



magazine

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ANNIVERSARY

Retail Excellence. Digital Innovation. Outstanding Games.



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Contents

- 4–5 Interview with the President**
- 6–8 Association news**
Selected news from the WLA, its members, and the regional associations.
- 10–39 20th anniversary special**
As the WLA celebrates its 20th anniversary, we look back at our history and provide insights into the future of the global lottery sector.
- 40–43 Esports**
Taking an in-depth look at one of the fastest growing product categories in the sports betting sector.
- 44–45 Digital innovation**
Danske Spil, FDJ, Norsk Tipping, and Veikkaus launch a joint digital operation known as the Lotteries Entertainment Innovation Alliance.
- 46–47 The innovation challenge**
Collaborating with startups has given Veikkaus a competitive edge on innovation.
- 48–49 Hackathon**
Fostering creativity and inspiring innovation, the hackathon is helping Canada's Atlantic Lottery improve their products and services.
- 50–51 Apple's new iOS requirements**
Recent changes to Apple's App Store Review Guidelines leave little room to move for state-authorized lotteries with mobile gaming platforms.
- 52–60 Corporate news**
News from members of the WLA Contributors Program and other WLA Associate Members.

Past, present, and future



As the WLA's 20th anniversary approaches, we have much to celebrate and much to be proud of. What started as a mere idea more than twenty years ago is now a well-established global phenomenon. For the past two decades, the WLA has been the voice of the state-authorized lottery and betting sector globally. Within that time, we have facilitated the growth of the regulated lottery and gaming industry, helped our member lotteries weather change, and protected our member

lotteries from unauthorized gaming organizations and corruption in sports. We have helped our member lotteries to keep their operations secure and to protect their players, all the while providing their players with innovative and entertaining gaming products. Above all, we have helped our member lotteries in their noble mission of raising funds for worthy causes in their respective jurisdictions. Since the WLA was founded in 1999, member lotteries have raised an estimated USD 1.3 trillion to support good causes. I am very proud to be a part of this association. It is among the few global association that devotes its energies to promoting the public good.

This issue of the WLA magazine is devoted largely to celebrating our 20th anniversary. Looking back, we spoke to a number of individuals who were instrumental in the founding of our noble association. We also spoke to some of the lottery sector's current key opinion leaders about the opportunities and challenges that we now face and where we should aim to be 20 years down the road. I wish to thank everyone who participated in this celebration and look forward to serving the WLA membership with enthusiasm and optimism as we begin the next decade.

Innovation also features in this edition of the magazine. Esports, for instance, is becoming one of the fastest growing betting products worldwide. As esports gains in popularity, we will likely see more and more lotteries including esports betting among their sports betting products. We also speak about Atlantic Lottery's Hackathon initiative and Veikkaus' innovation challenge. Both programs are designed to promote young talent in the development of exciting new gaming concepts. We also speak about the Lotteries Entertainment Innovation Alliance – a collaborative venture between Danske Spil, Française des Jeux, Norsk Tipping, and Veikkaus. The venture aims to build a wider, more efficient digital gaming offering by synergizing resources through the creation of a joint company.

Early in May, Pollard Banknote became our newest Platinum Contributor. Pollard Banknote has been a WLA Associate Member since the WLA was founded in 1999 and a WLA Gold Contributor for many years. We thank Pollard Banknote for their continued support and trust in the WLA and we look forward to serving them as Platinum Contributor in the future.

Preparations for the World Lottery Summit 2020 are well underway and we are moving forward with what promises to be a unique event. The theme for the summit is "Leading the journey... Inspiring the future", a well-suited statement in this year of our 20th anniversary.

Luca Esposito Poleo
WLA Executive Director

Twenty years and still evolving

The WLA celebrates its 20th anniversary this year, and according to WLA President, Rebecca Hargrove, the last two decades have been a period of continuous evolution. In honor of the occasion, she took a moment to reflect on the Association’s journey thus far, the wide-ranging changes the industry has faced, and where she believes the next 20 years will take us.

This year, the WLA is celebrating its 20th anniversary. On August 30, 1999, AILE and Intertoto were formally united to form the World Lottery Association. What comes to mind when you think back on 1999 and the founding of the WLA?

Combining two dynamic organizations brought together so many talented people and created endless opportunities for worldwide collaboration. With the new Association came renewed energy and input from a broad scope of industry professionals.

In 1990, you served as president of AILE. Now, almost 30 years later, you are president of the WLA. In a sense, you have come full circle. How do you look upon the office of President now, as opposed to how you viewed it in 1990 when you were President of AILE?

With more responsibility and greater collaboration from a large variety of cultures, viewpoints, and experiences comes a more challenging – and more rewarding – role. As in 1990, I am honored to serve as President and remain committed to carrying out our collective goals.

What are some of the choices you have made along the way that made you who you are today?

I have always followed my instincts, even when others may not agree. And I have always worked hard to be the best I can be, which has proved a successful mantra.

When you began your lottery career in the mid-80s, women in corporate positions of power were rarely seen. As far as the advancement of women goes, how far has the lottery sector come since that time?

I am pleased to say we are progressing. However, I still don’t believe women are always given challenging opportunities, which would open the door for growth into leadership positions. Women must

have a platform on which to prove their talent, and we must work together to offer this. That said, my election as the first female President of the WLA speaks volumes and is a milestone for which we should be proud.

The Women’s Initiative in Lottery Leadership Program (WILL), which you founded in 2016, has been active now for nearly three years. How is work progressing with the initiative and how has the acceptance been throughout the world lottery community?

There has been genuine acceptance and appreciation of the program from day one. WILL has opened a much-needed door of opportunity for women, assisting as an advisory program and equipping them to step into leadership roles – from which we will all benefit.

The Mentorship Training Program is a core element of WILL, and participation is growing for both mentors and mentees. This is a chance for women – and men – to share their valuable experience with future leaders and for all parties to benefit. There are intangible rewards from this collaboration, and I have had a great deal of positive feedback from those involved and an eagerness from newcomers to the program.

Going back once again to 1999, was there anything that you now believe that the leaders of the world lottery community were naïve about? In retrospect, was there any occurrence in the industry within the last 20 years that you feel was totally unexpected or was underestimated?

The digital evolution – or perhaps we should say the digital revolution – has had an incredible impact on our industry. The supersonic expansion of technology and the way we communicate and conduct business were likely underestimated.

Customers' immediate adaptation of these trends and the tremendous impact on their playing and purchasing expectations very likely came as a surprise.

What do you feel has become the WLA's greatest asset since the association was founded in 1999?

