

Choosing WLA certification is an investment in the future. The process begins with an in-depth review of the lottery's governance and organizational processes as well as the more technical aspects of security control or gaming responsibility. Independent certification bodies then work with the lotteries to guide them

In today's world, implicit trust no longer really exists. The reasons people trust each other nowadays need to be made very explicit – and this is where certification comes in.



through the different steps, provide the support they need, and make their recommendations to the WLA. The WLA officially awards the certification and makes a public announcement to that effect. Perhaps most importantly, the decision to seek certification sets in motion a process of continuous improvement that is the key to achieving sustainable gaming excellence.

For lotteries of all sizes, this investment in the future pays off in various ways. In terms of external benefits, certification provides independent proof to external stakeholders – players, regulators, shareholders, beneficiaries, the media and other public interest groups – that the organi-

zation can be trusted. But the benefits of certification are not only external. The real measure of success of a certification program lies in its ability to drive cultural change within the organization. When the lottery's internal stakeholders – its employees – are engaged in this process of continuous improvement, the benefits of certification extend far beyond the satisfaction of achieving compliance with a set of external standards.

It takes time to make a cultural shift within an organization, so the full effects of certification may not be immediately evident. However, feedback from WLA-certified lotteries overwhelmingly suggest that the long-term benefits of certification far outweigh

“Culture is how people behave when nobody’s looking.”

*Herb Kelleher, Founder,
Southwest Airlines*

the initial investment in preparing and completing the paperwork!

The following pages offer a brief description of the two key WLA standards – the WLA Responsible Gaming Framework and the WLA Security Control Standard – and how your lottery can set the certification process in motion.

WLA-RGF: A step-by-step guide

Achieving the two core objectives of lotteries – to maximize funds for good causes and to provide a safe environment for players – is a delicate balancing act. But with a world-class responsible gaming program in place, they can be achieved at the same time. When a lottery demonstrates that its products are only sold in socially responsible ways, it creates a virtuous circle: beneficiaries are proud to be associated with the endeavor, players are proud to play, and the community at large reaps the benefits.

As a condition of WLA membership, lotteries are required to commit to developing and improving their responsible gaming programs. The WLA started to develop a Responsible Gaming Framework almost 15 years ago to help member lotteries to meet this requirement and provide an independent, globally recognized baseline and seal of approval for a lottery's responsible gaming performance. Today, certification to the WLA Responsible Gaming Framework (WLA-RGF) provides a lottery's stakeholders with an independent assurance that its responsible gaming program applies tried and trusted principles and industry best practice.

When an organization is ready to apply for certification, an Independent Assessment Panel (IAP) reviews all the documents for the various levels of the standard (Level 2 and above) and provides practical feedback. This feedback can be particularly helpful because it helps lotteries to understand what they are



doing well and where they may be able to improve. The current members of the IAP are the sustainability expert Anne Pattberg (chair), Robert Ladouceur of Canada, an acclaimed researcher into problem gaming prevention and treatment, and lottery veteran Henry Chan, formerly of the Hong Kong Jockey Club.

A total of 85 lotteries are certified to Level 2 or higher, which represents nearly two-thirds of the WLA member lotteries.

Certification of Associate Members is a natural extension of the WLA-RGF program. Although submissions are not reviewed by

CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK

A virtuous circle

“For any business, putting the interests of customers at the heart of everything they do is clearly a key success factor,” says Alison Gardner, head of corporate responsibility at Camelot UK and chair of the WLA Responsible Gaming working group. “For lotteries, making sure customers are enjoying their products responsibly and playing in a safe way is absolutely the right thing to do for the business in the long term.”

the IAP, WLA Associate Members must score at least 75% on eight key criteria, and are required to undergo a full assessment

every three years to maintain their certified status. Currently four lottery suppliers are certified and there is growing interest in this

unique opportunity for responsible gaming companies to differentiate themselves from their competitors around the world.

WLA-RGF: Four levels of certification

If your lottery is interested in benchmarking its responsible gaming program against the best in the industry, the WLA Responsible Gaming Framework is an ideal way to get started. It helps lotteries to check that effective responsible gaming measures are in place, have been approved at the proper level, and are being applied in practice.

The Responsible Gaming Framework is designed around four levels. Lotteries start at Level 1 and progressively move up to Level 4:

1. Commitment
2. Self-assessment and gap analysis
3. Planning and implementation
4. Continuous improvement

Achieving **Level 1** is very straightforward, because when your lottery joined the WLA, it automatically made a commitment to uphold the WLA's seven Responsible Gaming principles. All WLA members are therefore certified to Level 1 of the Framework when their application for membership is ratified by the General Meeting.

Level 2 is when you compare your existing Responsible Gaming program with the elements of the WLA Framework. This lets you see whether what you do now is in line with what the framework suggests is appropriate at Level 2.

Level 3 involves drawing up – and starting to implement – a clearly defined plan of action, with timelines, to close the gaps you identified at Level 2.

To achieve **Level 4**, your lottery needs to demonstrate continuous improvement. More established lotteries that have been working on Responsible Gaming for some time will have metrics in place to measure the effectiveness of their programs. To achieve Level 4, you need to provide evidence of the metrics and evaluation methods that you use, and state how you plan to improve your performance going forward.



The WLA Responsible Gaming Framework in 10 questions

The WLA Responsible Gaming Framework includes 10 program elements. Put simply, your lottery will need to answer the following questions and provide documents and material evidence to prove that the answers are accurate.

1. Research

How do you contribute to the body of evidence and academic research around Responsible Gaming?

2. Employee program

How do you make sure that all your employees understand the lottery's responsibility toward its customers?

3. Retailer program

What do you do to make sure all retailers and front-line staff are knowledgeable about Responsible Gaming? Do they understand how to apply the Responsible Gaming principles in practice?

4. Game design

Are the principles of Responsible Gaming factored into the development of new games to make sure they are embedded within any new games?

5. Remote gaming channels

What kind of tools and safeguards are included to keep your players safe when using online platforms (e.g. limit-setting tools and the ability to self-exclude)?

6. Advertising and marketing communications

Do you sell your products responsibly? As well as adhering to local advertising standards and regulations, for example, do you take additional measures such as not including children in your advertising?

7. Player education

Do your players themselves understand what is meant by responsible play? For example, do you print the odds of winning on the tickets so they know how the game works?

8. Treatment referral

Do you make sure that customers know where to get help if they experience problems? This may involve measures like printing the help line contact details on the back of the lottery tickets.

9. Stakeholder engagement

Are you actively building strong, two-way relationships with opinion formers, influencers, and direct business contacts? Do you talk to the stakeholders about responsible gaming? Do you listen to what they say and embed their thinking into your program?

10. Reporting and measurement

Can you provide material evidence of your responsible gaming performance? Do you have metrics and KPIs in place to measure it? And do you communicate this information effectively both internally and externally?

The WLA Responsible Gaming Working Group

This group of responsible gaming practitioners from lotteries around the world meets every three months to talk about the standard and make sure the guidance notes are clear and helpful to lotteries. They also ensure that the standards are applied consistently.

Members of the Working Group are happy to help any lotteries that may have questions about the standard. Members are available to talk on the phone or by email if any lottery has any questions about how to get started, or if they're stuck in the process, or want any advice about how to progress through the levels.

The members of the WLA Responsible Gaming Working Group are:

Chair

- *Emilia Mazur*,
Lotto New Zealand
- *Alison Gardner*,
Camelot UK Lotteries Ltd.
(Currently on maternity leave)

Asia Pacific Representative

- *Tay Boon Khai*,
Singapore Pools

African Representative

- *Sanaa Kabbaj*,
La Marocaine des Jeux et des Sports,
Morocco

European Representatives

- *Raymond Bovero*,
La Française des Jeux, France
- *Stefania Colombo*,
Lottomatica S.p.A., Italy

Central and South American Representative

- *Sandra Conde Gomez de Freitas*,
Quinielas de Montevideo, Uruguay

North American Representatives

- *Chip Polston*,
Kentucky Lottery Corporation, USA

WLA Project Coordinator

- *Mélissa Azam*,
WLA Montreal Office, Canada

The WLA Responsible Gaming Framework Submission Guide

The WLA Responsible Gaming Framework Submission Guide 2016 is a brochure that provides you with everything you need to know to complete your submission for each level of the WLA Responsible Gaming

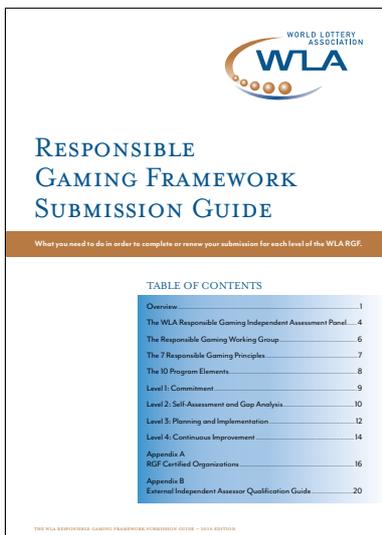
Framework. This third edition of the guide can be downloaded from the WLA website. It will help you determine which level your lottery organization is qualified to apply for, and lists all the action items that need to be

completed for submission at each level. This latest edition of the guide also includes a description of the recertification process for lotteries that have already been certified for three years.

Submission process

- 1 Read the submission guide for the relevant RG Certification level and supporting materials to help you prepare your submission.
- 2 Send in electronic format, to the attention of Mélissa Azam at ma@world-lotteries.org. There are 2 deadlines throughout the year: May 1st and October 1st.
- 3 Entries will be screened for completeness and to ensure they fulfill the content requirements for the RG certification level. If the requirements have been met, the submission will be presented to the IAP for qualitative review and evaluation of the lottery's RG program.
- 4 The IAP will complete their evaluation within 6 weeks and issue an evaluation report pointing out the strengths and improvement opportunities (the IAP will contact the lottery if further information is required). The IAP will make a recommendation to the WLA as to whether the submitting lottery meets the RGF criteria. This is sent along with the evaluation report to the WLA and the submitting lottery.
- 5 The lottery has 15 working days to review the IAP's evaluation report. If clarification on any points is needed lotteries should contact the WLA Montreal office.
- 6 If no questions are received within 15 working days certification will automatically be issued by the WLA in accordance with the recommendation of the IAP.

Certification is valid for three years from the date it is issued by the WLA office.



APPENDIX A RGF CERTIFIED ORGANIZATIONS		
<p>At the time of printing, in September, 2016, the following lottery organizations have been granted accreditation by the World Lottery Association for the WLA RGF. Each organization has received certification for the framework level as per the recommendation of the IAP. For the sake of promoting the sharing of information and experience among the membership, we have included the contact information of those in charge of responsible gaming at each of the certified lottery organizations.</p> <p>However, since there are two certification periods per year, the list is subject to modification. For the most current status on the RGF certified organizations, you can review this list by visiting the WLA website at www.worldlotteries.org</p> <p>LEVEL FOUR</p> <p>AFRICA Morocco La Marocaine des Jeux et des Sports Contact: Abdelhak Kaddou T: +212538020000</p> <p>Latin America Contact: Esteban Aguiar aguia@telcel.com.uy</p> <p>ASIA PACIFIC Hong Kong The Hong Kong Jockey Club Contact: Albert Chan albert_chan@hkjc.org.hk</p> <p>New Zealand Lotto New Zealand Contact: Emilia Mauer emilia.mauer@lotteries.co.nz</p> <p>Singapore Singapore Pools (Private) Limited Contact: Lee Hou Shun LeeHouShun@sgpools.com.sg</p> <p>Slovakia Kazda Sporta Prerastavna Fundacia Contact: Juraj Kriz juraj.kriz@spz.sk</p> <p>Europe Austria Österreichische Lotterien GmbH Contact: Herbert Biedl herbert.biedl@conco.at</p> <p>Germany Österreichische Klassenlotterie Staat (ÖKL) Contact: Wolfgang Hofmeister hofmeister@globo.com.at</p> <p>Latvia Latvijas Nacionālā Lotēriju Biroja Contact: Andrejs Bernis andrijs.bernis@loteri-rostooze.lv</p> <p>Croatia Moćniska Loterija d.o.o. Contact: Sandra Senti Sandra.senti@loterija.hr</p> <p>Poland AS East Lotto Contact: Marek Jankowski marek.jankowski@eastlotto.pl</p> <p>Vietnam VietKhai Oly Contact: Jonathan Lapierre johnnie.lapierre@vietkhai.vn</p> <p>France Française des Jeux Contact: Raymond Bavois raymond@fdj.com</p> <p>Spain Wendische Lotterien GmbH & Co. OHG Contact: Konrad Kupper konrad.kupper@wendlotto.com</p> <p>Saudi Arabia State Lottery Contact: Saif Al-Murshayq saif@sl.com.sa</p> <p>Sweden Statens Lotteri Contact: Stefan Wänders stefan.wanders@statenslotteri.se</p> <p>Taiwan Taiwan Lottery Contact: Herbert Jahn herbert.jahn@taiwanlottery.com.tw</p> <p>United Kingdom Wendische Lotterien GmbH & Co. OHG Contact: Konrad Kupper konrad.kupper@wendlotto.com</p>	<p>LEVEL FOUR (cont'd)</p> <p>EUROPE (cont'd) Hungary Szerencsésjáték Zrt. Contact: Dr. Beatrix Zala zala.beatrix@szerecsesjatek.hu</p> <p>Iceland Geopjótta (Bankerkiðskipti Geopjótta) Contact: Pjetur H. Sigurðsson pjetur@geopjota.is</p> <p>University of Iceland Lottery (Þráttabætur Háskólu Íslands)</p> <p>Israel Premier Lottery Israel Contact: Hery Cook herry.cook@lottery.is</p> <p>Italy Lotteriespa Contact: Stefano Colombo stefano.colombo@lotto.com</p> <p>Spain Spain SGA Contact: Giacomo Trossi giacomo.trossi@italia.it</p> <p>Latvia VAS Latvijas Lotē Contact: Sverdus Celso sverdus.cele@latvialot.lv</p> <p>Luxembourg Loterie Nationale Contact: Loretta Leck loreta.leck@loterie.lu</p> <p>Malta Malta Lotteries Limited Contact: William James james@lotteries.com</p> <p>Netherlands Du Lotte Contact: Willemijn Jansen jansen@dulotte.nl</p> <p>Netherlands (cont'd) Contact: Arjan van't Veer arjan.vanverveer@dulotte.nl</p> <p>Middle East Israel Sports Betting Board - ISBB Mifal Hapais Contact: Saul Samir samir@ispb.co.il</p> <p>NORTH AMERICA Canada Atlantic Lottery Contact: Kim S. Wilson kim.wilson@atlantic.ca</p> <p>British Columbia Lottery Corporation (BCLC) Contact: Susan Oshinski oshsu01@bclcc.com</p> <p>Quebec Contact: Lyne Rober lyne.rober@loto-quebec.com</p> <p>Manitoba Lottery Corporation Contact: Ben Mahan Ben.Mahan@mbcl.ca</p> <p>Ontario Lottery and Gaming Corporation Contact: Catherine Jermann catherine@olgc.ca</p> <p>United States of America California Lottery Contact: Paula Negrete paula.negrete@california.com</p> <p>Hawaii Lottery Contact: Katie Carlson katie.carlson@hawaii.com</p> <p>SOUTH AMERICA Union de Quilmes de Montevideo Contact: Sandra Cordero sandra.cordero@union.com.uy</p>	

Interview with Anne Pattberg, Chair of the Independent Assessment Panel

Sustainability expert Anne Pattberg is the Chair of the Independent Assessment Panel (IAP) that reviews the paperwork submitted by lotteries applying for certification to the WLA Responsible Gaming Framework. We asked her how lotteries can benefit from being WLA-certified for their responsible gaming programs.



You have now been Chair of the IAP for almost three years. What are your general observations?

When I joined the Independent Assessment Panel as chair I was very familiar with the lottery sector due to my previous work in Camelot and as assurance provider for lotteries in my role at PwC. It was great to see how many lotteries have worked towards certification from many different parts of the world since the introduction of the framework. I sense a high commitment to responsible gaming from many lotteries around the world which is reflected in the quality and quantity of submissions we receive.

Which regions have made particular progress over the last few years?

Historically, lotteries in Europe and North America have been at the forefront of Responsible Gaming. These days we see real progress in the Asia Pacific and also the South American region. Lots of lotteries in those regions have worked hard on their RG programs which is great to see as it demonstrates the ability of the framework to be adapted globally.

Do you think the RGF is recognized beyond the lottery sector?

I certainly believe so. Over the last years I have been asked a number of times to present the WLA certification approach as a good example for a Responsible Gaming certification program in a variety of different jurisdictions. I think though that it is equally important that those lotteries that are already certified explain the certification requirements to their local stakeholders to ensure that they are understood in their local jurisdiction.

How does digitalization impact responsible gaming?