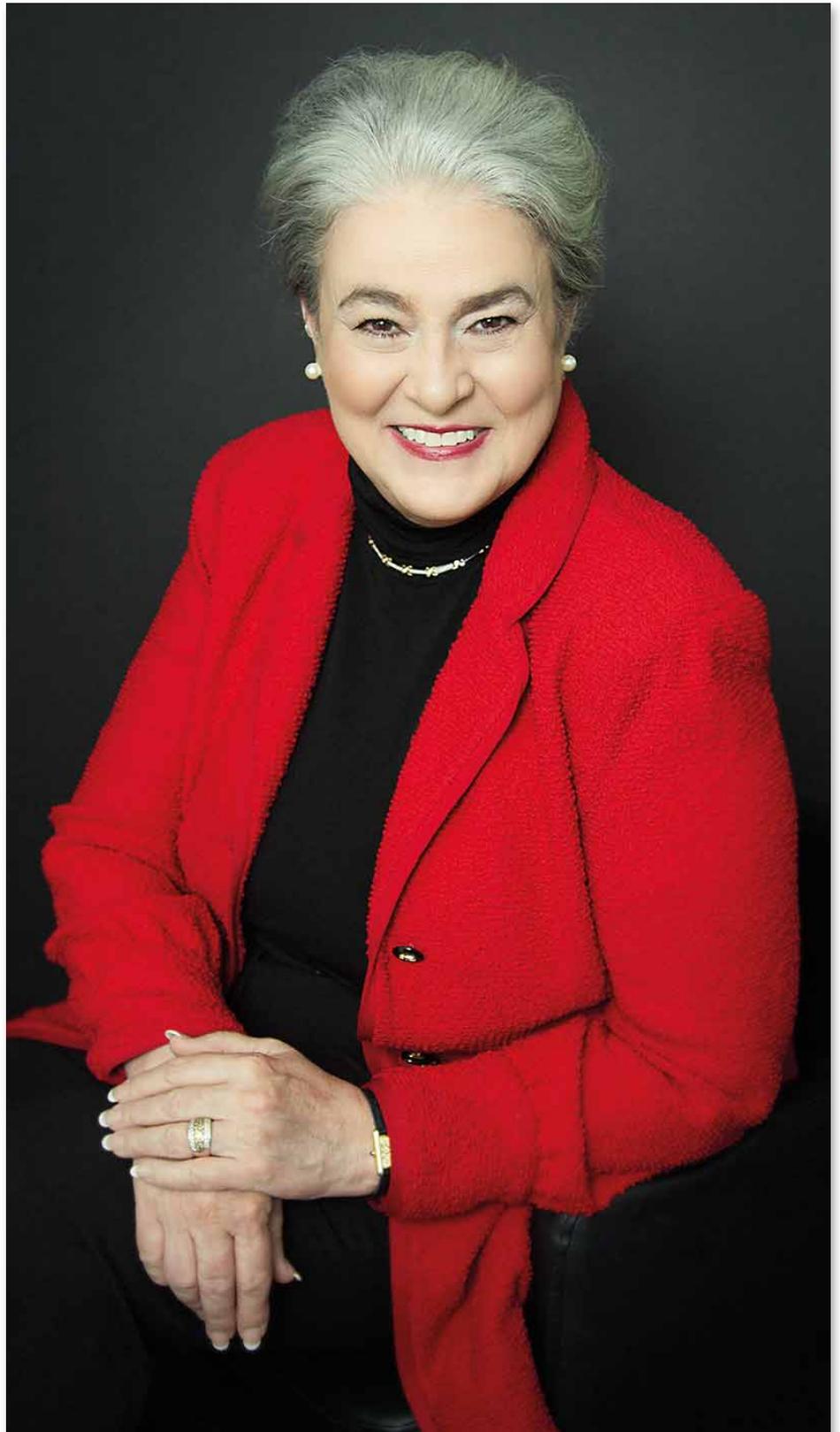
With members from more than 80 countries representing six continents, we bring together a diverse, collaborative powerhouse that represents impeccable standards of corporate responsibility. Our members share pertinent information, address industry needs and share best practices. Each one of our successes brings success to another, while our failures are teaching opportunities for our colleagues.

Has the public perception of state lotteries changed since 1999? Has the general public become more aware of the role state lotteries play in raising funds for good causes?

Lotteries are more accepted today for several reasons: We are more prevalent; therefore, consumers are more familiar with our products and purpose, which has increased confidence in the industry. We are telling more stories about our beneficiaries through marketing campaigns. We have grown our commitment to responsibility, integrity and professionalism through our collaborative work. And, as time goes on, the more likely it is that an individual has had a meaningful experience from a good cause funded by a lottery.

Looking ahead 20 years, what do you feel will be your most lasting impression of the present time?

This is a time of rapid change. The worlds of sports betting, video gaming and cutting-edge technology present opportunities and challenges. Now, more than ever, it is up to us to help shape this evolution into continuous progress with integrity and credibility at the forefront. And with participation by all WLA members, I am confident this will be a time remembered for meeting those organizational goals.



“With members from more than 80 countries representing six continents, we bring together a diverse, collaborative powerhouse that represents impeccable standards of corporate responsibility.”

– Rebecca Hargrove –

New on the WLA Executive Committee

Sue van der Merwe, Managing Director Lotteries and Keno at Tabcorp, Australia, joins the WLA Executive Committee, replacing Seah Chin Siong as the Committee's APLA representative.

Sue van der Merwe is a veteran of the lottery industry, having spent close to three decades in the business. She first joined Golden Casket, of Queensland Australia, in 1990 as Senior Brand Manager and Acting Marketing Manager. She subsequently took on the position of Director Marketing and Sales, and in 2000 became General Manager Lotteries.

In 2007, the Queensland Government sold Golden Casket to the Tatts Group. Sue went with the move to the Tatts Group, becoming General Manager of Group Lottery Operations and later in 2014 she became Chief Operating Officer Lotteries for the Tatts Group. Sue was with the Tatts Group for 10 years before the business merged with Tabcorp in 2017. She was instrumental in managing the merger transition period, and played a crucial role in integrating the two businesses and identifying future growth opportunities. Since the merger,

she has served as Managing Director of Lotteries and Keno.

During her 29 years in the industry, Sue has progressed from marketing lottery games in the early 1990s, through to playing an integral role in the successful development of Australia's lottery industry. Today, she is responsible for the expansion of Tabcorp's Lotteries and Keno division, which currently operates in seven of the eight Australian lottery jurisdictions. Generating sales turnover of more than AUD 5 billion, this division is the Tabcorp Group's highest contributor to group earnings. Sue leads a team of more than 300 people who operate and market Australia's official lotteries through a range of traditional and online retail channels. She is committed to growing Tabcorp's portfolio of lottery games with the aim of driving profitable revenue growth and sustainable long-term success.

Sue holds a Bachelor of Social Science, Marketing and Economics and is currently Chair of the Asia Pacific Lottery Association. She was inducted into the Public Gaming Research Institute's Lottery Industry Hall of Fame in 2016, recognizing her contribution to world lottery excellence and integrity. The WLA welcomes Sue on the Executive Committee and looks forward to working with her in the future.

Sue replaces Seah Chin Siong, former CEO of Singapore Pools. Seah Chin Siong left Singapore Pools to become President and CEO of the Singapore Institute of Management. As such, he stepped down from the WLA Executive Committee effective May 1, 2019. The WLA thanks Seah Chin Siong for his service to the world lottery community as both APLA Chairman and as a member of the WLA Executive Committee, and wishes him all the best in his new endeavor.



Sue van der Merwe, new WLA Executive Committee member and APLA representative on the committee



Seah Chin Siong leaves the lottery sector to join Singapore Institute of Management as President and CEO.

WCLC appoints new chief executive

The Western Canada Lottery Corporation announced the appointment of Paul Erickson to the positions of President and Chief Executive Officer of the organization. The appointment took immediate effect, as Mr. Erickson had been serving as Interim President since June 2018.



Paul Erickson, new President and CEO of WCLC

Erickson has been with WCLC for over 30 years. He started in an IT-related role at the company in 1987, following which

he progressed through various roles until he joined the audit function. In 1997, he was appointed manager of the audit function. Choosing to further his education, Paul qualified for and earned the designation of Chartered Professional Accountant (CPA); his responsibilities then expanded to include IT Security, Enterprise Risk Management, Compliance, Draws Audit, and Player Protection. Besides his CPA, Erickson has a number of additional professional designations.