Digitalization and the use of new technology has a huge impact on the amount of information lotteries are now able to gather and evaluate and the way in which they can interact with their customers. More and more lotteries introduce data analytics with regards to responsible gaming as a sound method for understanding which prevention strategies work. Over the last year we have reviewed quite a number of submissions

that describe how lotteries have implemented predictive modelling and data analytics to better understand player behavior.

Is this something that you think will become mainstream for lotteries?

I am absolutely certain that within five years' time this will be mainstream, and I believe it also needs to become mainstream because we know that many operators outside the lottery industry use these models to better understand their players, market their games and introduce efficient prevention strategies. For lotteries in many markets this is a "must-have" to stay competitive and have efficient prevention strategies.

How do you work together in the panel?

I am very grateful that I have the opportunity to work with Robert Ladouceur and Henry Chan. We all bring different cultural backgrounds and different skills to the table. This diversity is what is most beneficial for our work because we all complement each other in the way we review and discuss submissions. I think this is not only a very rewarding experience for all three of us, but also a benefit for the lottery that receives their evaluation report because they get a very holistic feedback on their RG program.

What is your advice to a lottery that is considering certification?

I think any lottery that is considering certification and unsure as to how to approach it should get in touch with Mélissa Azam in the WLA office. They should also liaise with colleagues from lotteries in their region that have already been certified. There is a lot of willingness amongst members to share information and lots of opportunity to learn.

WLA-SCS: The importance of trust

The digital age has brought an added sense of urgency to the need to protect the integrity of lottery systems. But managing security threats effectively is more than a game of high-tech cat and mouse – it’s a core strategic process that encompasses every aspect of the lottery’s organization and constantly refines its underlying security, integrity and data protection posture.



CERTIFIED
SECURITY CONTROL STANDARD
 VALID UNTIL JUNE 29, 2019

Total security is not achievable. But in a constantly changing threat environment, it is important for lotteries to stay protected and to demonstrate to their stakeholders – and to their players and regulators in particular – that everything possible is being done secure their data and their interests. Technology can help, of course. But first they need to have appropriate measures and procedures in place to address every aspect of operational security at all times.

An effective security and integrity management system calls for a structured, methodical approach. The WLA Security Control

Standard (WLA-SCS) was specifically designed for the lottery industry to provide a framework within which organizations not only can stay protected, but can demonstrate to their stakeholders that the systems they operate are intrinsically secure and trustworthy.

The WLA-SCS was launched in 2000 and is now in its sixth iteration. The lottery sector has developed a lot in the last 18 years, and both the standard itself and the corresponding certification process have constantly evolved to stay abreast of these changes.

Up until the mid-1990s, when the Intertoto Security Standard was established, there was no generally accepted international standard for the operational security of lotteries. When the WLA was founded in 1999 through the merger of Intertoto and AILE, the Intertoto Security Control standard was grandfathered into the newly formed association, and renamed the WLA Security Control Standard (WLA-SCS) in 2000.

Milestones on a continuing journey

Since its earliest days, the WLA Security and Risk Management Committee (SRMC)

What is Organizational Resilience?

In order to survive and prosper over the long term, organizations need to be able to systematically anticipate, prepare for, respond and adapt to incremental change and sudden disruptions. A full 88% of executives surveyed by the Economist Intelligence Unit in 2015 considered this ability essential to long-term growth. Today it is known as Organizational Resilience (OR) and there is a growing army of management consultants working alongside senior executives to help their businesses become more resilient. The three key drivers of this quest for resilience – economic uncertainty, disruptive competitors, and

reputational harm – are directly relevant to lotteries, according to Tony Reilly, BSI Group Marketing Director, who spoke at the annual WLA/EL security seminar in Oslo in October 2017.

“Organizational Resilience involves changing before the cost of not changing becomes too great,” says Tony, “and the most resilient organizations are those that learn from their mistakes, and the mistakes of others, to create strategies of continuous improvement.” Resilience calls for a new mindset, he continued, one that maintains a balance between innovation and control, between consis-

tency and flexibility, and that pervades every level of the organization, not just top management.

BSI has developed an extensive library of resources around OR, including a recent study published with Cranfield School of Management in the UK, which distils 50 years of thinking on Organizational Resilience and offers today’s business leaders a clear framework to help them manage risk, adapt to change and ensure their survival and future success. Further details can be found on the BSI website at www.bsigroup.com/organizational-resilience

has worked to keep the standard on a path of continuous improvement. The original standard (WLA-SCS:2000) contained 93 general information security controls and was modelled to some extent on BS 7799, the precursor to ISO 27001. In 2002, the SRMC made the first major revision to the standard, adding 12 lottery-specific controls on top of the existing 93 general information security controls. The new lottery-specific controls covered instant tickets, lottery draw management, retailer security, and unclaimed prize money. WLA-SCS:2003, released the following year, was not a major upgrade, but saw further refinement of the general information security controls.

The first major update of the standard came with WLA-SCS:2006. From this version of the standard forward, operating an information security management system that complies with ISO 27001 and covers the entire organization was made a core requirement of the WLA-SCS and became a prerequisite for certification. Most general information security controls were covered by that requirement, so the general information security controls of the WLA-SCS could be reduced to a few key enhanced controls, mainly related to security policy and the organization of the security function and the management system itself.

The lottery-specific controls in WLA-SCS:2006 were expanded to cover Internet-based games, which were very new at the

The inevitability of cyber attacks

The dangers of cybercrime are sometimes underestimated by top management, leaving organizations vulnerable to attack. The WLA-SCS can help a lottery formalize the processes in place to prepare for an attack and mitigate damage. But importantly, the entire organization, from top management down, needs to recognize that that cyber defense is an ongoing process that does not end with certification. In fact one of the key aspects of cyber preparedness today involves raising threat awareness among staff themselves and managing the risks of human error.

“The future is totally unpredictable,” said SRMC member Dawid Muller, Chief Executive Legal and Compliance at

Gidani (Pty) Ltd, at a session dedicated to lottery security at the 2016 World Lottery Summit in Singapore. “But with WLA-SCS certification, a lottery can be sure it has best practices in place to prepare for the inevitability of a cyber-attack.”

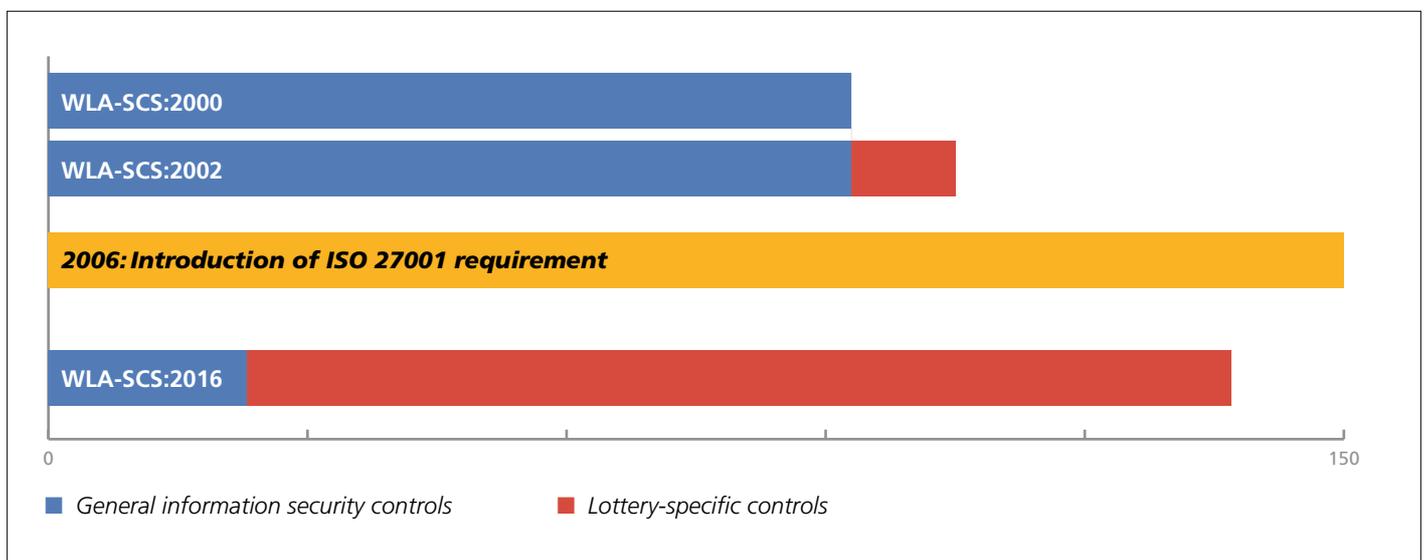
Last year the SRMC also set up a dedicated cybersecurity working group led by David Boda, head of information security at Camelot, and comprising security professionals from eight lotteries around the globe. The group aims to share information with WLA members on cyber threats and countermeasures, and ultimately establish a dedicated platform to help state lotteries protect themselves from cyberattacks.

time, taking the total to 72. WLA-SCS:2012 saw the addition of another 18 controls for sports betting. The latest version of the standard, WLA-SCS:2016, significantly expanded these controls for sports betting and Internet gaming, and for the first time also encompassed the integrity of operations. WLA-SCS:2016 has increased the number of lottery and gaming-specific controls to 114. At the same time, owing to the ISO 27001 conformance requirement, the number of general information security controls has been reduced to 23. This

makes a total of 137 controls in all, covering every aspect of a lottery's operations, from its security policy to the physical security systems and measures in place to protect VLTs, digital sales channels and interactive services, online gaming, sports betting and electronic draws.

Independent auditors

When the standard was created, work began to develop a certification process to complete the framework, and to define procedures to perform the audits and a set



Through successive iterations, the WLA Security Control Standard has progressively become more focused on controls that are relevant exclusively to lottery operators.

of rules to designate assessors. Initially all the audits were conducted by one person from one company; later, lotteries could choose to work with either of the two major players in the security risk assessment field. As interest in WLA-SCS certification has increased, the number of assessment services and auditors has grown to ensure that certification is readily accessible to lotteries and suppliers in every region. There are currently 23 assessment service entities and more than 60 approved auditors around the world, and WLA-SCS assessments can be carried out in more than 25 languages.

Once the paperwork is submitted, the independent auditors ensure that the lottery's ISO 27001 certification is valid and current. They also check that all security and integrity controls, including lottery-specific controls, are in place, have been approved at the proper level, and are being carried out as specified in the documentation.

Based on the recommendations of the assessment entity, the WLA then formally awards certification. A total of 70 member lotteries are currently certified and 19 lottery suppliers have achieved certification

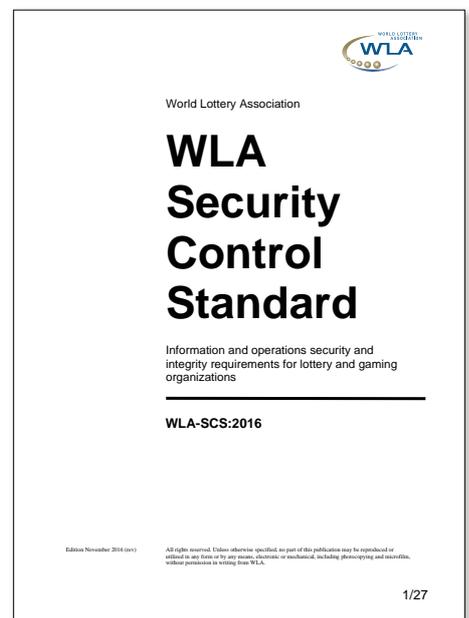
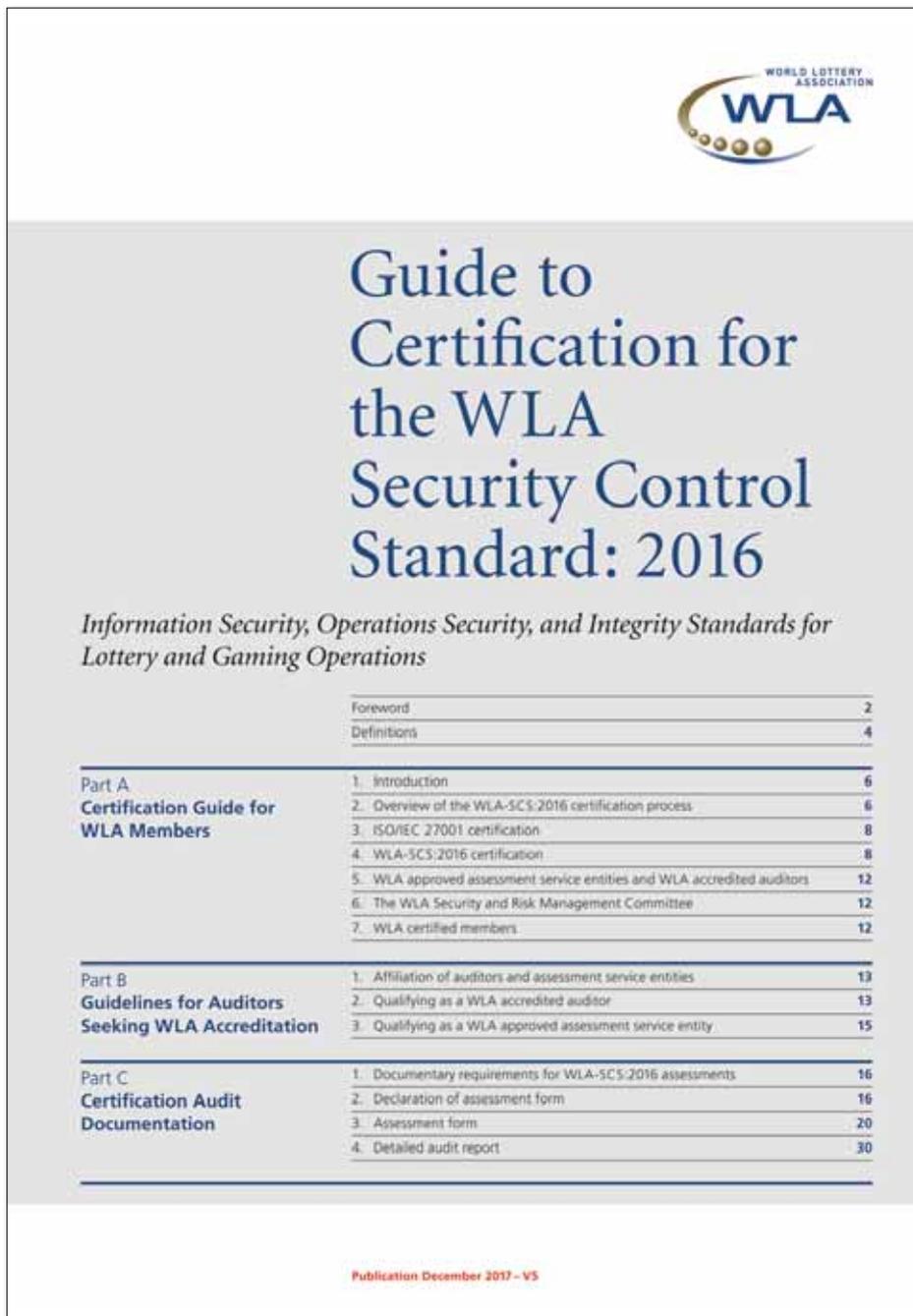
since the program was opened to WLA associate members in 2008.

The WLA Security Control Standard has come a long way over the past 18 years, sharpening its focus on strictly lottery-related issues and progressively attracting more and more interest. It remains the only internationally recognized global security and integrity standard for the lottery and gaming sector with a certification process in place, and is considered a shining example of how a sector of activity can leverage its collective experience and expertise to serve the specific interests of its stakeholders.

Leadership starts at the top

Most importantly, top management needs to be engaged in the process over the long term. Lottery leaders increasingly recognize the need to adopt a comprehensive approach to security, integrity, and risk management that permeates every level of the organization and encompasses everything from perimeter protection to cyber preparedness and remediation. With its ISO-ready security control standard, the WLA offers a complete framework and practical support to help lottery leaders to structure the security posture of their organizations and tailor their existing security management systems to the specific demands of the gaming industry.

You can request copies of the WLA Security Control Standard and the Guide to Certification for the WLA Security Control Standard by writing to security@world-lotteries.org.



SRMC: expert advice from local WLA representatives



The members of the WLA Security and Risk Management Committee (SRMC) are available to help lotteries get started on the certification journey. The SRMC is an international group of 20 top security professionals from WLA member lotteries around the globe.

The WLA Security and Risk Management Committee

Carlos Bachmaier Johanning,
SELAE, Spain (chair)

Driss Hamdoune,
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Banca de Quinielas de Montevideo,
Uruguay

Four questions for Carlos Bachmaier

Carlos Bachmaier, head of personal data protection, ICT risk management, and business continuity at Spain's national lottery (SELAE), has served on the WLA Security and Risk Management Committee for well over a decade and has chaired the Committee since Thierry Pujol stepped down last year. We asked him how the WLA Security Control Standard has changed over the years, and why it is still the most respected security and integrity baseline for lottery and gaming organizations worldwide.

Carlos, why is it imperative now more than ever for WLA members to adopt and comply with the WLA-SCS and to become WLA-SCS certified?