Since its foundation in 1974, WCLC has been providing Western Canada with a variety of lottery games. The company was founded with the purpose of raising revenue for amateur sports, and its first national game, in 1976, was designed to raise funds for the Montreal Olympics. Today,

revenues are distributed to member provinces Alberta, Saskatchewan and Manitoba, and associate members Yukon Territory, the Northwest Territories and Nunavut, and disbursed according to provincial needs.

Paul has been active in the lottery industry outside of WCLC, serving on Interprovincial Lottery Corporation (ILC) sub-committees, and chairing both the Lottery Risk Assessment and Common Standards teams. He has also served as a member of the ILC Executive Committee since June 2018.

As Interim President, and now as President and CEO, Paul's focus has been developing an Executive team and Board with strong relationships and cooperation. For WCLC, he has concentrated on growing a culture of accountability, integrity and empowerment.

The Global Lottery Monitoring System elects a new executive committee, reappoints incumbent President Ludovico Calvi

Global Lottery Monitoring System, or GLMS, monitors and analyzes sports betting on behalf of state lotteries and state-authorized sports betting operations. Founded as a WLA/EL collaborative effort, GLMS has been operational since 2015. The GLMS currently has 32 individual Members from four continents and two associate Members.

On May 28, 2019, the GLMS elected their new Executive Committee members, and reappointed Ludovico Calvi as President of the Association. Ludovico Calvi has been a member of the GLMS Executive Committee since 2015, and its President since 2017.

He is also a member of the American Gaming Association's Sport Betting Task Force. Ludovico has been involved in the gaming industry for close to 30 years, having worked with such industry mainstays as Lottomatica, Gtech, and IGT.

On his reappointment as GLMS President, Ludovico said, "I am extremely honored to have been appointed as the President of the Association for yet another term. I am proud of GLMS's many achievements of the last term and I am privileged to carry on the mission of growing GLMS's network worldwide and disseminating its core values while guaranteeing continuity and strengthening the

association. I strongly believe that protecting sport ethics means safeguarding the passion and integrity of our children and therefore the future of our society. I am fully convinced that GLMS represents a tremendous vehicle not only for our network and its members but also for all other key interested stakeholders, our communities, and our society as a whole. I personally thank all individual and collective members and all my colleagues for the renewed trust, leading to this second mandate. I assure all our members, public, private stakeholders, and partners, that I will continue with the same energy, passion and dedication to make my best efforts for the global success of GLMS." →

Speaking about the Executive Committee, Ludovico added, “The new Executive Committee is a geographically diverse powerful group of leaders that will work together on the implementation of our vision and strategy for



GLMS. I would like to warmly welcome the new members of the Executive Committee, Fabian Garcia and Ilho Lee, who will no doubt bring signifi-

cant knowledge and experience to the global spirit of our Association. At the same time, I would like to wholeheartedly thank the outgoing members, How Sheng Lee and Edmundo Dupré. Their dedication and input have been very much appreciated during the last two years. Finally and most importantly, I would like to thank the GLMS General Secretariat and all staff members of GLMS in our two hubs for their hard and relentless quality output, setting new standards of excellency for the whole sport integrity sector.”

The elected members of the Executive Committee for the term 2019–2021 are Ludovico Calvi (Lottomatica, Italy), Younes El Mechrafi (MDJS, Morocco), Sami Kauhanen (Veikkaus Oy, Finland), and Ilho Lee (KTOTO, Korea). The members appointed by the EL and WLA according to the GLMS Statutes are Vice-President Rupert Bolingbroke (HKJC, Hong Kong), Niels Erik Folmann (Dankse Spil, Denmark), Fabian Garcia (La Banca, Uruguay), and Gilles Maillet (FDJ, France).

The WLA welcomes four new Associate Members

The WLA Executive Committee approved membership for four new Associate Members during their meeting in Naples, Italy, on May 9, 2019.

GreatGate Lottery Technology Co. Ltd – China

Based in Beijing, China, GreatGate Lottery Technology is involved in the research and development of lottery trading systems, lottery game products, as well as lottery draw and operational services. Their primary focus is on sports betting-related products, and the company provides the China Sports Lottery Administration Center with lottery draw services, including venue, facility and equipment services, television production and broadcasting services, among others. The company owns and manages various retail lottery operations, including Happy Pool and Ding GuaGua outlets. GreatGame operates primarily within China and south-east Asia, offering system and software operations, retail and wholesale distribution, infrastructure, data communications, marketing support and other services. The business also has a number of cooperative relationships with various e-commerce platforms, including Taobao and Alipay.

Honoré Gaming – France

Honoré Gaming is a relatively new provider in the lottery industry, established in 2013, based in France and providing a range of multi-channel and multi-product betting platforms in the iGaming industry. The

company’s primary focus is on innovation, modern technology and the creation of new games, built on a foundation of hardware agnostic systems and the ability to offer any type of game, in addition to its standard horse racing product. Honoré Gaming offers regulated game operators high-performance software, an innovative turnkey platform, and personalized services for online gaming, sports and horse racing betting, and lottery. While the company initially specialized in sports event odds calculations at their inception, Honoré soon diversified into multi-channel and multi-product platforms to serve their customers more effectively.

mkodo – England

Headquartered in England, with clients in the gaming industry round the world, mkodo delivers world-class apps and digital user experiences for mobile, online, and retail environments in the betting, gaming and lottery sectors. In addition, the company offers consultancy services, as well as app management on their platform agnostic, cloud-based management platform. mkodo is privately owned and, since 2001, its independent UK-based team has been delivering high levels of engaging player experiences and digital lottery solutions on behalf of global clients. The company has

comprehensive experience in delivering digital solutions for lottery operators intent on driving business growth and engaging with their customers via mobile and digital channels. mkodo adheres to the principles of Responsible Gaming and relevant regulatory frameworks and guidelines.

China Sports Lottery Nirvana d.o.o. – Croatia

For close to 30 years, Nirvana d.o.o. has been providing turnkey solutions to lotteries that wish to expand their digital footprint. Based in Croatia, the company is the exclusive lottery solution provider in both Bosnia and Kosovo, works closely with lotteries in several other south-east European countries, and is currently expanding its operations into Mexico, Kenya, and Uganda. Nirvana stands as a pioneer in developing and digitalizing lottery and gaming turnkey solutions encompassing up-to-date hardware and software technology trends. Nirvana offers solutions in lottery gaming, TV Bingo, betting and quick games, and sports betting. Their Linux-based operating system handles up to 10,000 transactions per minute, and their solutions include various technology-based interaction models. Nirvana prides itself on providing seamless customer user experience, maintenance, and scalability.

INFINITE SOLUTIONS FOR LIMITLESS GAMING



SMART
RETAIL



TRANSFORM
LOCAL GAME



EXCITING
INSTANTS



DIGITAL
GAMES



PLAYER
LOYALTY



PERSONALISED
SERVICES



WLA: Growing stronger together for 20 years

Two decades after its inception, the WLA is going from strength to strength. In the following pages, a special commemorative feature offers a round-up of our history, the key issues we help our members to address, and the all-important global dimension of many of those issues today. The Platinum Contributors have also looked at future opportunities and challenges for lotteries from the perspective of our partners in the supplier community. Join us in celebrating 20 years of the world's only global association for state-authorized lotteries and sports betting operators!





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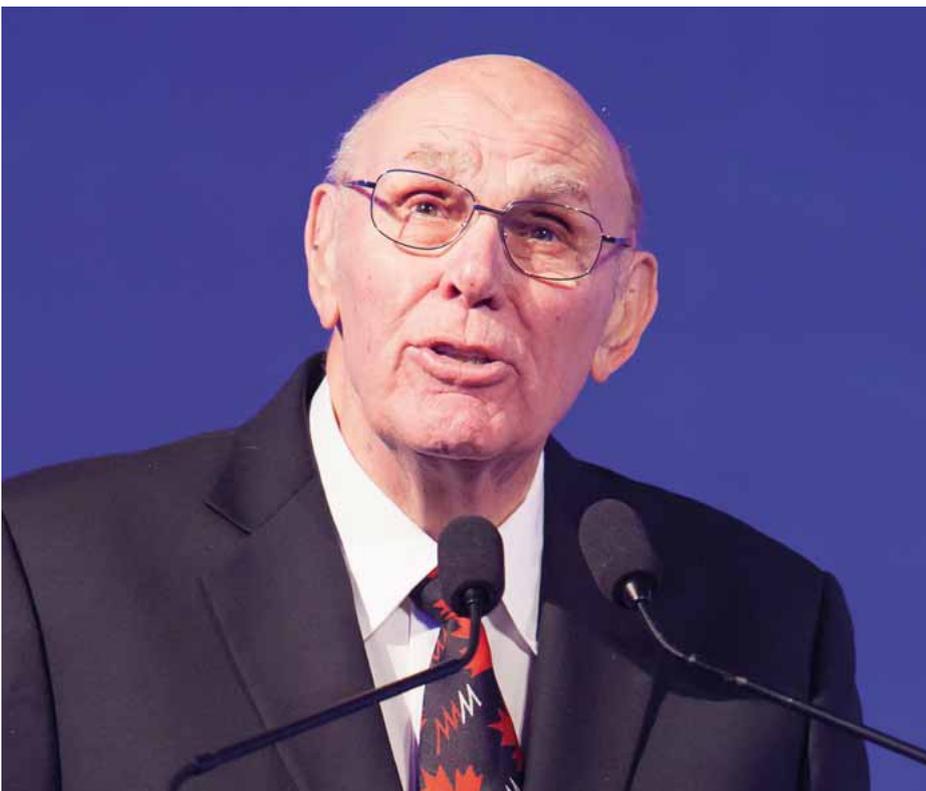


State of the union: Insights from five WLA Presidents

On August 30, 1999, the final hurdles were cleared and AILE and Intertoto united to form the World Lottery Association. We asked four former WLA Presidents and the current WLA President to take a retrospective look at the WLA and its place in the global lottery and sports betting industry, and to make projections about the role the association will play in the future.

Guy Simonis: The tortuous path to unity

In his new book, *Lottery Lore*, founding WLA President Guy Simonis reminisces over a working lunch in 1993 when the idea of creating a single global lottery association was discussed for the first time. But when the main course arrived, not everyone was reading from the same menu.



Guy Simonis, formerly President and CEO of the British Columbia Lottery Corporation, Canada, and Founding President of the World Lottery Association

Now, almost twenty years into my retirement, I relish the role of being the elder historian on the subject of state-run lotteries, and the World Lottery Association in particular. Are you expecting a detailed history lesson with grand proclamations about the noble and historic forefathers of the WLA as we did ten years ago? Sorry, you'll be disappointed. The road to a merger was not straight. Not paved. With no maps.

It may surprise you to learn that the WLA is only celebrating its twentieth anniversary. Indeed, for some readers, it's possible that your favorite lottery organization has more candles on its cake than you do.

There were two founding organizations behind the WLA – both steeped in their peculiar culture and rooted in decades of tradition. The mainly French-oriented AILE (Association Internationale de Loteries d'Etat) was the international association of state lotteries and had many years of tradition on its side. Intertoto was the upstart – a Euro-centric association of lottos and sports tolos, offering the most popular games of the

day, and leading the way in integrating new technology.

The interesting point was not so much that a merger between the two should be discussed but that it had been so long in coming. The practical facts of the day included a huge overlap in issues of interest, topics of discussion, vendor relations, etc. No less than seventy percent of the world's lottery companies were members of both organizations. (In the days of glamorous travel, that was a perk to behold for those world-travelers, but into today's light, it might be seen as excessive.)

Today the world's lottery organizations enjoy membership in a single World Lottery Association (WLA) but it wasn't so neat and orderly for many decades.

Many years before the WLA was born, there were several efforts at unity. One of the first meaningful discussions to unite the two world organizations took place in 1993. On a cold, miserable February day I travelled to Madrid to discuss a proposal to merge the two world organizations AILE and Intertoto. France's Lottery Director, Gerard Colé, had offered himself as leader to create a single world organization. In my view, however, Mr. Colé didn't appreciate the deep, historical divisions between AILE and Intertoto.

Egos, cultural differences and decades of distrust caused a wide gap between the traditional state lottery organizations (AILE) and the "upstarts", the lotto and toto companies. Intertoto offered the most popular games and were the leaders in online technology. Intertoto was an organization of the new; AILE had many years of tradition and history on its side.

Mr. Colé had sent out a questionnaire to all members of Intertoto and AILE asking if they were in favor of a single organization. Unsurprisingly, the response was heavily in favor. Mr. Colé, at his managerial best, interpreted these responses as a signal that AILE should absorb Intertoto. To discuss his anticipated annexation, he called a meeting in Madrid. Representatives from Finland, Spain and France sat at the AILE side of the table, while spokesmen for Switzerland, Sweden, and your faithful correspondent from Canada sat on the other.

Things didn't go well. Matti Ahde, the accomplished Finnish politician, had a mar-

velous grasp of the issues but was reluctant to express himself other than through an interpreter, which diminished the impact of his incisive business and political remarks. The Spanish lottery director on the AILE side was all too willing to let Mr. Colé perform his role of the Napoleon of lotteries.

Despite the insistence by your faithful scribe that there should be talk about a merger instead of capitulation by Intertoto, the two colleagues from the Intertoto side were bent on self-preservation. The Swedish representative appreciated his role as leader of the association and saw no value in giving all that up. Emil Fischli, the Swiss delegate, a fine but excitable man who – as a matter of principle – abhorred change of any kind.

Several of the other delegates agreed to change the discussion from the absorption of one organization by the other, to talks about a merger based on cooperation and respect. For the overconfident Mr. Colé, however, it was all or nothing. He kept waving his survey responses as his mandate for the French-dominated AILE to absorb the largely Nordic/Germanic Intertoto.

He suddenly called the waiter for orders for lunch. It was good timing because the two Intertoto delegates, who were there for business and not for tasting the quality of steaks, were clearly refusing to address any solution that might involve the disappearance of Intertoto.

The last chance for any fruitful discussion was sabotaged during the meal. Colé, with-

out asking for individual wishes, ordered tournedos for all. (Tournedos is a popular French dish of fillet of beef cut from the tenderloin.) Regrettably, the steak he was served was not to his taste. He ordered a new serving. While waiting, he informed his guests – "as a French gastronome" – that civilized people would only eat the center of the tournedos and discard the outer area. Emil Fischli, the grizzly Swiss, responded with a mouthful that Swiss people like to eat the entire steak.

Exasperated by Fischli's gauche objections, Colé reached over, took Fischli's plate away, carved out the center of the meat, put it onto his plate and then handed the remains to Fischli, saying: "You can eat the rest." The discussion around the table grew deadly silent. Everyone looked intently at their plates, expecting an explosion of sorts, but Emil kept on eating in silence. The spell was broken. The Intertoto side couldn't get out of there fast enough. A few perfunctory good-byes and the first attempt at a meeting of the minds with respect to a merger of the two organizations ended in disarray.