The lottery and gaming sector is changing constantly and rapidly, particularly in the area of technology and business innovation. Technology has greatly contributed to the improvement of our products, brought us closer to our players, and allowed us to establish effective responsible gaming controls. But technology and business innovation, if not handled properly, also have a downside. The pace of change is faster than ever. And cyber-crime is on the rise. Criminals are always finding clever new ways to attack online businesses, and the lottery and gaming sector have assets that attract criminals; nowadays, you need to recognize that such attacks are inevitable.

Engaging with the certification process will help your organization to better prepare for potential cyber-attacks and ensure that you have the right processes in place to mitigate any damage they might cause. It will also assure business continuity so that your operation can rapidly return to normal in the event of disruptions or cyber-attacks. At the same time, it will help to fight other risks such as errors and omissions, misconduct and fraud, and generally ensure a smooth operation.

What are the key benefits of adopting the standard and achieving certification?

While adopting the standard will help you achieve a proper risk level, certification to the WLA-SCS demonstrates to all of your stakeholders that your operation has an effective risk management struc-

ture, delivering security and integrity, and that appropriate and effective contingency plans are in place. It provides your regulators and the public with visible proof that your organization protects players, winners, and the public finances by operating its games within a well-established, state-of-the-art, effective security and integrity management structure, and that it has a system of internal controls to ensure sound risk management.



Why is it essential for top-level management to know about the standard, certification, and security in general?

WLA members must excel in governance. It's one of our core values and we owe it to our constituencies. Embedded in this quest for excellence is our duty of care to our players and winners, which means that the security and integrity of our assets must be guaranteed.

Moreover, to achieve our mission, a lottery or gaming operation's reputation must be impeccable. It's part of our organizational responsibility to protect our assets and our reputation. WLA-SCS can help your organization ensure that the procedures needed to protect your assets and the welfare of your players are in place. One element that CEOs must understand is that the ISO 27001 foundation leaves a lot of latitude and flexibility: it is risk management-based, so there are ample possibilities for each organization to tailor the use to their specific needs.

The "tone at the top" is tremendously important. As with any other element, leaders cannot expect their organizations to follow good protection practices if guidance and inspiration is not provided by top management. Most CEOs now realize that the security and integrity of their organization begin with them, and permeate the company down to the lowest levels; others might yet need to fully recognize this reality. While security and integrity are ultimately everyone's responsibility, they start at the top. Establishing a culture of security and integrity throughout the organization not only provides more effective protection but will help your organization fulfil its mission and its regulatory obligations. Setting the objective of achieving WLA certification – and at the same time committing resources and appointing responsible persons to manage the framework – sends a very strong signal and shows a clear direction.

People often ask me what it costs. We need to distinguish protection costs, protection management costs, and certifica-

tion costs. Good protection is certainly not cheap. Management costs are moderate, and certification costs are really low. How much budget is devoted to protecting your assets depends on many factors, and should be based on good risk analysis. But CEOs need to weigh up protection costs in terms of revenues, because revenues can be badly damaged by breaches and disruptions. In this regard, WLA-SCS conformance and certification just make good business sense.

The lottery sector will likely continue to change at a rapid pace. How do you see the WLA-SCS evolving in the coming years to adapt to these changes?

The SRMC is currently working with the WLA leadership to define its medium to long-term plans, part of which is the "Roadmap 2020" project. The Committee works on the basis of consensus and alignment, so full details

won't be available until this process is complete.

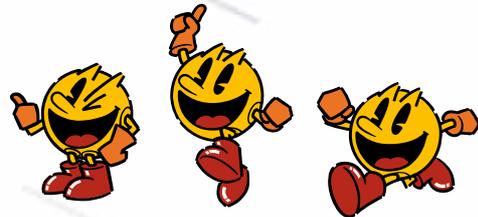
One path under exploration is introducing further flexibility, which would imply higher needs for responsibility and closer top management involvement. The idea would be to move away from a one-size-fits-all approach but to strengthen the controls required for the needed fit. This would call for greater engagement by CEOs, and of course there is a learning curve involved. The WLA may not be ready for this approach by 2020 – it could be 2025 – but changes are in the pipeline and will be introduced as appropriate.

User-centric gaming platforms (Internet, mobile, interactive TV, etc.) will continue to gain significance for lotteries. The SRMC has already recognized the growing need for cybersecurity. It set up a cyber-risk working group at the be-

ginning of 2017 to share information on cyber-threats and look into the possibility of establishing an information platform to help WLA members better prepare for and defend against cyber-attacks. The controls included in WLA-SCS will need to evolve to meet the growing threat of cyber-crime, and the next iteration will most likely feature a comprehensive set of controls for dealing with cyber-attacks. Members wishing to contribute to the working group's tasks are more than welcome to contact me or SRMC Deputy Chair Driss Hamdoune from La Marocaine des Jeux et des Sports to see how to get involved. Cloud/third-party computing is another unstoppable trend. Developments such as blockchain technology need to be followed and understood. Security and integrity control frameworks must stay abreast of these developments, because in matters of security and integrity, change is the only constant.

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U.S. lotteries prepare for sports betting windfall

Les Cunliffe - Fotolia.com

U.S. states have been gearing up for the repeal of a federal law that prohibits sports betting in all but four states. Rhode Island, Kansas and Kentucky could be the first state lotteries to profit.

The U.S. Supreme Court repealed the Professional and Amateur Sports Protection Act of 1992 (PASPA) in mid-May. The majority of lawyers watching New Jersey's case against the National Collegiate Athletic Association (NCAA) had predicted the outcome well ahead of the announcement. Perhaps more importantly, legislators up and down the country saw it coming and have introduced over 40 bills in anticipation of a New Jersey victory.

New Jersey has been looking to overthrow PASPA since 2009, when it filed its first suit against the U.S. attorney general claiming the federal prohibition on sports betting was unconstitutional. A long and tortuous path took the case all the way to the Supreme Court.

The Supreme Court only hears 100-150 of the 7,000 cases that it is asked to review each year. The fact that it was prepared to listen to New Jersey's case was taken as a sign that it would be likely to repeal PASPA and the positioning began.

State legislators have been acting quickly. In the U.S., state governments regulate gam-

bling in their own territories. While U.S. sports leagues would like a federal system of regulation rather than a patchwork of state-by-state regulations, this is seen as politically unlikely. Firstly, there is a prohibitive federal law called the Wire Act, which would need amending but more importantly, state governments have always regulated gambling activities and do not want federal involvement.

Pennsylvania, New Jersey, Mississippi, Connecticut, and West Virginia have passed laws that enable them to open sports betting markets relatively quickly and at least 10 other states are preparing legislation.

Of these, West Virginia is the only state where the lottery operates the local casinos or racetracks, and these will be the only venues for sportsbooks under the new laws. The other states will grant the operation of sports betting to privately-run casinos or racetracks.

Thus far, three states have proposed legislation that would let their lotteries operate sportsbooks: Kansas, Kentucky and Rhode Island.

Lotteries in the limelight

Of those three markets, Kansas is potentially the biggest. Kentucky has a far bigger population with 4.45 million people to 2.9 million in Kansas. The Kansas Lottery recorded annual net sales of USD 258 million in 2017, compared to net operating income of USD 277.5 million in Kentucky.

Crucially though, some Kansas legislators are preparing a far more liberal sports betting regime. There have been five sports betting bills, ranging from a bill that would allow sports betting at all lottery retail outlets, as well as at racetracks, online and on mobile; to a bill that would limit sports betting to the racetracks only. They are all likely to be quite highly taxed. In a study for the American Gaming Association, Oxford Economics estimated that a liberal, high-tax regime would bring in USD 157.4 million

for the state. If the racetrack-only option is pursued then the report estimates annual income at just USD 45.7 million¹.

Kentucky lawmakers have introduced a bill that would allow the lottery to offer bets on college and professional sports (excluding horse racing) via lottery retailers, horse racing tracks and simulcast facilities. It is the second sports betting bill to appear in the state. Given a high tax, Oxford Economics estimate Kentucky's income from sports betting at USD 83.6 million.

Rhode Island also has competing bills – two in this case – but the Rhode Island Lottery was so confident of a positive Supreme Court outcome and legislative progress that it issued a request for proposals (RFP) for a supplier to provide sports betting products and services over a month before the Court handed down its judgment.

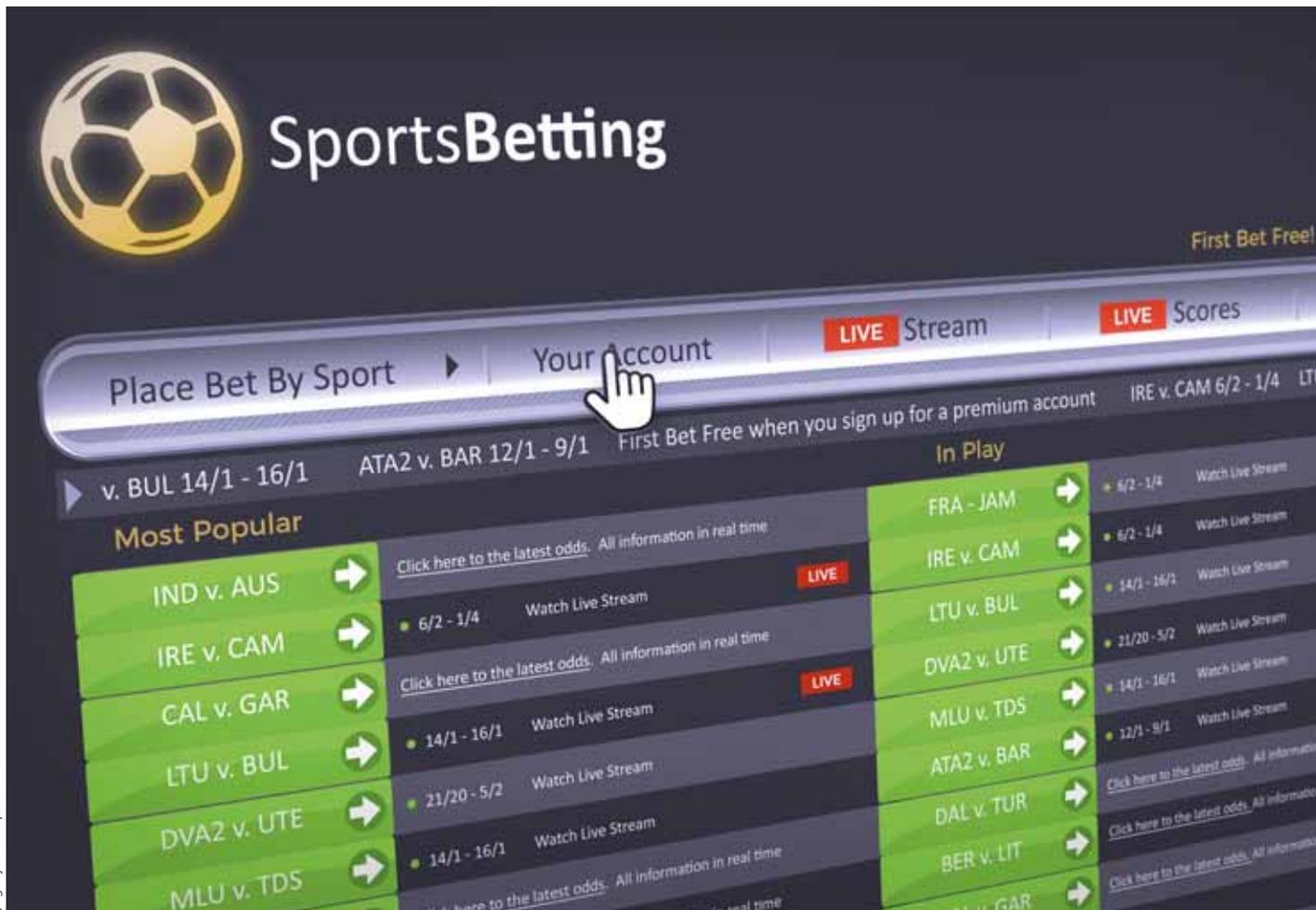
Rhode Island is the smallest of the three states. It has a population of just over a million people. The proposed legislation limits

the sports betting operation to a state-run sportsbook at the Twin Rivers Casino and a planned casino at Tiverton. As such, Oxford Economics estimates an income of just USD 40–55 million.

In essence, Rhode Island is not dissimilar to Delaware, which together with Nevada is one of only two U.S. states to offer sports betting. When PASPA was passed in 1992, Nevada, Delaware, Oregon, and Montana were exempted but only Nevada and Delaware currently operate sportsbooks.

However, after the Supreme Court decision, a spokesperson for the Oregon Lottery said it would look at the possible ramifications. It ran a Sports Action lottery game between 2003 and 2007 but closed it down when the NCAA said it would not allow any of its events to be held in a state that allows sports betting. The Lottery is focusing on the launch of fantasy sports games in the coming weeks and will think about sports betting but it is in no hurry, according to the Lottery spokesperson.

¹ <https://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20Betting%20Economic%20Impact%20Report1.pdf>



Rhode Island has roughly the same population as Delaware. Like Rhode Island, Delaware runs its gaming through the state-run lottery with the games branded and marketed through the state's three casinos. In 2016, revenue from its sports lottery was USD 39.4 million.

However, Rhode Island means business. Governor Gina Raimondo's budget proposal for 2019 includes USD 23.5 million in new state revenue from the Twin River Casino and the planned venue in Tiverton, and an additional USD 4.1 million from new types of games such as "stadium gaming" at Twin River.

The RFP asks providers to demonstrate "their capability to readily adapt to any future additions to authorized sports betting operations in the state including, but not limited to, remote sports betting." The winning bidder will be awarded a five-year contract, which comes with the option for two five-year extensions.

The college sports problem

Despite the Supreme Court repeal, there are a lot of issues to be sorted out before Kansas, Kentucky, Rhode Island, or any other state can begin to accept bets on sporting events.

First of all, there is the issue of which sporting events they will be able to accept bets on. While Major League Baseball (MLB) and the National Basketball Association (NBA) have slowly warmed to the inevitability of sports betting in the U.S., the National Football League (NFL) and college sports' NCAA have been bitterly opposed to it.

The likelihood is that the commercially savvy NFL is just waiting for its moment to enter the debate, but the NCAA is thought to favor an opt-out for amateur sports.

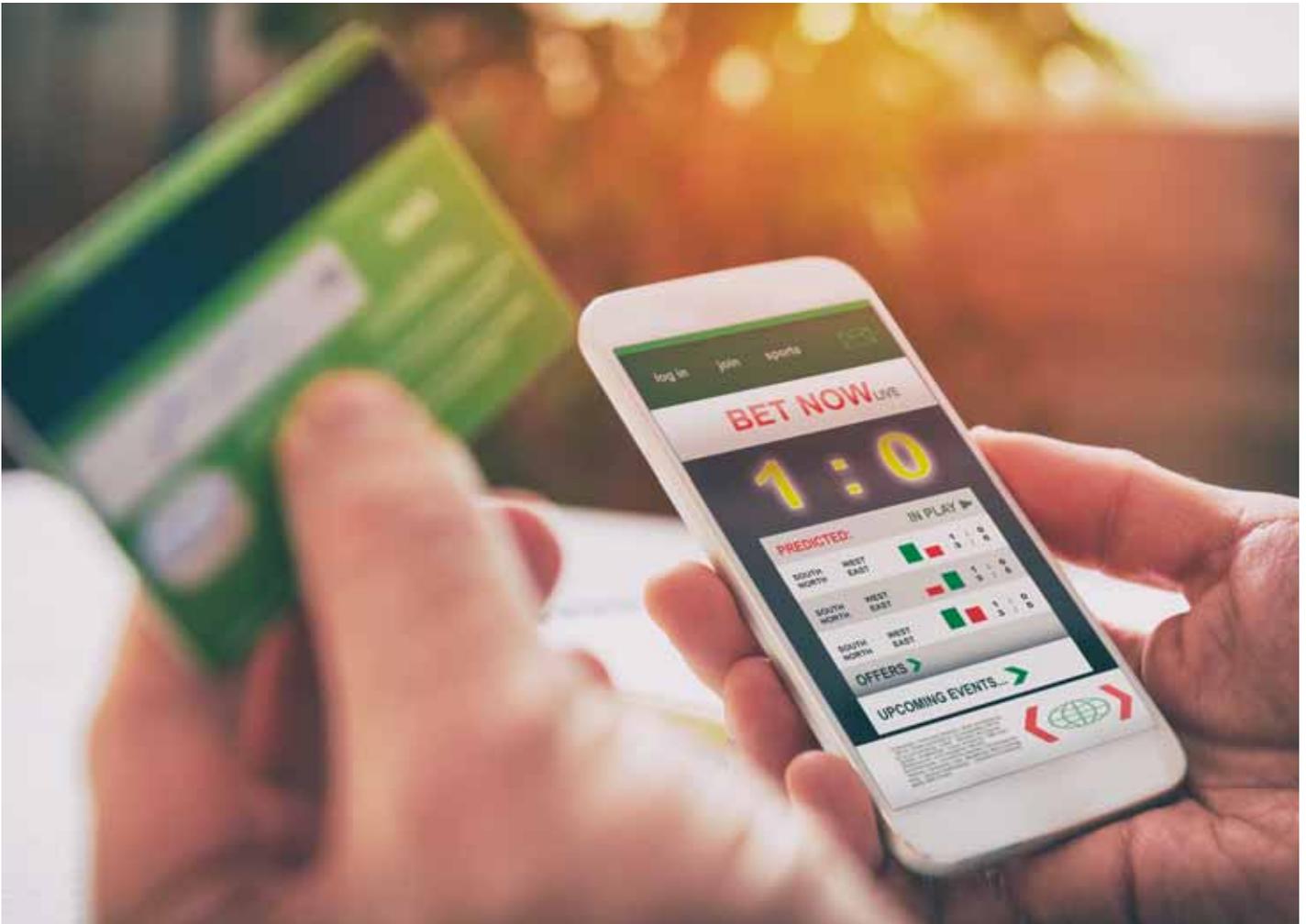
That said, on the day of the Supreme Court decision it announced a 10-year deal with Genius Sports focusing on capturing, managing and distributing real-time data and statistics from the three NCAA divisions

and selected championship events. Genius Sports also distributes this type of information to bookmakers, in addition to providing integrity services and other betting services. Perhaps the NCAA was better prepared for this decision than was previously thought.