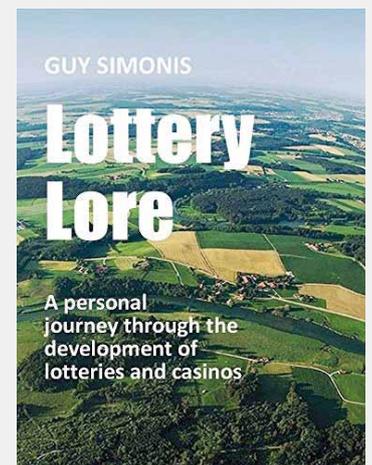
It would take another seven years and a number of heated controversies before the merger took place and the World Lottery Association was born.

As I read and hear the about the issues that face the leadership of today's WLA, a great deal of the enmity has disappeared, although from time to time the same controversy rears its head. Well, that's good. It keeps things lively.

Lottery Lore – Guy Simonis

The previous article was taken from Guy's recently published book, *Lottery Lore*. In the book, Guy speaks of the trials and tribulations in the development of government licensed games of chance in Canada and around the globe. Guy Simonis is former President and CEO of the British Columbia Lottery Corporation of Canada, and Founding President of the World Lottery Association.

Lottery Lore is available from amazon in paperback and kindle format. Scan the QR code to order your copy from amazon.



Reidar Nordby: The values of a global family

Reidar Nordby, the first elected President of the WLA, remembers its fiery beginnings and shares some touching moments that marked his time at the helm of the association and changed his life forever.

In 1991 I was elected to the Executive Committee of Intertoto and a few years later I was appointed president of Intertoto's European Section. During the same period it became more and more obvious that our international lottery sector was represented by several organizations offering more or less the same services.

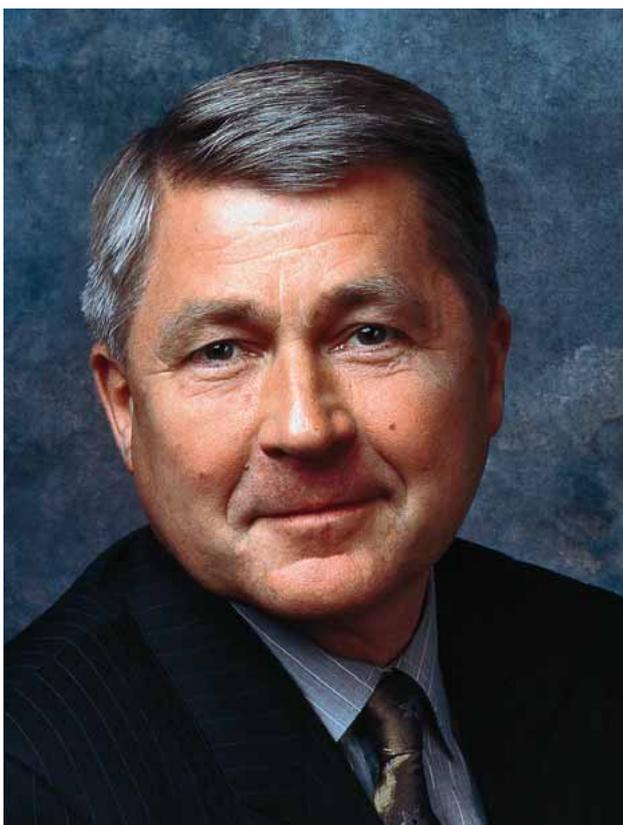
Intertoto and AILE were offering global services, and Intertoto's European Section was offering the same as AELLE, the other European lottery association. There were several initiatives to start merger processes but also a lot of resistance. Fortunately, several members of the Intertoto Executive Committee had seats in two associations, which made it easier to communicate between the associations to reach this goal.

In 1997 at the Intertoto Congress in Berlin, the membership voted in favor of a merger and so did the members of AILE at their congress. Two years later, at "Oslo Relations '99", the joint Intertoto and AILE congress in Oslo, the merger was finalized. At the celebration banquet we had two indoor firework displays on one wall. One was of the Intertoto logo and the other was of the AILE logo. Guided by wires the two displays were to meet at the opposite wall where a third firework display of the new WLA logo was mounted. A spectacular symbol of the merger! However, it was a little too spectacular. The new WLA logo caught fire, and firemen had to come and extinguish it.

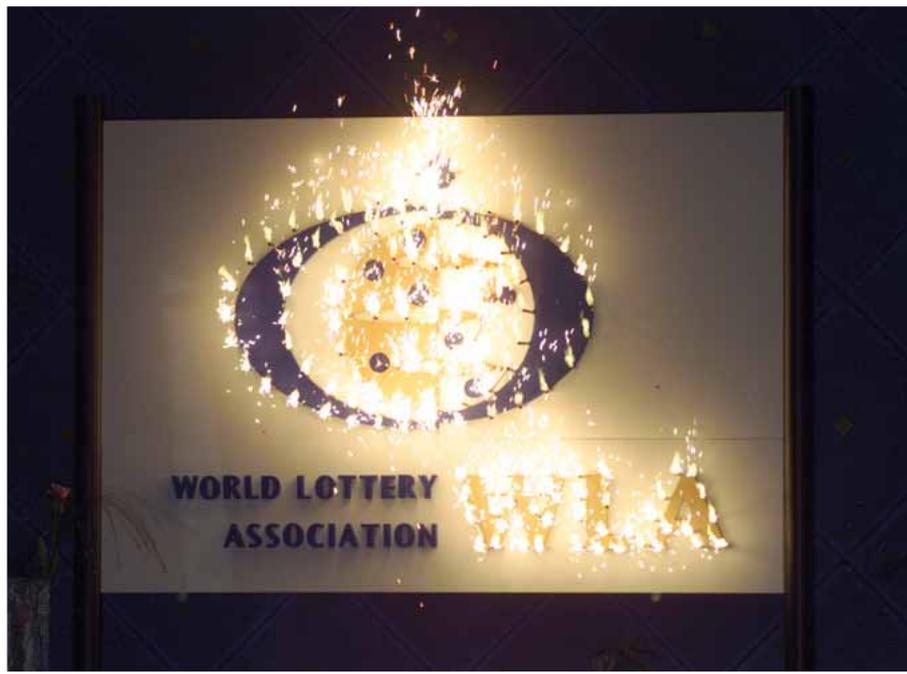
During the interim period up to the first ordinary WLA General Assembly in Glasgow in 2000, Guy Simonis, the father of the merger, continued as the Interim President until I took over the position as the first elected WLA President with a new Executive Committee representing all regions of the world.

Some years earlier, I had been chairing the Intertoto Security and Risk Management Committee, where we developed a detailed certification process for security and risk management in the lottery business that was quickly adopted by the WLA. The new association continued to develop other standards or guidelines for the benefit of our members, such as the Guidelines for Requests for Proposals (RFP), Ethical Guidelines, and Responsible Gaming Guidelines, all led by members who were appointed to sub-committees to take care of these processes.

Some regions of the world already had strong lottery associations like NASPL in North America, CIBELAE in Latin America and European Lotteries (EL) in Europe. Soon the Asia Pacific region took the initiative to establish APLA, which is a very pro-



*Reidar Nordby, Jr.,
former President
and CEO of Norsk
Tipping, Norway, and
first elected President
of the World Lottery
Association.*



professional and active association today. Africa also formalized its regional association with a strong involvement from the newly established South African National Lottery, Uthingo, and other well established lotteries.

With regional lottery associations for every region of the world, it became much easier for the global association WLA to offer exchanges of information and experience between the regions.

The WLA Executive Committee was of the opinion that emerging lotteries were important to our future, and therefore the membership fee was reduced for this group, while the really big lotteries agreed to pay a higher fee than before. This helped to increase the number of members significantly, and the emerging lotteries who became members were able to avoid certain pitfalls in their early development.

Lotteries offer dreams, hopes and excitement, and in 2004 the WLA Congress "Dream Africa" was held in Durban, hosted in an excellent way by Uthingo, the first South African National Lottery. The Durban congress featured a lot of professional speakers sharing their global experience. But most of all we learned about dignity, reconciliation and hope, important values that President Nelson Mandela exposed to the country. At the end of the congress, a number of member lotteries agreed to give a contribution to a charity as

a symbol of our appreciation of their great hospitality.

A donation was given to Chris Hani Children's Hospital in Soweto, and Uthingo took me there on one occasion to see it for myself. Witnessing how limited resources could be used in such an impressive way, and being surrounded by so many smiling, helpful people, was one of the most touching moments in my life. I will never forget when they gave me a new-born baby weighing than 1 kg to hold.

Later, when Nelson Mandela visited Norway in 2005, I was invited to meet with him and to give him the symbolic check for the donation to Chris Hani Children's Hospital, where Mandela was the protector. This was a meeting that is burned into my mind forever. What a magnetic personality! We talked about our congress in Durban and why we had chosen South Africa for the WLA event.

Mandela was a close friend of many of the people responsible for the congress. After the meeting, I said to myself that I must be the luckiest man in the world to be able to obtain experiences like these!

Thank you WLA – you have been a very important part of my life! My involvement with the association has given me lasting memories and friendships all over the world! I wish you and your members all the best for a prosperous future!



Reidar Nordby presents Nelson Mandela with a donation to Chris Hani Children's Hospital in Soweto upon Mandela's 2005 visit to Norway.

Risto Nieminen: It's the people who count

Risto Nieminen has been involved with the WLA from the very beginning and served as WLA President from 2010 to 2012. Looking back at the professionals he met through the Association, he has an unshakeable conviction that networking across borders is absolutely crucial to lottery success.

In September 1991, I was one of the speakers at the Intertoto Congress in Stockholm. Easy and short travel! My subject was "Using IT for International Gaming Statistics" and I was proud to participate.

Next time it was Albuquerque, WLA World Meet in October 2001. I had become CEO of Veikkaus (the Finnish National Lottery) in August. And the world had been shocked by 9/11. Many had canceled their participation. To me it was the start. For the next 11 years I was very active among the new World Lottery Association.

I felt that international cooperation is a must! We needed to know, at Veikkaus, what was happening and what was done, at lot-

teries all around the world in terms of business, technology, marketing, science, social and corporate responsibility, organizational models, and the latest trends and strategies. We needed the networks.

First, I was a member of several WLA committees; then a member of the WLA Executive Committee; then WLA Vice-President; and then in 2010, I was elected WLA President.

During my years at WLA, 2001-2012, the lottery world pretty much changed completely. We did not want lotteries to be following everyone else's lead – we wanted to be forerunners in understanding the customer. And the Internet was changing the customer experience.

The WLA was a unique opportunity to learn from each other, and the most active members were learning better than others – for sure! But the WLA also meant learning that the world is not the same everywhere. And we wanted to make sure that lotteries could do their share for the society everywhere in the world, not just in the countries where modern lotteries had begun. WLA became really international and worldwide.

How well did we do? As I said, some were learning better than others. I always felt that the members – the lotteries of the world – should have spent more on international cooperation. There was so much to gain! But we were lacking resources to do more. Our best resources were the people. Here I need to mention, from my time, especially Yvonne Schnyder, Lynne Roiter and Jean Jorgensen. Losing Jean was by far the most tragic experience for me and WLA.

The best personal memories of course come with the people. It was an exception-



*Risto Nieminen,
former CEO of Veikkaus
and WLA President from
2010 to 2012.*



al privilege to get to know the people from the world's lotteries, and to make friends with them. And of course it was an honor to serve as President among such fantastic characters as Reidar Nordby, Arch Gleason, Jean-Luc Moner-Banet and Rebecca Hargrove. Of course, it is the friendships with so many great people that I miss most!

Every now and then, I meet people who say that they are not planning to be active internationally, but rather to concentrate in their national or local business. Then I always know they will fail! Because international orientation is not just practical choice or learning. It is a reflection of an organization's mindset and of its dedication to innovation, networking, social and human values. Only with this attitude can lotteries of the world succeed!

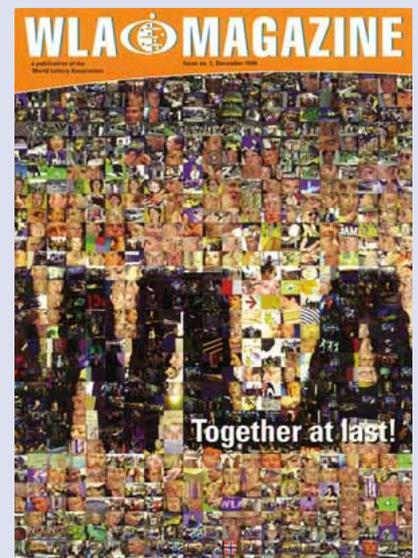
Good luck WLA – and thank you!



Together at last!

The very first edition of the WLA magazine, published in December 1999, carried the title "Together at last!". It was the dawn of a new millennium and the beginning of the World Lottery Association. The best of AILE and Intertoto were brought together to form one global lottery association that was greater than the sum of its constituent parts. As reported in the first WLA magazine, 146 AILE and Intertoto member lotteries representing 81 countries, together with 60 associate members joined forces to form the inaugural membership of the WLA. An interim executive committee was formed consisting of 16 members taken from the executive committees of both AILE and Intertoto. The interim executive commit-

tee was listed as: President – Guy Simonis, Canada; Senior Vice President – Tim Holley, United Kingdom; Vice Presidents – Dr. Felix Angel Gaibisso, Argentina; Friedrich Stickler, Austria; Warren V. Wilson, Australia; Members – Matti Ahde, Finland; Michel Ansiaux, Belgium; Abdoul Aziz Tall, Senegal; Bertrand de Gallé, France; Georg Kennel, Switzerland; Makoto Kobayashi, Japan; Héctor Morales, Mexico; Reidar Nordby, Norway; Luis Perezagua Clamagirand, Spain; Hans-Jürgen Reissiger, Germany; and Edward J. Stanek, USA. The first WLA executive committee proper would not be elected until the inaugural WLA General Meeting that was held in Glasgow, Scotland on June 5, 2000.



Jean-Luc Moner-Banet: Comrades in arms

Immediate past President Jean-Luc Moner-Banet served an unprecedented three terms at the head of the WLA. He looks back on his tenure with warmth and pride, and salutes the camaraderie of the lottery community in its bitter fight against illegal operators.

When the WLA was founded 20 years ago, I was just starting my career at Loterie Romande, after having worked indirectly for the lottery industry for a while. At that time, I never would have imagined that I would serve as President of this fantastic association for six years. It was a once-in-a-lifetime opportunity that afforded me many extraordinary and memorable experiences.

I now look back on my three terms as WLA President with a sense of personal pride and accomplishment. It was a time that helped me grow both personally and professionally. We worked to develop and maintain two of the Association's main pillars, the WLA Responsible Gaming Framework (WLA-RGF) and the WLA Security Control Standard (WLA-SCS). The number of member lotteries certi-

fied to both these important standards has continually grown throughout the last six years, as WLA members have come to understand the importance of these two internationally recognized industry standards.

However, things have not always gone smoothly. Within the past six years the global lottery sector has been increasingly under siege by illegal online gaming operators. Nevertheless, we have been able to leverage the global reach of the WLA and launch an international front against illegal lottery and betting operations. Today, the fight still goes on, but we are now well equipped to meet the challenge owing to the establishment of the WLA's Illegal Lotteries and Betting Committee.