At a hearing in front of Kansas lawmakers, MLB vice-president Bryan Seeley said the league would want a share of the profits and betting available on mobile devices. It also would want casinos to share sports betting data with the league to help identify suspicious trends where illegal activity could be occurring.

"It's not simply about whether we get a share of the profits, although we think that is appropriate. But there are a host of provisions it is important to put into place to protect the integrity of the game," Seeley told the House Federal and State Affairs Committee.

The integrity of the game is going to become one of the most fiercely fought issues, as



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leagues and betting operators (lotteries, casinos, and online operators) argue with legislators over who gets what share of the spoils.

Avoiding match-fixing should be a fairly non-controversial subject. Operators need the sports to be clean as much as the sports themselves. Nobody is going to place a wager on a game that they think is fixed.

Pennsylvania Gaming Control Board head of licensing Susan Hensel told the audience at the ICE Totally Gaming conference in London: "One of the biggest challenges will be the integrity of the game. The protection of the integrity of the game is critical to the sustainability of the industry."

However, the sports leagues' biggest concern seems to be about monetizing integrity. The NBA, with support from the MLB, stirred up some controversy when it told New York's lawmakers that sports should receive an "integrity fee" of 1 percent of all bets placed. That equates to between 20 and 29 percent

of net revenue, according to the American Gaming Association (AGA).

Following the NBA testimony, the AGA released a particularly spiky statement on what it called "the NBA proposal to skim money from American taxpayers". It followed that with a number of supporting statements from law enforcement officers, competition experts, and consumer protection advocates who slated the NBA's proposal.

Despite the opposition, other sports bodies are following the NBA's lead. Professional golf's organizing body the PGA Tour said recently that it supported a 1 percent integrity fee, while also demanding input over the type of bets offered to customers and control over data provided to operators.

"We're making sure our voice is being heard," PGA Tour commissioner Jay Monahan told USA TODAY in his first statement on the issue. "A lot of things remain to be determined. It's not simply switching a switch.

When the court rules it's going to be big news for a while."

The latest Kansas bill does include a 1 percent integrity fee. It is the highest amount yet proposed. Another bill in Kansas demanded a 0.25 percent fee, while the third included no provision for an integrity payment. Neighboring Missouri is the only other state proposing a 1 percent fee in its bill.

The leagues lobbied hard for an integrity fee to be included in West Virginia's sports betting law and failed. However, they succeeded in having a 0.25 percent integrity fee included in legislation proposed in their home state of New York. Connecticut's politicians have also written a 0.25 percent fee into their sports betting bill. An integrity fee does not feature in the proposals from any of the other states.

Market potential

The wrangling over legislation will continue as all sides look to maximize the revenue

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opportunity, while creating a robust regulatory framework that protects citizens and prevents the corruption of sporting events.

According to the American Gaming Association, Americans spend USD 150 billion each year on sports betting in the black market. If all 50 states were to legalize sports betting (an unlikely event but necessary to compare like with like), Oxford Economics estimates that Americans would spend between USD 83 billion and USD 287 billion, depending on tax rates and the availability of gambling (whether it is in casinos, retail, online and/or mobile)².

These estimates would translate into net gaming revenue of between USD 5 billion and USD 19 billion. Tax take would be between USD 707 million and USD 2.6 billion. In addition to all this, according to Nielsen Sports³, there would be an additional USD 3 billion in advertising, sponsorship and product fees.

These are big figures, but as previously noted, it will not revolutionize state budgets in the way that some governors will hope.

Maryland is another jurisdiction in which the state lottery has responsibility for operating the state's racetrack, casinos and other gambling facilities, as opposed to the more traditional regulatory structure in which gaming licensees are the owners and operators of the machines.

In many of these states, effective tax rates are higher than in states with privately-run casinos. A higher tax rate would limit gaming revenue, according to Oxford Economics.

Maryland legislators are planning a referendum on the issue in November, as state laws assert that any expansion of gambling needs to be decided by voters. Ohio is the other state to follow the lottery-led model. It would also require a referendum to implement sports betting. While its legislators are yet to act, it was one of 20 states which filed an amicus brief in support of the New Jersey case last September.

While legislators, regulators and operators have been preparing for a New Jersey victory in the Supreme Court, there are a lot of details to be thrashed out before any lottery or casino will be able to accept a bet on the next Superbowl.

² <https://www.americangaming.org/sites/default/files/AGA-Oxford%20-%20Sports%20Betting%20Economic%20Impact%20Report1.pdf>

³ <https://static1.squarespace.com/static/5696d0f14bf118aff8f1d23e/t/5a70dbb2c83025604e853189/1517345716998/Nielsen+Sports++AGA++Estimating+US+Market+5.18.17.pdf>

Michigan blazes trail with virtual sports rollout

The other sports-related development to feature in the U.S. lottery market is the introduction of virtual sports games.

In February, Inspired Entertainment announced a deal with Michigan Lottery and its platform provider Pollard Banknote to provide it with virtual sports games.

For the uninitiated, virtual sports games consist of watching a computer-generated football game or a horse race and betting on the outcome. The advantage they have over real world sports is that a new match can be generated immediately after the last one has finished. They have proved immensely popular in the UK, Greece, and in Italy.

Michigan has been one of the most progressive lotteries in the U.S., having gone online as early as 2014. It has optimized its online games for mobile, with a constantly evolving portfolio of e-instants, Keno games and interactive draw-based games. It will be the first U.S. lottery to feature virtual sports.

The Michigan Lottery might also get the opportunity to develop a system that



allows parlay wagers at retail locations throughout the state if a bill proposed last year comes to pass.

Pennsylvania Governor Tom Wolf has also authorized the state lottery to offer virtual games, which are expected to be on offer in retail stores from June this year. Wolf predicted this could bring in as much as USD 75 million to state coffers. However, politicians' revenue projections should be taken with a pinch of salt. They are prone to exaggeration for political effect. He

said retailers would receive a 5 percent commission from virtual sports.

Inspired Entertainment has been the most successful supplier of virtual sports games in Europe. During 2018, it was acquired by former Scientific Games chief executive officer Lorne Weil who has stated his ambition to target the U.S. lottery sector with Inspired. The company recently recruited former managing director of Aristocrat Technology's Americas Group Brooks Pierce to further that ambition.



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Bet-on-Lottery and Courier Services: A global overview

Modern technology and the advent of the Internet have provided fertile ground for the expansion of Bet-on-Lottery and Courier Service operators. In the following article, we provide an overview of the two main forms of these business models and examine how they function in different parts of the world.

For more than 25 years, foreign lotteries have been offered without specific authorization in various countries by operations seeking to capitalize on the popularity of state authorized lottery games. Initially, these operators had to rely on traditional mail services to promote their products, which minimized their impact in the jurisdictions where they did not have specific authorization to operate. The advent of the Internet, with its wide reach and instantaneous transaction completion, has greatly expanded the capabilities of these operations. This potentially increases the impact on the authorized lottery organizations, which, in the jurisdictions where they offer their products, follow their respective national or state legislations as well as their efforts to raise funds for good causes in their respective jurisdictions.

Illegal gambling

Although what constitutes illegal gaming has long been a point of contention, there is now a pertinent frame of reference. The Council of Europe drafted a Convention on the Manipulation of Sports Competitions, which defines “Illegal sports betting” as being “any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located.”

With minimal adaptation, this definition can be used to characterize all non-regulated gambling in a jurisdiction as “Any gambling activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located.”

In accordance with this definition, and further underlining its significance, Article 2 of the WLA Code of Conduct states, “No member shall offer gaming services via elec-

tronic commerce services unless it has received the necessary permission to do so by the government or authorities competent to grant such authorization for the territory where the gaming services are made available.” The code of conduct further states that, “members shall only offer a gaming service to or accept bets from residents of the jurisdiction(s) whose government or competent authority has granted an authorization to offer the gaming services concerned”.

A brief look at Bet-on-Lottery Services and Courier Services clearly demonstrates that by their nature, they are illegal operations. The information that follows has been obtained from public services.

Bet-on-Lottery Services

For the past few years, private online gaming firms have been offering what is known as “Bet-on-Lottery Services”. Bet-on-Lottery Services see players bet on the outcomes of state-regulated lotteries without actually taking part in those games. In these schemes, a private operator receives a remote gambling license often from a low-tax domicile such as Gibraltar, then offers fixed-odds betting on state-authorized lottery products across jurisdictional lines. The business model is simple: these operators offer players the chance to bet on the outcomes of regulated lotteries, with the chance to win at least the same prizes as the lotteries they are exploiting. Their websites typically have the look and feel of the platforms traditionally offered by authorized providers, and the player could often not even realize that they are betting through a private operator.

A well-known provider of Bet-on-Lottery Services is Lottoland. They are not a lottery operator but instead act as an agent for a

bookmaker called EU Lotto Ltd (EU Lotto). Players place bets through its website on the outcome of official state-lottery draws taking place around the world. Lottoland takes these bets as instructions from the client to place wagers on their behalf with EU Lotto. To protect itself against the possibility of a large payout due to a high-jackpot win, it takes out insurance using the capital market. Hence the name, “the insurance model”.

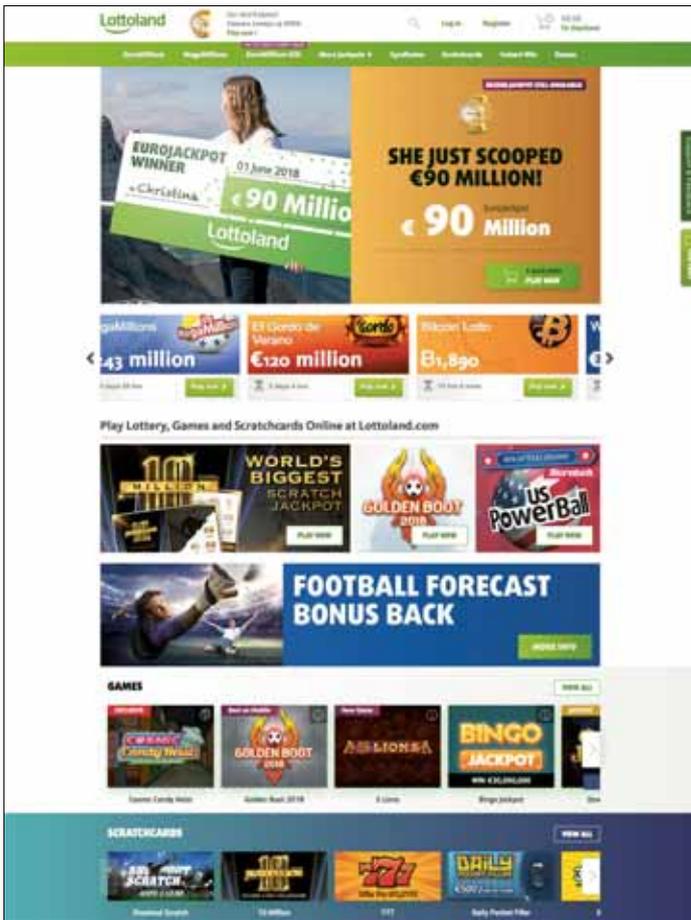
Lottoland was founded in May 2013 in Gibraltar and began taking bets on the European block game Euro Jackpot one month later. Since then Lottoland has expanded rapidly, and is currently active across four continents in some 30 countries. It claimed in May 2017 to have more than six million players worldwide, to have accrued revenues in 2016 of USD 350 million, and to have paid out USD 1.25 billion in winnings to date.

Legal authorization

Lottoland is licensed to operate in Australia’s Northern Territory, the UK, Ireland, and Gibraltar. However, all of these licenses do not necessarily cover all forms of gaming in those markets.

Through its Racing Commission, Australia’s Northern Territory issued an online betting license to Lottoland in December 2015, to offer online betting on the outcomes of national lotteries and international lotteries. However, in November 2017 amendments were made to the license removing the ability of players to bet on the outcome of national lotteries.

In the United Kingdom, Lottoland is licensed by the UK Gambling Commission under the Remote General Betting (standard) (real events) Operating License [sic] and the Remote Casino Operating License.



The websites of the most prominent Bet-on-Lottery operator Lottoland (left) and the most well known Courier Service provider TheLotter (right).

The Remote General Betting (standard) (real events) Operating License allows the licensee to provide facilities for remote (online) gambling to consumers in Britain. It authorizes the provision of facilities for betting on real events (but not virtual events) by means of remote communication (for example, a website).

The Remote Casino Operating License allows operators to offer casino games to customers in the UK via a website, mobile phone, TV, or other online service, regardless of where the operator is based in the world.

Section 95 of the UK Gambling Act sets out a clear prohibition on licensees for the offering of bets on National Lottery draws. Indeed, under the terms of the Lottoland's UK License, it is blocked from offering odds on any National Lottery draws, including EuroMillions, in the UK. However, until now it has been able to circumvent this by offering players odds on the Spanish-language version of the draw, Euromilliones. In November 2017, the UK government announced plans to stop all lottery betting op-

erators from accepting bets on EuroMillions draws taking place outside the UK. This followed a public consultation launched in March 2017 by the UK's Department for Digital, Culture, Media and Sport (DCMS). The ban will be introduced through a new license condition that will prohibit consumers in Great Britain from placing bets on EuroMillions games that take place outside the UK.

In the Republic of Ireland, Lottoland received a Remote Gambling License from the Excise License Office. With this license, Lottoland can offer the placement of bets on its websites to players in Ireland.

Although Lottoland is operating under limited licenses in the above-mentioned countries, its websites are easily accessible in other countries, where it does not hold a license to offer its services.

Courier services

An older form of unauthorized lottery services is known as the Courier Service or Concierge Service. In principle, this opera-

tion involves the buying of a lottery ticket in a given jurisdiction by a courier on behalf of a player in another country. An example of such a service is theLotter.

TheLotter was founded in 2002 and claims to be the world's premier lottery ticket messenger service. The company is registered in Belize as theLotter Enterprise Ltd. and operates its websites out of the UK. It has 53 different lottery products from various countries for sale on its sites, and offers various payment methods.

The operation works as follows. After registering on theLotter's website, players select their desired games and play them as they would on the website of the official lotteries. A corresponding lottery ticket is then purchased by a courier located in the jurisdiction of the official lottery and scanned into the players' accounts. For winnings of more than USD 2,500, players must travel to the jurisdiction where the ticket was bought and personally collect the prize from the lottery. Prizes of less than USD 2,500 are collected by theLotter on behalf of the players and trans-

ferred to the players' accounts. Unlike some operations that offer similar services, it does not take a commission from lottery winnings. theLotto generates its revenue through a once-off service fee for each purchase.

While courier services might be authorized to offer their messenger services within

the borders of specific jurisdiction such as New Jersey, where the courier services can register their activities with authorities and enter into agreements with retailers located in the jurisdiction, they do not have authorization to sell issued by the pertinent authorities of the other jurisdictions they are selling to.

Other operations offering courier services are: Lotto365.com; IceLotto and LotteryMaster.

In the next segment, we will examine the legal landscape around the globe in regard to these services and what measures various jurisdictions have taken in their regard.



Bet-on-Lottery and Courier Services: effective responses

Countries around the globe have taken measures in regard to the expansion of Bet-on-Lottery and Courier Services. Legislative moves have been made in several jurisdictions; in other countries, regulators have taken action within the existing laws.

In addition to legislative moves, awareness campaigns have also been launched by state lotteries and other stakeholders to inform the public on the nature of these services and of how they can divert revenues from the State that would otherwise go to support good causes. Below you will find a summary of some of the measures that have been taken by legislators, regulators, and non-governmental stakeholders in 13 different jurisdictions.