The specter of match fixing has also plagued the lottery and betting industry throughout the years. Working in accord with European Lotteries (EL), we were able to take the then European Lottery Monitoring System and launch it as a global platform in 2015. Today the Global Lottery Monitoring System (GLMS) facilitates the sharing of sports betting information and monitors countless matches worldwide for irregular betting patterns. With the growing popularity of sports betting, the incidence of match fixing is on the rise. Therefore, the integrity of sports and the integrity of the lottery sector go hand-in-hand.

In the final days of my presidency, I had the honor of working together with the WLA Executive Committee to revamp and modernize the WLA by-laws. The new by-laws brought in a much needed revision to the WLA membership structure. This came in response to the continual and rapid evolution of the lottery sector. The changes broadened the scope of the Association, making it both more inclusive and more transparent. At the same time, the changes to the by-laws have strengthened the membership criteria in order to protect the



*Jean-Luc Moner-Banet,
CEO of Loterie
Romande, Switzerland,
and Immediate Past
President of the WLA.*



lottery sector from the above-mentioned onslaught of illegal and unauthorized gaming operators, which are depriving our communities of the funds that we work hard to raise in support of good causes. With the new by-laws, all lottery and betting operators who comply with the criteria and conditions – but only those who comply with all of them – are eligible for WLA membership. New members with different business models can join as long as they meet all the membership criteria.

During my six-year tenure, I had the opportunity to meet a lot of fantastic people, discover fascinating cities and countries, participate in exciting conferences and roundtables, work on inspiring projects... It is very difficult, if not impossible, to have only one “fondest memory”. The multitude of memorable experiences that I have had is overwhelming. But the moments I shared with my colleagues from the Executive Committee during the various meetings – we had three to four meetings yearly – are among the moments that I cherish the most. I would like to take this opportunity to warmly and sincerely thank my colleagues on the Executive Committee for their help throughout the years. Without them, nothing would have been possible. I consider myself lucky and privileged to call them my friends!

Rebecca Hargrove: Where could we be in another 20 years?

Current WLA President Rebecca Hargrove compares and contrasts the lottery landscape of 1999 with the industry we know today. Looking ahead, she sees a bright, more diverse, and even more innovative future – but only if we continue to adapt and work together.

Twenty years ago, the first iPhone was eight years away. Facebook would not be founded for another five. Dial-up Internet was the norm in homes that had Internet access. Bluetooth technology was just being born. Disposable cameras were a popular form of photography. Y2K was looming – or so we thought. Low-carb diets were trendy, and the largest lottery jackpot ever won by a single person was USD 197 million.

Much like the world, the lottery industry has evolved significantly in ways that make a huge difference in our daily lives. Technology has easily had the biggest impact. That ever-expanding medium has enhanced our ability to create innovative

games, increase efficiency in all operations and allowed us to better define and reach current and potential customers. It has added to our ability to ensure the integrity of our products at the utmost levels. But what, specifically, were we lacking 20 years ago, and how has our world changed since then?

In 1999, it was more difficult to reach customers compared to how we connect today. Internet sales were in their infancy. Since there were no smart phones, there were no mobile apps or online purchases from these devices. Cashless purchases were a thing of the future in most parts of the world. Consumer data was not easy to obtain.

Gaming systems were less sophisticated and more limited in their capabilities. Paper tickets made up the bulk of our offerings.

Today, the industry is literally in our consumers' hands 24 hours a day through their smartphones. Mobile apps offer players in many areas a simple solution to playing a huge variety of games, purchasing tickets, scanning tickets and joining players clubs, just to name a few features. Cashless play is becoming less of a challenge as technology continues to evolve. And as the convenience for our players grows, so does the opportunity to learn more about their desires and habits. Not only are we able to access what products are most popular, we can also recognize problem gaming patterns and strengthen our Responsible Gaming strategies accordingly. Another groundbreaking development is the advent of social media, which has opened a new avenue for marketing and connecting with our players, even on a one-to-one level.

And what of the products themselves? Today's portfolios vary among WLA members, but it is safe to say there are more product choices than ever. Higher price points, online play, the growth of sports and digital betting, bigger jackpots... there is no end in sight. However, these exciting developments bring new challenges, too. In the U.S., for example, changes over the years to two multi-state games have created much larger jackpots, but also the inevitable loss of appeal of jackpots "only" in the tens of millions of dollars. Additionally, with the digital age comes the misuse of technology for illegal purposes, which the WLA is combating on a worldwide scope.

Products and technology aside, how we relate to one another has also evolved. We



*Rebecca Hargrove,
President and CEO of
the Tennessee Education
Lottery Corporation,
United States, and
current President of
the WLA*

can now Skype and Facetime and hold meetings online, and we are also collaborating more effectively than ever. The year 1999 saw the creation of our World Lottery Association by combining AILE and Intertoto. Twenty years later, we have members from more than 80 countries on six continents who adhere to the strictest standards established for social responsibility, responsible gaming, security and risk management. Through our cohesive structure, we are able to share best practices and learn from each other's successes – and failures. We are also becoming more diverse in our leadership and have committed to efforts such as Women in Lottery Leadership (WILL). And we have become more than just gaming organizations. We are devoted to being a positive part of the community through a variety of Corporate Social Responsibility initiatives, including our vital, groundbreaking work in Responsible Gaming.

I have been asked to project ahead 20 years to 2039. It is clear technology and the way we communicate will continue to evolve – changes we must embrace to meet our customers' demands. Visual communication will continue to grow as a powerful tool. New technology such as augmented reality and "brain computer interfaces" might only be the tip of the iceberg, or could prove folly in the consumer world. We are beginning to see, however, artificial intelligence playing a role in consumer options such ordering products online via a smart speaker. Will lottery products follow? It is highly likely we will see global games that offer larger prizes and innovative play styles. Expansion of additional gaming options in the U.S. will be solidified, and it is possible our industry will have harnessed at least part of the world of video gaming into state-sanctioned organizations that use these revenues for good causes. And on that level, our role as corporate citizens will be unarguably cemented. Diversity in leadership will be the norm, and all forms of illegal lotteries will be a thing of the past thanks to our work.

Change is inevitable, and we must adapt with it. As we forge ahead, we must continue our collaboration to remain a successful form of entertainment and a solid revenue source for beneficiary causes throughout the world. By working together, the future is bright.



Practical perspectives from Basel

When the WLA was founded in 1999 there were no more than three people working here in the Basel Business office. Today we are seven people. Given the global nature of our work, we are still a relatively small team.

From our vantage point here in the Basel business office, we have witnessed many changes. When I began 12 years ago, the WLA Responsible Gaming Framework (WLA-RGF) was just taking off. The first Independent Assessment Panel had been selected and the first lotteries had been certified. Today 90 member lotteries are certified to the WLA-RGF at level two or higher. Around that same time, the first adjustments to the WLA Security Control Standard were being made to meet the increasing demands of a digitalized world.

The seminars and lottery events that are held each year have not only furthered my own professional education, they have also put me in close contact with some

of the greatest people I have ever met. Over the years, my circle of friends and acquaintances has come to be extended well beyond Basel. The access to a global network of people is one aspect of the WLA I will always cherish.

It has been fascinating to watch industry trends emerge and grow over the years. Corporate Social Responsibility, although not a new trend in 1999, became increasingly relevant for the lottery sector with the rising need for player protection and responsible gaming measures. Today, responsible gaming is a matter of course for WLA members. Twenty years ago, few would have thought that the integrity of sports was of such existential importance for the lottery sector. With the increasing popularity of sports betting and the consequential rise in match fixing, it quickly became clear that the probity of the lottery sector was at stake. Now protecting the integrity of sports is one of the core objectives of our association.