Australia

In March 2016, Tatts Group filed a complaint with the World Intellectual Property Organization (WIPO) Arbitration and Mediation Center in relation to the disputed ownership of domain names. Two months later WIPO ordered that the disputed domain names ozlotto.co, powerball.org and setforlifelottery.org be transferred to Tatts Group.

In 2016 Tatts Group also initiated civil proceedings against Lottoland in the Australian Federal Court alleging trade mark infringements, and misleading and deceptive conduct. As a result of the proceedings, a confidential settlement was reached and court orders issued pertaining to future advertising conduct and use of Tatts' intellectual property. Lottoland also agreed to post a corrective statement on their Australian website and in national newspapers.

Separately, non-legislative actions have been taken by the Australian Lottery and Newsagents Association (ALNA) and other lotteries and newsagents associations in conjunction with lottery operators such as the Tatts Group (now part of Tabcorp) and Lotterywest. Together, the "Lottoland's Gotta Go!" campaign was launched which focused on prosecuting a ban on "fake lotto betting." The campaign included point of sale material within lottery retail venues identifying the differences between the business model of traditional lottery providers and synthetic lotteries as well as video spots featuring lottery retailers discussing the value they provide to the community.

During 2017, governments in the Australian states of Victoria, New South Wales, Tasmania, and Western Australia announced plans to legislate to ban or restrict betting on

synthetic lotteries (Bet-on-Lottery Services) in their territories. South Australia's legislative framework had pre-existing conditions that prohibited betting on the outcomes of lotteries within its jurisdiction.

The Federal Government also began to pay close attention to Lottoland's operations, and in September, federal Communications Minister Mitch Fifield wrote to the government of the Northern Territory (where Lottoland and other synthetic lottery betting operators in Australia are licensed) to relay concerns from federal parliamentarians about Lottoland's business model and requested that the Northern Territory government justify why it issued Lottoland with a wagering license.

As a result, the Northern Territory government announced in November 2017 that it would move to prevent lottery betting companies from taking bets on the outcomes of official Australian lotteries.

However, this move did little to assuage the concerns of the federal government, which in March 2018 confirmed that it would legislate to ban betting in Australia on the outcome of lotteries and keno.

The resulting amendment to the Interactive Gambling Act to achieve the ban was passed unanimously by federal Parliament's House of Representatives (lower house) on 9 May this year. Upon passing the Senate (upper house), currently expected to be considered in June, synthetic lottery operators would then have a six-month transition period to cease taking bets on official lottery and keno draws.

The federal government, during the parliamentary debate on the ban, said it would help protect 4,000 retailers in Australia, who rely on lottery sales to sustain their businesses, and would assist to preserve the AUD 1.1 billion in tax revenue from lotteries that flows to state governments.



Austria

There is an ongoing discussion in Austria concerning the implementation of IP-blocking procedures for illegal online gambling websites. This discussion has arisen especially after the discovery of unli-

censed companies offering online gambling and Bet-on-Lottery Services to players in Austria. In addition to the political discussion on IP-blocking in Austria, the jurisdiction had to deal with the activities of illegal operators. The Austrian Supreme Court, in its latest decision regarding games of chance, held that players are entitled to reclaim gambling losses suffered from illegal online operators (4Ob124/17i).



Belgium

Belgium's penal code states that organizers of prohibited lotteries, if caught, can be fined or imprisoned. Players can also receive substantial fines if caught participating in prohibited lotteries.

In July 2017, the Belgian Gaming Commission (Commission des Jeux de Hasard) decided to block Lottoland's website and put it on its black list of illegal gaming organizations. The decision was taken following police reports that Lottoland was offering bets on international lotteries in Belgium without having obtained a proper gambling license.



Canada

Canada's criminal code strictly prohibits gambling in all forms unless specifically authorized by one of its provisions. Section 207 of the criminal code establishes that only the provinces, through their agent corporations, can conduct and manage lottery schemes in accordance with their provincial legislation. An exception is made for charitable organizations, which may offer limited lotteries if they are licensed by the regulator.

A "game-of-chance", as defined by Canadian law, must have these three elements: consideration, hope of winning a prize of greater value than the consideration, and an outcome based on chance or a mix of chance and skill. Games-of-chance are considered gambling in Canada and must be regulated. It is illegal for a game-of-chance to be offered to the residents of a Canadian province if it is not explicitly authorized by the relevant provincial lottery corporation. Regarding Internet gaming, the Criminal

Code explicitly reserves this activity for the provincial lottery corporation.

It is not just the selling of lottery tickets by non-authorized entities that is prohibited under the Canadian Criminal Code. Section 206 of the Criminal Code establishes that it is a criminal offense to print, advertise, or publicize any proposal, scheme, or plan involving lottery tickets or any game-of-chance whatsoever, or to assist in the sale of lottery tickets or games-of-chance whatsoever, or to transmit, mail, or ship an article used in carrying out any of the above-listed activities.



Czech Republic

Sazka – the Czech Republic’s most prominent lottery operator – was in discussion with state regulators to make changes to new online gaming regulation, namely the Czech Gambling Act (2016). The new gaming legislation, which came into effect on January 1, 2017, forbids customers from playing lottery games abroad, prohibits operators from selling foreign lottery games, and specifies that lottery licenses can only be issued to operators that have legal existence in the country. Amendments to the Czech Gambling Act (2016) aimed to completely close the door on foreign Bet-on-Lottery Services in the Czech Republic and introduced the blocking of the IP addresses of illegal operators.

In November 2014, Sazka filed charges against Lottoland with the Public Prosecutor and notified the Czech Ministry of Finance. A complaint was also filed with the government authorities that deal with economic crimes. Two years later, criminal proceedings were suspended, as Lottoland does not possess any property in the Czech Republic, nor do any of its representatives have a physical presence there.

Administrative proceedings against Lottoland followed in 2017 by the Czech Ministry of Finance with a view to blacklisting the operator and blocking its website. The proceedings followed letters sent to Lottoland asking them to suspend their offerings in the Czech Republic. Apart from being blacklisted and seeing its website and financial transactions blocked, Lottoland potentially faces a fine of up to CZK 50,000,000 (ca. USD 2,230,000).

On its website, Sazka has also published a warning to its players not to play Euro Jackpot on Lottoland’s website as it does not have permission to offer lotteries in the Czech Republic. It added that a pay-out cannot be guaranteed. Czech players were also warned that they could face charges for participating in illegal gaming.



France

Betting is only authorized in France when organized for sports events and horse racing. The French authority for online competitive games, ARJEL, sent a letter of formal notice to Lottoland for offering different online gambling products to French residents. Lottoland was informed that offering such gambling products was an infringement of both the prohibition on non-sports betting and the exclusive rights granted to Français des Jeux to offer online scratch games in France. In January 2017, Lottoland respected the formal notice and since then has blocked all its commercial websites (.com, .uk, .de) for French residents. If it had not respected the formal notice, Lottoland would have been subject to blocking measures – provided for by French legislation – of its website and its financial transactions, and would have faced penal sanctions and criminal fines.



Germany

German authorities have a whitelist of licensed operators that is maintained by the State of Hessen’s Ministry of the Interior and Sports. The list only includes providers that have a valid license issued in Germany. Illegal operators are blocked, regardless of the types of services they provide. Operators that are currently active legally under EU law in Germany are not included on this whitelist. Hence, Lottoland is not included on this whitelist. Repeated attempts by Lottoland to obtain a German gaming license have been consistently refused.

Of recent regulatory actions against secondary lotteries in Germany, there have been two notable cases in the federal states of Saarland and Bavaria. The courts of both states, critical of the parasitical nature of

Bet-on-Lottery Services, moved to ban all operations of this kind.

German state lotteries have also included notices on their websites warning their players about the inherent risks of playing games offered by illegitimate operators. Players are further informed as to how secondary lottery operations undermine the efforts of state lotteries to raise funds for good causes.



Ireland

In Ireland, there are currently 15 off-shore, Bet-on-Lottery operators offering bets on lotteries, including Irish National Lottery games, using a remote bookmakers license secured from the Revenue Commissioners. This number is expected to grow.

These operators are marketing aggressively causing confusion amongst players. They are undercutting National Lottery games by charging less per line and doing special offers. Whilst they have a remote bookmakers license they are not regulated. On the other hand, the National Lottery has a dedicated responsible play program and is independently regulated by the Office of the Regulator of the National Lottery. The Regulator continually monitors the National Lottery’s adherence to various codes of practices governing sales, vetting procedures, participation and advertising and marketing.

Premier Lotteries Ireland (PLI), operator of the Irish National Lottery, has raised its concerns as to impact of these operators to its sales, and in turn to the contribution to good causes, which was EUR 226 million last year. PLI is lobbying the government to introduce an amendment to legislation to ban these operators and to protect vital good cause funds.



South Africa

Court proceedings have been introduced against a licensed bookmaker. Although online Bet-on-Lottery services are considered illegal in South Africa, the bookmaker currently offers bets on the outcome of National Lottery draws, as well as bets on the following international lotteries: Italy’s

SuperEnalotto; the Spanish Daily; Euro Millions; the Greek lotto games Kino 15, Kino 12, and Kino 9. All the cash prizes (including jackpots) are fixed amounts.

There are other forms of illegal lottery operators offering bets on results of the National Lottery and lotteries from other countries. These are gaining momentum as advertising is done through major publications. Other operators are advertising services wherein they act as agents to place bets on behalf of South Africans in UK and Euro Million lotteries, stating that winnings and all legal requirements will be handled by an agent in that jurisdiction to transfer winnings to players' South African bank accounts. The National Lotteries Commission (NLC), responsible for regulating lotteries in South Africa, is continuing to conduct education and awareness interventions to inform the public of the illegal nature of these operators and that there is no guarantee that winnings will be paid to players.

Other smaller lotteries operated strictly by non-profit-organizations to raise funds for their entities are known as society lotteries and are authorized by the NLC, with restrictions placed on the ticket cost and the maximum amount of funds that can be raised in a society scheme.

Ithuba Holdings (RF) Proprietary Limited – a private company licensed to operate the South African National Lottery – has also raised concerns on the proliferation of illegal lotteries that are in direct competition with the National Lottery, thus reducing potential revenue generation for good causes.

The National Gambling Amendment Bill of 2016 aims to restrict bets on the National Lottery and Sports Pools together with results thereof, to operators licensed by the NLC, with a contribution to be made to good causes. Currently bookmaker licenses are issued by Provincial Gambling Regulators with no requirement to contribute to good causes.

NLC, and ITHUBA, have made further comments on the Bill to restrict operators from offering bets on international lotteries as this negatively impacts on revenue generation for good causes and competes directly with the National Lottery. NLC is also engaging with policy makers to introduce IP blocking of illegal gambling

websites together with restricting the registration of domain names for such sites.



Spain

In Spain, the websites of illegal gambling operators can be blocked, regardless of the type of services that they offer. Spain has two legal national lottery operators, SELAE and ONCE. In 2013, ONCE reported Lottoland to the Spanish gaming regulator for offering bets on Euro Jackpot to players in Spain through its website in the Spanish language. Consequently, Lottoland stopped offering bets to Spanish residents on that particular website but other international Lottoland websites were reachable from Spain, albeit none in the Spanish language. Recently, Spanish gaming regulators blocked access to some of Lottoland's international webpages under the Lottoland domains for players within Spanish territory, but some of their websites are still accessible, both under the lottoland and lotoland domains.



Sweden

Hakan Hallstedt, Director General of Lotteriinspektionen, Sweden's national gambling regulator, introduced proposals last year to better regulate the iGaming market by implementing a new gambling act, to take effect in January 2019. The new gambling legislation will introduce an explicit prohibition on Bet-on-Lottery Services and establish payment blocking measures to be put in place for any company attempting to circumvent the rules.



Switzerland

On June 10, 2018, Swiss citizens voted a new gaming bill into law that was passed by the Swiss Parliament last year. As a direct democracy, all legislation passed by the Swiss parliament is subject to plebiscite before it becomes law. The new gaming bill replaces legislation from 1998 governing the operation of gambling and casinos as well as antiquated legislation from 1923 governing lotteries and sports betting. The new legislation will, inter alia: introduce obligatory responsible gaming measures for gaming operators; promote transpar-

ency in the gaming industry; strengthen laws against money laundering; and step up the fight against match fixing. One key tenet of the new legislation calls for strict new measures to eliminate illegal gaming in the country by blocking the IP addresses of foreign online gambling operations. This vital update modernizes Swiss gaming legislation, ushering it into the Internet era. The new gaming regulations will take effect at the beginning of 2019.



United Kingdom

In November, the UK government announced plans to stop all lottery betting operators from accepting bets on EuroMillions draws taking place outside the UK. This followed a public consultation launched in March 2017 by the UK's Department for Digital, Culture, Media and Sport (DCMS). The ban will be introduced through a new license condition that will prohibit consumers in Great Britain from placing bets on EuroMillions games that take place outside the UK. The change closes a loophole that barred betting operators from accepting bets on EuroMillions in the UK but allowed them to place bets on EuroMillions in one of the other eight participating countries. This will ensure that funds raised for good causes through EuroMillions draws will receive the same level of protection as funds raised through UK National Lottery draws. In a statement, the DCMS declared that adding a ban on offering bets on the outcome of EuroMillions draws to the existing ban on National Lottery draws was "justifiable on both a principled and a precautionary basis".

The new restriction came into effect in early April 2018 despite four lottery betting operators – Annexio, Lottoland, Lottomatrix, and Multilotto – teaming up as the newly-created Lotto Betting Group to launch legal action against the ban. The group argues that prohibiting betting on non-UK EuroMillions draws amounts to a "restriction" under Article 56 of the European Union Treaty, and describes the restriction as both "irrational" and "unreasonable".

Further actions can be taken

Learning from the experiences in these jurisdictions, others jurisdictions can determine what the pertinent actions to take for them are.

World Lottery Summit 2018 in Buenos Aires

Gaining the edge in the new world



Photo: istockphoto.com, dolphphoto

The World Lottery Summit 2018 (WLS 2018) is just around the corner! As delegates have come to expect, the 2018 Summit will be an opportunity to hear and learn from some of the world's leading experts, while interacting with lottery colleagues from around the globe. WLS 2018 will take place in exciting and beautiful Buenos Aires, Argentina, from November 18 – 22, 2018. To find out more about the event, the city, and some of our keynote speakers read on below.

Welcome to Buenos Aires!

Regular attendees at the biennial World Lottery Summit may be used to the idea of visiting exotic, exciting locations around the world, during early-to-mid-autumn months. As WLS 2018 will take place this year in the southern hemisphere, visitors will enjoy a springtime summit in the vibrant, culturally diverse city of Buenos Aires, Argentina.

Uniquely, Buenos Aires is an autonomous city within Argentina, which also has twenty-three provinces in its federation. With over three million inhabitants – an average number that has remained consistent for over seventy years – this vibrant and bustling city is known for its diversity and its cultural identity like no other. Today's Buenos Aires population is primarily descended from European settlers from across

the Mediterranean, Northern and Eastern Europe, as well as a growing population of Mestizo people.

Thanks to its location, Buenos Aires experiences a relatively temperate climate year-round, with temperatures dropping to a daily mean of 11°C (52°F) during winter, and climbing to a daily mean of 25°C (77°F) during the summer months. Summit visitors can



expect a pleasant combination of sunny days and moderate temperatures during mid-November, but should note that it does fall within the rainy season, and that Buenos Aires is well known for its spectacular rain and lightning storms during spring and summer.

Buenos Aires is colloquially known as the Theatre Capital of the World, and delegates are encouraged to take some time out to enjoy the incredible variety of cultural, sporting and musical entertainment the city has to offer.

WLS 2018 venue and accommodations

Visitors to this year's World Lottery Summit in Buenos Aires will have the pleasure of enjoying the facilities at the Hilton in Buenos Aires. The hotel is situated in a prime location in the city's Puerto Madero district, and is within walking distance of many of Buenos Aires' best-known attractions and entertainment. Serving as venue for WLS2018, the Hilton Buenos Aires also offers the largest convention facilities in Latin America.

Other available hotel options include: the Sheraton Buenos Aires Hotel, located in the

heart of the city; the Sheraton Libertador Hotel, a luxury hotel situated 600 mts. (1,968 ft.) from Teatro Colón; and the Faena Buenos Aires Hotel, a 5-star design hotel offering plush accommodation in upscale Puerto Madero.

Details on WLS 2018 hotel options can be found on the official summit website at: www.worldlotterysummit.org

The business program

Registration for the World Lottery Summit 2018 begins at 14:00 on Saturday, November 17, and continues from 09:00 on the morning of Sunday, November 18. On Sunday morning, delegates can enjoy a pre-event tour of Buenos Aires and spend the afternoon taking in the sights and sounds of the city before the summit kicks off at 16:00 with a short welcome, followed by the first keynote speaker of the event, Nando Parrado. The first evening also marks the opening of the trade show as well as the Opening Gala event – an informal gaucho evening in true Argentinian style.

Over the course of the next three days, delegates can attend the exciting and in-

sightful keynote addresses given by our eight invited speakers, covering a wide range of topics, from Jeff Fromm's Attracting Millennials, to Don Tapscott's insights on Blockchain, and Jane McGonigal's presentation on Gamification, as well as several others. For more details on the program, visit worldlotterysummit.org and click on Business Program.

Parallel sessions

As in previous years, between the keynote addresses, visitors will have the opportunity to choose from a considerable range of parallel sessions, covering numerous relevant and interesting topics that will help international lottery operators and contributors gain the edge in the new world. Topics that will be covered include corporate social responsibility, blockchain technology, sports betting integrity, gamification, industry disruptors, and many more.

Several of these sessions will run concurrently each day and we encourage delegates to spend some time familiarizing themselves with the options on offer and selecting those that are of greatest interest and relevance.

WLA Awards

No World Lottery Summit would be complete without our unique series of awards. This year, in addition to the WLA Advertising Awards and the WLA Responsible Gaming Awards, we introduce the inaugural Jean Jorgensen Merit Award for Innovation.

Jean Jorgensen Merit Award for Innovation



Before his passing in February 2016, Jean Jorgensen was a firm fixture in the lottery industry, starting at Danske Spil in 1991, and serving as WLA Executive Director for eight years from Octo-

ber 2008. In recognition of his contribution, we introduce the Jean Jorgensen Merit Award, which encourages the development of future lottery leaders by recognizing their contribution to the introduction of innovative solutions that address their lottery's needs.

The deadline for submission for the Jean Jorgensen Merit Award for Innovation is Friday, September 14, 2018. For details please visit the official convention website at: www.worldlotterysummit.org

WLA Advertising Awards

The WLA Advertising Awards are a traditional component of the WLA Convention, designed to acknowledge and promote best practice in lottery industry advertising. These awards provide an ideal platform for you to gain industry exposure for the promotional material produced by your lottery in the past two years. This year, there will be awards presented in three categories, covering TV/cinema, new media, and corporate advertising.

Deadline for submission for the WLA Advertising Awards is Friday, September 14, 2018. For details please visit the official convention website at: www.worldlotterysummit.org

WLA 2018 Responsible Gaming Awards

Since implementation of the WLA Responsible Gaming Framework in 2009, it has served as an excellent guide on the path to your lottery's and business' success in attaining the highest industry standards of responsible gaming and sustainable lottery business development. This year, we will once again be recognizing those WLA members across RGF Level 4, RGF Level 3 and RGF Level 2 with the Flagship Awards, as well as the Best Overall Responsible Gaming Program Award.

The deadline for submission for the WLA 2018 Responsible Gaming Awards is Friday, September 14, 2018. For details please visit the official convention website at: www.worldlotterysummit.org

Keynote speakers

As regular attendees at our annual World Lottery Summits will know, the highlight of the convention is hearing from our keynote speakers. In our previous issue, we introduced Nando Parrado, Jane McGonigal, Tyler Hamilton, and Friedrich Martens. In this edition, we are delighted, as always, to introduce several more of the speakers that delegates can expect to hear from.

Jeff Fromm

President of FutureCast, a marketing consultancy that specializes in millennial trends



Jeff Fromm is a subject matter expert and professional speaker on consumer trends, marketing and innovation. He has keynoted over 500 times all over the world – well, not Antarctica.

He is a contributing writer for Forbes and co-author of three books: *Marketing to Millennials*, *Millennials with Kids* as well as *Marketing to Gen Z*.

Jeff is president of FutureCast, a consumer trends consultancy that is a division of the advertising agency, Barkley. While others simply talk about trends, Jeff and his partners are applying those trends to create marketing and innovation best practices. His humorous stories and provocative new strategy paradigms are supported by hard

research and real client profit growth. A partial list of FutureCast clients include: Amazon, Dairy Queen, Hershey, Marriot and the Missouri Lottery.

Jeff has more than 25 years of brand marketing consulting experience. He serves on the Board of Directors at Three Dog Bakery, and Tickets for Less. Jeff graduated from The Wharton School of the University of Pennsylvania and attended The London School of Economics.

Naomi Goldapple

Director of Industry Solutions at Element AI



Naomi Goldapple is currently the Director of Industry Solutions at Element AI, one of the largest applied research laboratories in the world. Her role is to work with clients and organizations to

identify the most impactful ways of leveraging AI solutions that fit into Element AI's roadmap and research goals.

Prior to her position at Element AI, Naomi was the VP of Business Development and COO of Nexalogy Environics, a startup that specialized in semantic clustering algorithms. She led the company to work on meaningful problems with the government in security, health, and environment sectors.

Naomi's experience was gained through business and technology consulting for IBM. She worked in Latin America on various technology projects, and also held the position of Director e-business for Royal LePage Commercial Inc., one of Canada's largest commercial real estate companies. Naomi has been a mentor with Founder Fuel for the past six years, where she uses her expertise to help technology entrepreneurs with strategy and financing. She has an International MBA, specializing in developing markets in Latin America, from the Schulich School of Business, as well as a Bachelor of Commerce from McGill University.

Don Tapscott

C.M., BA, BSc, MEd, LLD/CEO, The Tapscott Group Inc./Chancellor, Trent University/Founder and Executive Chairman, Blockchain Research Institute



Don Tapscott, CEO of The Tapscott Group, is one of the world's leading authorities on the impact of technology on business and society. He has authored over 15 books, including *Wikinomics*:

How Mass Collaboration Changes Everything, which has been translated into over 25 languages.



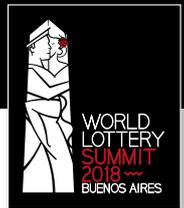


Photo: istockphoto.com, SamyStClair

Don has been advancing groundbreaking concepts for more than three decades. His 1992 bestseller, *Paradigm Shift*, helped coin this seminal management concept, and *The Digital Economy*, written in 1995, changed business thinking about the transformational nature of the Internet. Two years later he helped popularize the terms “Net Generation” and “the Digital Divide” in *Growing Up Digital*.

Don’s most recent and ambitious book was co-authored with his son, startup CEO and bitcoin governance expert Alex Tapscott. *Blockchain Revolution: How the Technology Underlying Bitcoin is Changing Business, Money and the World* was published in May 2016 and is, according to Harvard Business School’s Clay Christensen, “the book, literally, on how to survive and thrive in this next wave of technology-driven disruption.”

In 2017, Don and Alex co-founded the Blockchain Research Institute, whose 70+ projects are the definitive investigation into blockchain strategy, use-cases, implementation challenges and organizational transformations.

Don is a member of the Order of Canada and is ranked the second most influential management thinker in the world by Thinkers50. He is an Adjunct Professor at the Rotman School of Management, and Chancellor of Trent University in Ontario. It is hard to imagine anyone who has been more prolific, profound, and influential in elucidating today’s technological revolutions and their impact on the world.

Isela Costantini

Former CEO of Aerolíneas Argentinas, author of *Un Líder en Vos (A Leader in You)*



Photo: Mariana Vianna

In January 2016, Isela Costantini took over as CEO of Argentina’s national carrier, Aerolíneas Argentinas, to oversee President Mauricio Macri’s mandate to make the airline profitable. During her tenure at the airline, they successfully reduced their deficit by a staggering fifty percent, before Ms Costantini’s resignation for personal reasons in 2017.

Isela Costantini has had a prolific and high-profile career, serving as the CEO of General Motors Argentina, Uruguay and Paraguay – making history as the first woman to run an automotive manufacturer in Argentina – and as the head of ADEFA, the Argentine Automobile Builders Association. Today, she serves as Member of the Council for both Banco de Alimentos de Buenos Aires and CIPPEC (Centro de Implementación de Políticas Públicas para la Equidad y

el Crecimiento), as well as Advisory Board Member for Hawksbill Group, and In-house Consultant and General Manager for GST Grupo ST.

Ms. Costantini is a proponent of and advocate for employee engagement and customer-focused development in business, and she is viewed as a change and restructuring expert. She has been widely recognized as a strong leader, having won the CEO of the Year award several times, and having been included among Fortune Magazine’s 50 Most Powerful Women in the Business World in 2013. In 2017, she published the book *Un líder en vos: Descubriendo oportunidades de desarrollo y transformación (A leader in you: Discovering opportunities for development and transformation)*.





Boosting VLT Appeal with Optimized Return-to-Player Metrics

Video Lottery Terminals (VLTs) are an important contributor to lottery modernization and growth. Here's how to help ensure the best experience for your players.

By René LeBlanc
Senior Director, Content Management, IGT

At a time when lotteries are looking for ways to attract a more diverse audience, grow sales, and return more funds to good causes, Video Lottery Terminals (VLTs) are an appealing new face of the game. With more audiences around the globe encountering and embracing this play style, operators who are considering expansion into the world of electronic gaming machines are learning how to manage the components of their VLT offering to optimize and balance the player experience. Among the many factors that impact the experience, one of the most important is the **Return-to-Player** (RTP) element of a game.

A comprehensive VLT offering is typically considered to be a mix of three components: The physical gaming-machine cabinet, suited to the retail distribution style; the game content, relevant to the market, delivering a world-class player experience in the context of the distribution outlet; and the central system that operates and manages VLT machines and networks. With all of these components in place, the end-to-end player experience must also take into account the value that players gain from the time and money they invest in their entertainment. This is precisely where the RTP metric comes into play.

The RTP of a game is simply the proportion of a player's wager that he or she should

win back, on average, over the complete cycle of a game (i.e., if all possible combinations were played). This theoretical metric is calculated using formulas based on mathematical probabilities, and can be set on a game-by-game basis. As with any game component, the right RTP is essential to balancing the enjoyment of the player experience with the returns to the lottery and to good causes – making the selection of the optimum RTP a key decision for operators. And while the RTP metric is one of the most powerful elements of both player experience and game performance, the nature of its power is often misunderstood.

Low vs. High RTP – Where is the Sweet Spot?

When thinking about Return-to-Player metrics, it's important to consider that the play experience of VLTs is quite different to traditional lottery games such as draw games or instant tickets. In the case of the latter games, the purchase of single or multiple products is made in a single transaction, and the enjoyment of the experience lies in the anticipation of the outcome, either the draw event itself or the revealing of the outcome of the instant ticket. The outcome of the game is often revealed some time after the transaction takes place, and often in an altogether different location. These traditional games are characterized by the extended period that exists between purchase and outcome, and the reward, in terms of a cash prize, that is claimed, often in a physical location, at a future point in time.

What is a VLT?

A Video Lottery Terminal, or VLT, is a gaming machine that allows players to wager on the outcome of a video game. The outcome of any single VLT spin (win or loss) is either controlled locally by the VLT using a Random Number Generator (RNG) or from a central server, which randomly selects the winning outcome using the centralized RNG and sends the results back to the specific VLT machine. VLT cabinets can look very much like traditional slot machines, but the customer preferences and the market regulations, such as lower maximum bet and lower maximum win than

casino slots, defines a unique play experience for VLTs that is different than traditional slot products.

What does the central system do?

A VLT central system comprises the operating software and management tools used by lotteries or operators to control their VLT networks. Essential to managing one machine or thousands, the central system typically includes core features like event and game tracking, accounting, system security, network diagnostics, and operator interfaces for easy management.

“In one trial, decreasing the RTP of a game too drastically resulted in an unsatisfactory play experience, a decrease of 14% in cash played per machine per day, and a 20% decrease in play.”

– René LeBlanc, Senior Director, Content Management, IGT –

Compare this to the VLT experience, where a player inserts an amount of money into a VLT machine and plays his or her first game. The game outcome is known instantly, and any win is paid immediately. The player then plays another game, and another, until he or she cashes out.

This playing (or session) time, is the value exchange for VLTs: the time players can enjoy playing before they cash-out or their balance is spent. Here’s where the RTP comes into play. If that time is too short, then players will feel they have lost their money too quickly and have had insufficient enjoyment in return for the money they invested. In other words, the RTP is too low, and the experience doesn’t feel like a good value. If, however, the RTP is too high, then the player will have all the enjoyment of an extended play experience, with frequent prizes being paid back for reinvestment, but the lottery risks a lower level of return. So, where is the sweet spot?

The Great Debate

A commonly debated topic among lottery VLT operators centers on the economic benefit (an increase in revenues) from decreasing the RTP of a game. The less a game pays back to the player, the more the lottery will earn – in theory. However, IGT’s experience and empirical data suggest caution in making this assumption. We recommend testing and due diligence in order to identify a sweet spot that benefits all parties, rather than make radical shifts in this direction.

Since VLTs are entertainment devices, the time that players spend on the device is their measure of value. Increasing time spent ultimately increases lottery revenue, so returning a sufficiently high share of the player’s initial stake is essential.

Decreasing the theoretical RTP of a VLT game too drastically, without testing, could negatively impact the player experience. In one trial, reducing the RTP from 95.9% to just 93.3% (while leaving all other compo-

nents of the experience unchanged) significantly impacted performance. Customers complained about an unsatisfactory player experience, the amount of cash played per machine per day decreased by over 14%, and games played per machine per day decreased by over 20%. In this example, while the operator might have expected to net greater revenues from the decreased RTP, the result was the opposite: The disappointing experience discouraged play, ultimately resulting in lower net revenues – and more unsatisfied players.



State-of-the-art VLT cabinets from IGT are designed to meet the needs and requirements of any player or lottery. (Left: Crystal Dual 27 Cabinet; Right: Quasar Cabinet)

A series of IGT simulations shows that, in general, a higher theoretical RTP provides a more enjoyable player experience, since for the same cash inserted, a player will experience a longer play session, a higher Cashout Percentage, and have more money left after a play session, contributing to the feeling of value and satisfaction.

In short, we believe that going through the exercise of determining a compelling RTP for your players will provide a more enjoyable experience for them and result in a higher likelihood that they will play again. A compelling RTP also allows a lottery operator to maintain player interest and offer the ability and flexibility to attract new players to the program.

The table below shows that reducing the theoretical RTP of a VLT game from 90% to 88% decreases the average games played and cash played by 8.6%, the cash won by 10.7% and the Cashout Percentage by 3.1%. Over time, this decrease would be felt by players as both the time played and money left over after a session has decreased.

Ensuring a Better Player Experience

The theoretical RTPs that are typically used across various VLT programs globally range from 88%-95%, where the minimum required theoretical RTP by law ranges from 80%-85%. Yet, as the previous example demonstrated, the higher the theoretical RTP, the better the game play experience for the player.

For this reason, we recommend considering a higher theoretical RTP, in the range of 92%-94%, as case studies have shown that a higher theoretical RTP will:

- Drive play away from illegal machines to VLTs
- Provide a more reliable entertainment experience
- Provide a higher Time on Device and Cashout Percentage to the player
- Generate greater repeat play
- Provide a higher net revenue for the program

How to Calculate RTP

The theoretical RTP of a game is a calculation that considers the entire life cycle of a game, which can be composed of hundreds of millions of outcomes. The actual RTP of a game will vary a lot when there are only a low number of games played (e.g. 10,000 plays). As the number of plays increases, the RTP will start to approach the theoretical RTP (at about 10,000,000 plays or greater).

This means that if the theoretical RTP of a game is 92%, the actual return will not be \$0.92 for every \$1 wagered during a play session, but it does mean that, over time, the amount won on average will get ever closer to this figure.

To calculate the actual RTP of any game, divide the total amount of money won by the player by the total amount of money wagered:

$$Actual\ RTP = \frac{Total\ Cash\ Won}{Total\ Cash\ Played} \times 100$$

Now, let us consider the Cashout Percentage and how it differs from the actual RTP: The Cashout Percentage represents the percentage of cash that is taken out of the VLT terminal by the players compared to the total

cash inserted into the VLT. The Cashout Percentage is calculated by the following equation:

$$Cashout\ Percentage = \frac{Cash\ Out}{Cash\ In} \times 100$$

For example, if a game has a Cashout Percentage of 65%, it means that if \$100 was put in the terminal, \$65 was taken out. The Cashout Percentage can't be calculated theoretically and can only be calculated with actual play on a machine, making this metric extremely useful for monitoring specific real-time performance.

Typically, the higher the theoretical RTP of a game, the higher the Cashout Percentage. This metric is extremely important as it provides a direct line of sight to the monetary result a player sees and walks away with when they conclude their gameplay.

Note that if a VLT has a multi-game suite, the Cashout Percentage can only be calculated for the entire machine and not for any one individual game. The only time the Cashout Percentage of a specific game can be calculated is when there is a single game installed.

Prior to the launch of a VLT program, it's advisable to conduct a careful analysis to ensure that the program has a competitive theoretical RTP that can drive long-term growth in a responsible manner. In the course of more than 25 years of consulting and managing game portfolios on behalf of customers, IGT has gathered tremendous amounts of data and insights on the behaviors, preferences, and motivators of VLT players, which contributed to the development of IGT's portfolio of VLT cabinets, games, and the Intelligent VLT central system – today representing the largest number of VLT central systems deployed in the

market. This, together with more than 25 global market valuations, including in-depth sales analysis, on-site face-to-face discussions with players, and global consumer marketing studies, puts IGT's VLT team in a position to support lotteries in determining the right RTP metric and optimizing the VLT experience for players while optimizing revenues and returns in a socially responsible manner.

For more detailed information on calculating RTP and optimizing the VLT experience, please contact your local IGT Account Manager or sales representative.

Theoretical RTP	Cash In	Wager Per Game	Average Games Played	Total Cash Played	Total Cash Won	Replay Ratio	Cashout Amount	Net Reveue	Cashout Percentage
90%	\$40	\$1.20	81	\$97.20	\$87.48	2.43	\$30.28	\$9.72	75.70%
88%	\$40	\$1.20	74	\$88.80	\$78.14	2.22	\$29.34	\$10.66	73.36%



DO YOU KNOW YOUR PLAYERS?

Do you know their emotions? Their needs? What drives them?
They're key to growing your lottery business.

Find new player insights as well as research on how to modernize
the lottery experience and other growth-driving ideas posted
regularly on IGT's Lottery Blog.

Visit www.IGT.com/LotteryBlog

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The Past Provides Perspective on the Present

At Novomatic Lottery Solutions, we try to focus on the present and look to the future. In a fast-moving technology company, attempting to revolutionize an industry under siege from outside competition, this attitude is crucial. Neither NLS nor the lottery industry can hope to thrive in the future on past glories. Nevertheless, this article will start with a short look into the past, which can provide an excellent perspective on the present.



By Pall Palsson, Director of Product Management at NLS

Samuel Langhorne Clemens was born on November 30, 1835, in Florida, Missouri. He was an American writer, humorist, entrepreneur, publisher, inventor and lecturer. Clemens was fascinated with science and scientific inquiry and he had a close and lasting friendship with Nikola Tesla. The two reportedly spent much time together in Tesla's laboratory. While science is not what he was famous for, Clemens patented three inventions in his life. One of these inventions was a self-pasting scrapbook, which could be considered the spiritual ancestor of the Post-It Notes that today are inseparable from modern software development.

However, today Clemens is best known for his writing. He wrote books with a wide range of themes, including one called *A Connecticut Yankee in King Arthur's Court*, which was published in 1889 and features a time traveler from contemporary U.S.A., using his knowledge of science to introduce modern technology

to Arthurian England. Of course, if you know your fiction, you will likely have worked out that Samuel Langhorne Clemens wrote under the penname Mark Twain. *A Connecticut Yankee in King Arthur's Court* was published four years after Mark Twain's most notable work: *Adventures of Huckleberry Finn*.

Between his self-pasting scrap book, Twain's love of technology, his investments in technology, and the fact that he wrote a book focused around the introduction of modern technology, there really is a lot to like about Mark Twain. For NLS, the most immediately relevant Mark Twain connection comes from a quote he gave following the untimely news of his death. A newspaper had mistakenly run an obituary for Twain; when he was asked for comment, he reportedly said, "The reports of my death have been greatly exaggerated". There are, of course, many versions of this story and Mark Twain's quote, but the essence of the story remains the same – contrary to reports, Mark Twain was alive



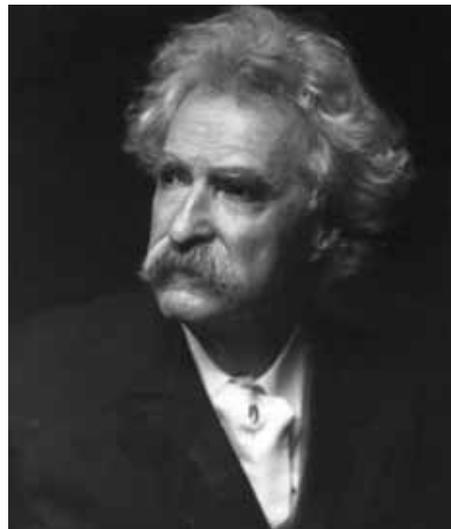
and well – in fact, he would go on to live, write and invent for a further 13 years.

But what does this have to do with NLS? Through a series of unrelated events, NLS now finds an unexpected kinship to Mark Twain. We are very much alive, even though the rumor mill is hard at work writing our obituary. We accept this in good humor, as we, in turn, are hard at work delivering projects, developing products and winning business. NLS has weathered a storm and our newly appointed Executive Management Team will continue to oversee the execution of our mission to transform and disrupt the lottery industry; the coming months and years will show the depth of our commitment to this mission.

Coming back to the present, NLS signed a contract with Norsk Tipping in March 2017 to support the growth and diversity of the lottery’s e-Instant portfolio. In a connected mini-competition issued earlier this year, NLS, together with its partner Gamevy, was chosen to supply more than half of the “New Innovative Games” Norsk Tipping selected through this mini-competition. The award occurred on March 26 and the first games will be available to Norsk Tipping players later this year.

Out of the six games Norsk Tipping selected from NLS’ submission, arguably the most innovative game was “The Excavation on Helgøya Island”. The premise of this game is that the ruins of a previously unknown Viking settlement have been discovered on Helgøya Island – Norway’s largest freshwater island. In an effort to “bring archae-

ology kicking and screaming out of the past!”, Norway’s newly formed Department of Archaeology & Miscellaneous Endeavors (DAME) has opted to crowdsource the archaeological excavation to amateur archaeologists. In addition to a humorous premise, The Excavation on Helgøya Island is a massively multiplayer cooperative treasure hunt game. This is a unique game concept for a lottery game, and the result of NLS’ investment in its original content development. This particular investment has been ongoing for the last few years and has resulted in NLS building up a portfolio of over 30 high-quality e-Instant Win games, including two other games that enjoyed success in the same mini-competition: Hangman and Clairvoyant.



Samuel Langhorne Clemens (1835 – 1910), better known by his pen name Mark Twain, was an American writer, humorist, entrepreneur, publisher, and lecturer.



NOVOMATIC
LOTTERY SOLUTIONS

In addition to the investment in original content, NLS continues to invest in its omni-channel solution. Since 2012, when NLS decided to expand from an Internet-only supplier into a full, standalone omni-channel lottery solutions provider, we have built what is probably the most modern lottery system on the market. As a product-focused company, we know that our work is never complete, and we remain committed to improving and expanding our product portfolio to meet the constantly evolving needs of lotteries.

Taking our journey into account, it seems appropriate to tie the past, present and future together. At NLS, we believe the lottery industry has a bright future ahead, and we see ourselves as a prominent part of that future. Over the last year, NLS has taken steps to streamline the organization after going through a period of rapid growth. This was necessary so that we could continue to satisfy the industry’s need for a true alternative supplier focused on harnessing modern technology for the good of lotteries. Just like Mark Twain, who is still satisfying and acquiring new readers today, we plan to continue satisfying the needs of lotteries and winning new contracts now, and in the future.



Sports Betting for Lotteries: a look into the future

In a rapidly changing world that is seeing massive technological advances almost daily, the demands of lottery and sports betting players are becoming increasingly personal. Coupled with the recent Supreme Court ruling that overturns the USA's PASPA legislation, the industry is due for a massive shake-up.

Faced with slowing growth and – to some extent – lack of innovation, state lotteries and sports betting operators find themselves urgently needing new ideas to prepare for the player-first world. The changing environment that we are operating in can, however, show us notable trends and help us understand what we can expect in both sport betting and lottery, allowing lotteries to be better prepared for the future by selecting a technology and services partner that can lead them in this new world that's taking shape around us.

US Lotteries, the quiet giants

While some lotteries have been engaged in sports betting for several years, not all lotteries, of course, are at the same stage of maturity in this sector. For example, most recently, we have the USA preparing for the post-PASPA world. For these lotteries, the first step would need to be understanding the regulatory burden and how individual states may approach legalized betting going forward. It is anticipated that many states will introduce their own, unique, regulations until such time as – and indeed if – federal intervention occurs.

The most pressing policy issues that we believe will influence the development of what could easily become the world's largest regulated Sports Betting market are tax – including any federal wagering excise or other taxes – the royalty fees that could potentially be sought by the US sports leagues, the facilities and channels where sports betting will be offered, the brands/skins allowed, and the treatment of the Wire Act – a 1961 federal law which prohibits the transmission of sports bets across state lines.

No matter which stage you are in, however, as a WLA state lottery or sports betting op-

erator, the environment is actually shaping your future. Let's take a look at it.

The age of the customer

We are operating in an environment where the player is king, being better informed, better connected and, therefore, more demanding in all areas of engagement. Players expect instant access to options, as well as personalized offerings. They push for speed, simplicity, and ease of use at all touchpoints, thereby effectively creating an unavoidable omni-business mandate.

But how do you move towards being a player-first omni-business? It may seem straightforward at first glance, but it can be quite complex. It is about much more than simple channel harmonization; it's about building an architecture of fundamental capabilities across the entire enterprise value chain, spanning the product base, the supply chain, partnerships, and core technology enablement, including tech architecture, innovation, and data analytics.

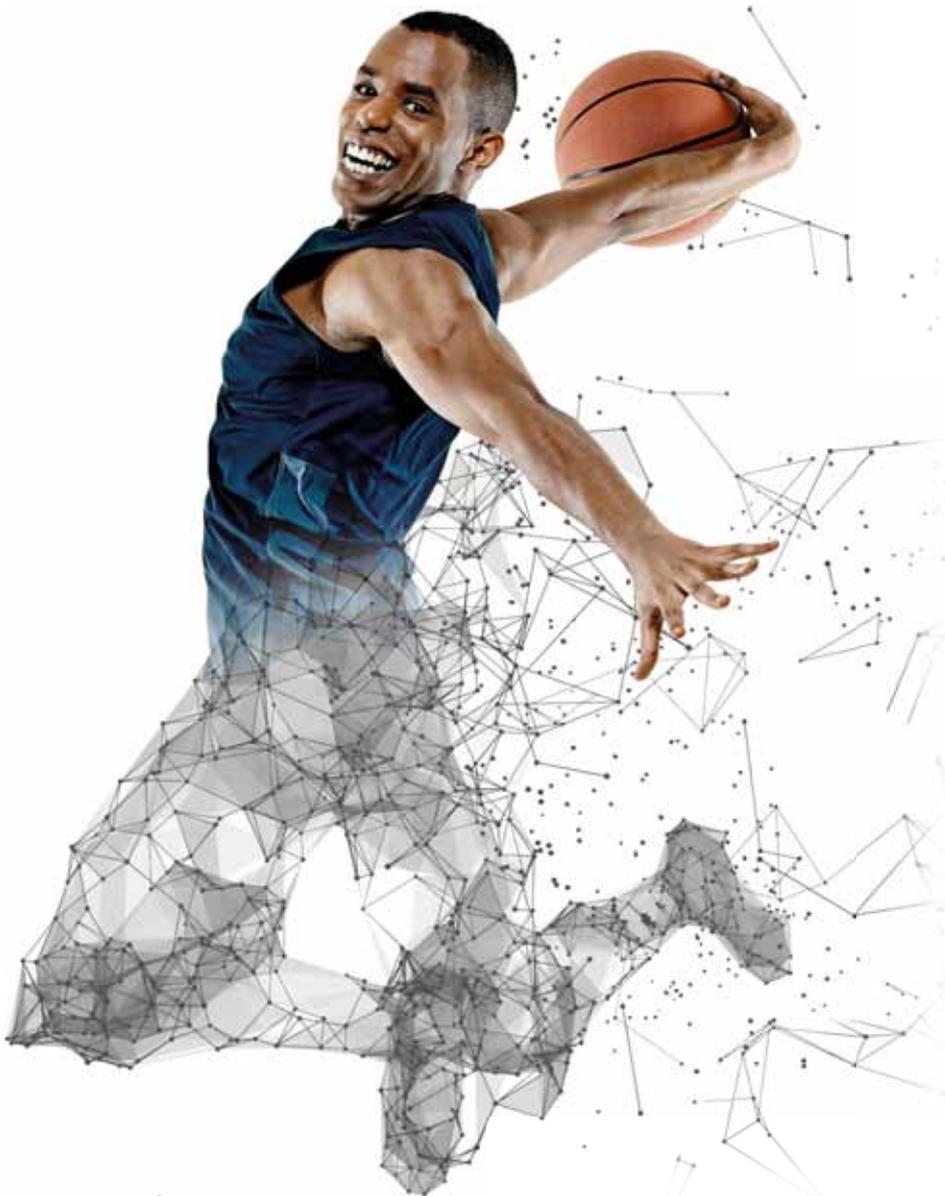
Get personal and listen to the crowd

Lotteries' product teams must create and boost an engaging player experience, pow-

ered by speed, simplicity, and ease of use. One area where change must come sooner, rather than later, is personalization where, largely speaking, sportsbooks have fallen behind the rest of the ecommerce world. Technology can certainly help and, as an example, INTRALOT's new sports betting platform already incorporates a number of personalization options and capabilities in its product and player-facing modules, as well as in risk management.

Other trends include retail-online convergence, digitization of the retail environment, player interactivity powered by the bring-your-own-device concept, and the overall need for modernization of a rather traditional sales network currently used by lotteries. In addition, younger demographics bring their needs for fast-settling bet types and the socialization of their activity to the table; they share everything, which means they are already sharing their bets in private conversations, or even posting them online. Lastly, crowd wisdom has already been used by operators, to a certain extent, ensuring that every participant potentially benefits. All these trends are expected to become mainstream in the near future.





Get ready for the robots

Operationally, automations – potentially powered by machine learning and artificial intelligence – are expected to greatly affect trading. Nowadays, trading rooms are already very different to what they were as recently as 15 years ago; the gut instinct of an odds compiler has been replaced by algorithms and third-party feeds. In the short term, automation and flexibility will continue to be critical, while the need for everything to be in real time will prevail. In the longer term, we can expect robotics and cognitive automation to shape our operational future.

The continuum of automation classes, collectively dubbed robotics, consists of (a) what I refer to as the “Piano Player” – that is, a basic process automation where routine tasks get powered by the machine and volume counts; (b) machine learning,

where technology enables the use of some structured and some unstructured data to support elements of self-learning; and (c) intelligence augmentation, where we have decision support and advanced algorithms that allow for automation of processes that are more cognitive in nature. The benefits of robotics, as they have started to show in other industries, largely include improved quality, accuracy, error-free routine task execution, and speed.

Privacy and compliance, including aspects of responsible gaming, can also be better automated and powered using robotics, as the machine can follow regulatory-devised rules better and without errors, compared to a more manual approach.

Trading operations throughout the life-cycle of a pre-match or in-play event include some or all of the task types that are better suited

intralot

robotics: manual, transactional, repeatable, error-prone, high-volume, pattern behavior, complex, massive intelligence. If we think of these task types on a straight line, as we move towards the right, we are much closer to the intelligence augmentation type of robotics, whereas if we stay to the left, we are closer to simple, basic process automation.

At INTRALOT, our sports betting product and technology development teams have already empowered our new sports betting platform with automation in its trading tools, including algorithmic pricing models, customer profiling, real-time alerts and safety nets around risk management, thereby further advancing our robotics journey by enhancing our platform’s personalization capability.

How far will we travel on the robotics continuum for trading operations? I believe we will be seeing significant growth in process automation within the next 18 months, and machine learning-empowered applications in our industry within the next two to four years.

Bill Demakakos

Bill Demakakos, Group Betting Director at INTRALOT Group, leads the betting product design and commercial drive, as well as managed trading services. With over 24 years of product strategy, technology and business consulting experience, Bill leads a team that ensures INTRALOT’s betting product portfolio and services enhance the value delivered to players, lotteries and operators.



Bill holds a BEng, MSc, and MBA from Michigan State University, USA.

Leading in a digital world

Our centuries-old but always innovative industry is in the midst of dramatic change. While games have been popular since before the Great Wall of China was built, never before have lotteries faced such a seismic shift in consumer behavior. From social interaction, to banking, booking travel, shopping, learning, and multi-media entertainment, the world has gone digital.

The disruption has happened, impacting gaming entertainment beyond what anyone ever imagined. Although not a first adopter, the USD 300 billion retail-based global lottery business is accepting the new world and thriving – albeit with regulatory restrictions creating significant differences in adoption rates and market approaches in jurisdictions around the globe.

Not surprisingly, digital has not proven to be a threat to lotteries' traditional retail channels or their ability to drive funds for beneficiaries and good causes. Instead, it has become another marketing tool for lotteries, and an additional purchasing channel for consumers, offering players the same kind of convenience they find in nearly every other aspect of their lives.

Digital keeps people connected and collaborative, gives them the information and inspiration they seek every day, offers endless entertainment, and undoubtedly broadens opportunity. Like their favorite neighborhood place to buy lottery games, digital is perhaps the perfect empowerment for a diverse generation of players and the personalized, individualized experiences they demand from the products and brands they love.

Digital is significant and it's influential. So how do lotteries – whether they have fully embraced digital, are not all the way there yet, or not there at all – maximize digital engagement with their players? How do they meet players where they are and offer them opportunities to play and win on the go? How do they protect the very substantial, land-based lottery retail ecosystem?

Lottery leaders are under pressure to not only change, but to be ahead of the change. The digital mindset begins with understanding how technology is shaping culture and consumer behavior. Next comes strategy,

planning, and execution with a lottery technology provider that is experienced in digital gaming – and knows how to navigate this highly regulated industry, and customize solutions that fit each unique jurisdiction's requirements.

It's a whole new era of capabilities for lottery products and technology

“Most lotteries understand that an omni-channel system is the ticket to providing players with a great experience across multiple channels, particularly leveraging digital to connect across product verticals,” says Pat McHugh, SVP, Global Lottery Systems for Scientific Games.

The 25-year lottery systems veteran's cross-functional technology teams recent-

ly completed projects that included digital programs for lotteries in Pennsylvania, Maryland, Delaware, North Dakota and Arizona, and a billion-dollar national linked game leveraging Scientific Games' digital promotions featuring the WILLY WONKA™ licensed brand in the U.S.A. Additionally, his teams completed systems technology projects for the Atlantic Lottery Corporation in Canada, Szerencsejáték Zrt. in Hungary, Swisslos in Switzerland, and Danske Spil in Denmark.

McHugh, who was internationally recognized as a 2018 “Hot50” industry executive at the Gaming Intelligence Awards in London for his advocacy of integrated lottery systems technology, continues to educate lotteries about the secure integration of new distribution channels and new content, including third-party content. The company's recent projects have featured a new gaming system that integrates digital platforms to support new iLottery online/mobile games, digital promotional programs, retail affiliate programs, and sports betting products.

“It's really a very exciting time right now. Our ability to launch new channels and content for lotteries has expanded our product offering,” says McHugh. “And these projects have allowed our customers to leverage digital to engage with their players to responsibly offer new digital products like iLottery and sports, and to grow sales of existing product categories at retail, like instant and draw games.”

Games sold in shops, stores and major retail chains continue to be the foundation of the lottery business, but



With the blockbuster linked instant game, WILLY WONKA GOLDEN TICKET™, lotteries could choose to integrate an engaging digital game.



Scientific Games recently powered the Pennsylvania Lottery's launch of iLottery online/mobile games with systems technologies and a portfolio of digital lottery games.

there is plenty of innovation happening around digital sales channels to offer players more convenience and more ways to play. This includes retail affiliate programs that provide lottery retailers incentives to get their customers signed up to play iLottery games online and on their mobile phones.

iLottery online/mobile games

While lotteries elsewhere in the world have offered their games in digital channels since the early 2000s where regulation permitted, U.S. lotteries have been slower to adapt. Most recently, in effort to meet players where they are and help generate new funds to benefit older Pennsylvanians, the Pennsylvania Lottery became the seventh U.S. state to sell lottery games online to complement retail sales. The lottery is recognized as one of the highest-performing in the industry.

As the Pennsylvania Lottery's longtime systems provider, Scientific Games powered the lottery's launch of iLottery online/mobile games with systems technologies and a portfolio of entertaining digital lottery games from the company, as well as a third-party provider. The new iLottery program also featured Scientific Games responsible gaming controls, and unique retailer affiliate program.

The project represented the first launch combining Scientific Games' leading lottery digital products with those from the company's recent acquisition of NYX Gaming Group, a leader in digital platforms, games, and services.

"The combination of Scientific Games and NYX created a global digital leader across iLottery, iGaming and sports betting that offers a breadth of technology, content and managed services to lotteries worldwide," says McHugh. "As an integrated company,



With 25+ lottery sports betting customers world-wide, Scientific Games was ready to support the Delaware Lottery's launch of full-scale sports betting – the first in the U.S. following the PASPA ruling.

we are very excited to support our customers in launching new, expanded gaming entertainment in digital channels.”

Sports betting

With the NYX acquisition, Scientific Games scored one of the world’s best sports betting platforms, OpenBet™. Although the company already has more than 25 lottery sports betting customers globally, the expansion of its sports technology and services offering and the outstanding reputation of the OpenBet platform has created a powerful package for lotteries looking to launch sports betting or bring the next generation of sports betting to their players.

In the U.S. the timing was right. Scientific Games supported its customer, the Delaware Lottery, in the nation’s first full-scale sports betting expansion after the Supreme Court’s May 2018 ruling on the Professional and Amateur Sports Protection Act (PASPA).

“We are proud to support the Delaware Lottery’s long history of industry firsts, and thrilled to be their trusted provider of an in-

tegrated sports betting program that serves both casinos and lottery retailers across the state,” says McHugh.

He says lotteries regulate 70 percent of legal sports betting in the world. Of the more than 60 countries that allow legal sports betting, nine of the Top 10 sell wagers through the lotteries.

“Lotteries are naturally positioned to responsibly regulate the sports betting channel and maximize profits and returns to beneficiaries,” McHugh explains. “The infrastructure is already there with the lottery’s retailer network, product distribution, brand integrity, and responsible gaming controls.”

Loyalty rewards and second-chance

For many lotteries, the path to digital has been well planned and is firmly in place. Depending on regulations, digitally based players clubs, loyalty rewards programs, and second-chance promotions have created a connection between the consumer and the lottery’s brand, games, prizes, and responsible gaming.

All of the above support the traditionally land-based retail business of lottery – leaving lots of room for creativity with promotions designed to boost sales for very specific products, like USD 1 and USD 2 games or holiday games. Some even feature exciting tie-ins to events that invite winners for the experience of a lifetime, like the Warehouse Dash, Jackpot Party® Winners Event and the blockbuster Billion Dollar Challenge™ event tied to the multi-state WILLY WONKA GOLDEN TICKET™ linked instant lottery game.

“Since regulations first allowed our lottery customers to interact digitally with their players in the early 2000s, we have been innovating new ways to help them build that digital connection through both our technology and innovative content,” shares McHugh. “Moving to digital promotion of retail sales, and to selling game entertainment online to the consumer, is just a natural progression for lotteries – this is where today’s players are, they’ve led us to online/mobile themselves. And we are following their lead.”



Exciting digital second-chance games featuring events like the WILLY WONKA™ Billion Dollar Challenge™ in Las Vegas offer lottery winners the experience of a lifetime.

24 OUT OF 25

OF THE TOP PERFORMING LOTTERIES



**That's right – of the 25 top performing lotteries in the world for instant game sales,*
Scientific Games provides games to 24.**

That's not coincidence, that's cause and effect. When you're the best at something, as these lotteries are, you look for partners who will not only maintain your success but help you achieve the next level of success.

Real performance based on real partnerships – that's Scientific Games.



Because Real Counts

*Based on instant game per capita sales.

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Going Small – How marketing’s focus is getting smaller every day

From Big to Small – that’s the trend in today’s marketing world, and that was the focus of this year’s Marketing Seminar, held in London from February 7–9, 2018. The world of marketing in general, and lottery marketing in particular, is becoming smaller, more focused, and more individualized. What does this mean for those involved in the business? It means understanding your customer and how they interact with advertising, and how this is very different from what came before.

February 7–9, 2018
Marketing seminar
 Joint seminar with the
 European Lotteries hosted by
 Camelot UK Lotteries Ltd.
 London, United Kingdom

In 2017, the annual London Marketing Seminar presented delegates with an interesting program concentrating on the “3 Bs” of lottery marketing: Big Jackpots, Big Communities, and Big Data. In contrast, this year’s program spoke to a new trend in marketing – the trend of going small.

Seminar delegates were warmly welcomed by **Jean-Luc Moner-Banet**, WLA president; **Richard Bateson**, Commercial Director of Camelot UK Lotteries Ltd.; and **Arjan Van’t**

Veer, EL Secretary General. During their welcome addresses, delegates were introduced to the exciting new challenges facing the lottery industry and the marketing world – most pressing among them the need to develop a greater ability to evolve and be more adaptable. Challenges present opportunities, and as an industry, we must continually think of ways to use these opportunities to push the lottery sector forward. Latest trends show that the way forward is to think small.

When did small start to get big?

Moderator, **Karen Connel**, opened the seminar with the presentation “The biggest trend in marketing is SMALL!” Today’s consumers are rapidly losing interest in big brands, feeling that these are losing relevance, because customers want to feel unique, special, and meaningful. They want personalized products, and they have a tendency to approach brands individually, rather than *en masse*.

“The inconvenient truth for big companies is that the models built to manage their size have become the models for missing opportunities”, says Connel. Companies should think about their story, the hope they can create, the devastation they could cause; they must transform their brand story into a more personal story targeting each consumer. Fortunately, social media tools are helping companies achieve this goal. They are making a significant and relevant impact by targeting the right people, with the right message, at the right moment.



Their campaign to print Coca Cola labels with people’s names on has the best of both worlds – global reach with individual appeal.

The essence of marketing is “understanding why”. Consumer needs are changing at a constantly accelerating rate, primarily driven by technology. Successful companies are changing the traditional model and giving consumers a detailed, individualized service or product. With its revolutionary shopper experience model, Amazon has become the biggest retailer in the world; Uber is wining in the market of personal public service; AirBnB gives people the opportunity to travel while feeling safe and at home. These companies are offering not just a service, but trust, built on a foundation of credibility and intimacy.

Social innovator, **Jon Duschinsky**, was up next, showing how companies are winning trust through stories. Stories are vital to branding and marketing, because these are what create empathy between companies and their audience. Duschinsky spoke about the heart-head-wallet concept: The first step in attracting people’s attention is through the heart, creating empathy

by speaking to their emotions. Next, you approach the head, answering the question “why should I buy this product?” It is common for marketers to assume that consumers make their purchase decisions in a rational way. The final phase is the wallet, the action you wa people to take – making the purchase.

With stories, companies have a powerful tool to communicate their products and therefore achieve a significant volume of sales. However, stories are not only used by marketers; they are also used by journalists, parents, even doctors.

These use stories specifically to create empathy. Companies, on the other hand, generally use stories to sell, because they help to create links between the audience and the company itself.

According to Duschinsky, attention is the only thing that counts while telling a story. To attract the attention of your audience, you must create emotions. For example, you could use a poor little child to express compassion, a delicious pizza to make people hungry, or a dark character to show fear. But whatever the case, you must tell the story with honesty, a story based on facts. It should also be transparent, containing a clear and relevant statement, maximizing its content to reach the target audience you want.

Another prevalent issue that has arisen, especially with the growth of social media, is “fake news”. It is quite common at present to find both advertisements and news on the Internet with fake content. For example, it can be difficult to know right away if news shared on Facebook is real or not, because the source is often not clear at first glance. Unfortunately, many people are too busy, too lazy or actually not interested enough to investigate more closely and verify if the



The biggest challenge facing companies in today’s market is to adapt their business to an audience that is free and unbound by geography, knowledge or experience, and is changing the shape of every industry. These “small mighty” reject mass marketing and demand individualization and personalization from the companies they wish to engage with. As an example, Connel presented Coca Cola. The company has always relied heavily on mass marketing, engaging in global or other large-scale campaigns; however, in recent years, and because they are a smart company, they understand how important personalization strategies have become during the twenty-first century.



story is coming from a legitimate source or not; instead, they simply decide to accept the message and believe it.

Advertising online is not as simple as having an advertiser, a publisher, and users. The mechanisms and development involved is considerably more complex, involving a large network of people, such as media agencies, ad networks, data suppliers, and many more. What is interesting about this system is that there isn't a standard chain. The process varies widely, depending on the client's needs, the target, time, budget, and the expected results. Today, there are around 130 million people online who simply do not see regular ads any longer; this means that advertisers must be conscious while choosing the best path and elements to reach the audience correctly.

Yan Ketlers, Head of Video Strategy and **Jordan Hagen**, Video Strategy Educator for the company known as StoryMe, spoke about how their company helps different kinds of businesses approach the right audience and win in the market with stories through videos. Currently, video as a tool is booming, and as Mark Zuckerberg, CEO of Facebook, said "Video is a mega trend. In a decade, video will look as big a shift in the

way we share and communicate as mobile has been." Indeed, according to the Cisco Marketing Research 2016 report, it is estimated that 80% of all Internet traffic will be video by as early as 2019.

Today, all social networks include or are comprised of video platforms. Companies are changing the focus of their communication campaigns because, firstly, social networks are the channels the audience is using the most, and videos are the tools they are interacting with the most. There are, however, several reasons why video is creating this effect. With video, it is possible to grab the audience's attention much more easily than with other tools; videos explain a product, a company, a story – they involve feelings, they are approachable, they show authenticity so they are mostly reliable. Not just that; videos are also a great tool to understand consumer behavior, because you have the ability to extract data, including number of views, percentage of engagement, play rate, social actions and a whole host more.

As was mentioned before, the buyer's journey starts with awareness. It is currently estimated that companies have a mere six seconds to capture the client's attention and explain the message, the story, and the product. The second stage in the journey is consideration, where customers need to understand the message more deeply and get involved in the story – a great tactic for this is to use testimonials. Finally, they evaluate, make a decision, hopefully to be followed by delight.

That said, there are a multitude of different kinds of videos, and it is important to select the most appropriate one. Cousteau Studio Founder, **Kevin Alderweireldt**, mentioned that a 360° video is different to virtual reality, as the former shows you the world around us as it is now, while virtual reality provides a greater degree of freedom; you can see a new world, create new things, imagine and live in a fantastic world. Today, the gambling industry and horse-race betting are using virtual reality to attract more customers, giving them the opportunity to live a virtual experience and enjoy the pleasure of playing.

Lottery suppliers are also trying to make the sale of the small lottery ticket a big experience for the customer. For example, they



are enhancing the consumer experience by focusing on the ease with which one can manage, buy and sell tickets, focusing on speed of service

and frictionless purchase. The future of retail is based on creating confidence, eliminating obstacles and leveraging technology. Consumers want innovations to improve their shopping experience, so companies are focusing on creating ways to alert customers about promotions or exclusivities in real time, developing purchases on Internet with retail in store and providing customers with personalized services on mobile.

At the same time, they are also thinking about what retailers want. Retailers also want innovation, but their satisfaction is driven by a higher rate of transactions; that is why suppliers approach them with advanced cash register or mobile POS. **Amy Hill**, Vice President Digital Content Studio for Scientific Games Lottery, for example, introduced SCiQ, a player experience and retail solution, giving the retailer the opportunity to get real-time data through a monitor designed to capture the sale at the effective moment. This tool is providing an operational efficiency, financial reliability, speed of service, and increased traffic, and it is frictionless. It is giving retailers the opportunity to see their data, regardless of location, the same way, in real time, with greater visibility and control.

With real-time data and real-time engagement tools, companies have the opportunity to identify customers who have registered in the last 24 hours, the channel that brought them there, their deposits and even incomes related to the games of chance. Playtech PLC's Government Markets Director, **Robin Bowler**, and their Head of Engagement, **Shelly Harding-Ban**, related this topic to the casino industry, where these tools are commonly used to know when someone has played specific games, if they have had a disappointing experience, or are about to place their last bet.

Big Data, interestingly, leads to personalization by providing information on customer preferences and behaviors. In this



constantly changing world, customers are spending less time on traditional media like TV, radio or print, and are moving to new media like digital video, streaming radio and mobile. Consumers now tend to use their mobiles as their preferred device for many activities, particularly for social media apps. They spend much of their time engaged with their screens, all the while being bombarded with information and notifications, but also expecting continuous optimizations from their favorite websites.



Mobiles are thus becoming a necessary tool for many activities, particularly for social networking, banking and finance apps. According to **Sharon Duncalf**, Vice

President of Marketing Operations and Strategic Planning, WLA International for IGT, we are rapidly becoming a cashless society, due to technological changes that are transforming traditional payment methods.

Five years ago, mobiles were used by consumers mostly for banking transactions, but not for making payments. Nowadays, consumers prefer to find any alternative way to make payment without using cash; either with credit or debit cards, digital wallets, social peer payment, contactless payment accessories, and various other payment apps. As a result, companies are developing ways to communicate with their clients while they are interacting with their apps or websites. Conversational commerce is a personalized, chat-based interaction designed to remove friction on the path to purchase. This allows companies to provide recommendations to consumers and arrange peer-to-peer payments.



In fewer than five years, our personal devices will be bombarded with thousands of ads and purchase buttons, exposing our vision to a shoppable universe. Barriers to purchase will be eliminated, the home will become a key retail space, and improved metrics will allow companies to personalize interactions with their clients. Lotteries and lottery suppliers must be prepared for this and continue improving methods to keep their customers happy and spending.

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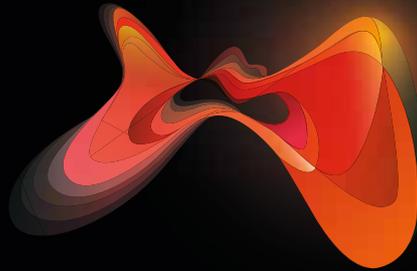
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The WLA is honored and proud to organize the next World Lottery Summit together with ALEA (Asociación de Loterías, Quinielas y Casinos Estatales de Argentina), the Argentinian association of state lotteries. WLA President Jean-Luc Moner-Banet, together 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



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