Things have not always been smooth sailing for us here in Basel. In 2016, we lost our friend and Executive Director, Jean Jorgensen, after his long battle with cancer. Shortly thereafter, former WLA President Arch Gleason lost his life in a tragic accident. Both Jean and Arch left an everlasting impression on the WLA. They contributed hugely to the success of the association and will continue to serve as role models for all of us.

I am certain my colleagues here in Basel would agree that being part of the WLA team is both a privilege and an enriching experience. The world lottery community is a family united with a common purpose – doing good for society and having fun in the process. May the world lottery community continue to flourish and may the WLA live on to serve it.

Paul Peinado, Senior Operations Manager, Program Management, World Lottery Association



The WLA team in Basel. Front row from left to right: Valeria Serpentini, Membership Relations Assistant; Nicole Bosshardt, Executive Assistant; Nadia Bachorski-Ricchiuto, Senior Operations Manager, Member Relations; and Dulce Huber, Event and Project Coordinator. Top row from left to right: Luca Esposito, Executive Director; Matthew Spinks, Research and Communications Manager; Paul Peinado, Senior Operations Manager, Program Management.

WLA Committees: Getting down to business

The WLA’s five Committees – Security and Risk Management, Audit, Corporate Social Responsibility, and the new Sports Betting Integrity and Illegal Lotteries and Betting Committees – bring together lottery professionals from all over the world to tackle specific issues. We asked the committee chairs how they see the future unfolding in their respective areas of focus.

Security and Risk Management: An inclusive standard for the global lottery industry

“The good we secure for ourselves is precarious and uncertain until it is secured for all of us and incorporated into our common life”

– Jane Addams

Security and Integrity are important elements of our industry and more so in this era whereby technology has become ubiquitous in our daily lives and we need to embrace it in order to stay relevant.

Security is not just about putting up layers of defense, it is also about putting in place the right processes and controls, and providing people with the training they need.



Since the WLA was founded, the WLA Security Control Standard has evolved both in scope and in depth. The WLA-SCS:2020 is scheduled to be released during the World Lottery Summit 2020 in Vancouver, Canada. It will take into consideration the new technologies that lotteries are now embracing.

Going forward, there are plans for a new WLA Security Control Standard that will be more inclusive, flexible and relevant to

Dato Lawrence Lim Swee Lin, CEO of Magnum Corporation Sdn Bhd (MCSB), Malaysia, and Chair of the WLA Security and Risk Management Committee.



the different levels of maturity and operations of the various lotteries, and that will incorporate new elements of risk and integrity management.

A more efficient WLA-SCS certification process is also being reviewed to ensure that all the various active stakeholders are able to function more effectively.

The WLA Security and Risk Management Committee (SRMC) is currently also engaged in determining an appropriate medium and platform for sharing secu-

rity-related news and threat intelligence amongst our members. Collaboration is paramount. We take the view that “no man is an island” and believe that it would be a daunting task indeed for any single entity to protect themselves against cyberthreats alone.

These are some of the new areas that the SRMC will be focusing on under my chairmanship. I am fortunate to have the benefit of the experience and inputs from other industry leaders including Hansjorg Höltkemeier from Deutsche Klassenlotterie

Berlin, Germany, and Gerald Aubin from the Rhode Island Lottery, USA, in the new SRMC Policy Group. Equally importantly, the Policy Group is ably supported by the SRMC Technical Working Group comprising eminent representatives from lotteries around the world, and I am looking forward to working with them on these important subjects.

Look out for more exciting initiatives from the Security and Risk Management Committee as the WLA heads towards the next 20 years!

Corporate Social Responsibility: The way ahead is continuous improvement

I am fortunate to have been involved with the WLA's CSR program since the decision was taken by the membership in 2003 to develop a Corporate Social Responsibility framework. It was the forward-looking industry leaders June Roache, Michelle Carinci, and Dianne Thompson, at the time CEO's of SA Lotteries, Atlantic Lotteries, and Camelot Group respectively, who led the initial effort. The Responsible Gaming certification program itself began in 2008. Since then, the program has undergone several iterations, each one, like the program itself, seeking continuous improvement.

A keystone of its success has been to ensure that it responds to the realities of WLA



members from each region. The results over the past 11 years clearly indicate that the program is highly valued by the membership. All WLA members participate automatically by agreeing to adhere to the WLA Responsible Gaming Principles. However, over 64% of our members from all regions, representing 89% of revenues earned, have gone further and earned level 2, 3 or 4 certification. It is also noteworthy that with each certification they receive, members are increasingly renewing their submissions for a higher level of certification.

Lynne Roiter, President and CEO of Loto-Québec, Canada, and Chair of the WLA Corporate Social Responsibility Committee.



However, there are still challenges ahead. Our industry is being continually challenged by both an important increase on the supply side and changing consumer trends. Authenticity is being seen as a consumer-based asset equal to the more traditional ones. It is no longer sufficient, to earn consumer confidence, for a company to “talk the talk” it must “walk the walk”.

The Responsible Gaming certification program, with its independent panel evaluations, is the best way to prove to our consumers that there are concrete actions behind our words. Going forward, we must not hesitate to be proactive on Responsible Gaming and Corporate Social Responsibility measures: this is the best way to differentiate ourselves from those operators whose principle motivation is

corporate profit. CSR combined with an innovative and dynamic gaming offer is the best way to sustain our business model of building profits for good causes.

As we celebrate our 20th birthday at the WLA, we can be proud of what has been accomplished but cannot afford to rest on our laurels.

Sports Betting Integrity: The WLA’s leadership role

The sports betting sector is growing every day, presenting numerous opportunities for lotteries. In fact, sports betting products generate value on more traditional gaming verticals. However, there are numerous risks linked to this sector, including sport competition manipulations, illegal sports betting, money-laundering etc. These risks jeopardize the credibility not only of sports – driving away numerous young athletes and fans – but also of the lottery sector as a whole.

As the primary supporter of sports activities on a worldwide basis, lotteries have a duty – in line with their core mission and values – to keep sports ethical and inspirational. Of course, it is also our duty to safeguard the reputation of our sector and ensure that our operations are always responsible and sustainable.

The WLA has been one of the main actors in the field of sports betting integrity, having taken numerous actions in the past (Global

Program on Sports Integrity since 2011 with SportAccord, cooperation with IOC, AIPS, etc.), and has gained wide recognition for its actions. Most importantly, the



Jean-Luc Moner-Banet, CEO of Loterie Romande, Switzerland, and Chair of the WLA Sports Betting Integrity Committee.

WLA paved the way for the global expansion of the European Lottery Monitoring System (ELMS) to create the Global Lottery Monitoring System (GLMS) in 2015. As a founding member of GLMS, WLA continues to exert its influence and control over the strategy of the GLMS.

Going forward, the WLA Sports Betting Integrity Committee will make its best efforts to supervise the work and strategy of the GLMS, and to ensure that its actions and priorities are fully aligned with the interests of the global lottery community. At the same time, the Committee will sustain the positive long-lasting relations with traditional partners like the IOC and FIFA, and will endeavor to develop additional relationships with the objective of highlighting the importance of lotteries’ role in supporting sports and protecting sports integrity.

At the same time, the Committee will closely follow relevant developments, such as the Council of Europe Convention on the



Manipulation of Sports Competitions. This Convention provides a unique legal basis for the global fight against match-fixing, but also the battle against illegal sports betting. I believe it is in the best interest of all WLA members for the Council of Europe Convention to be promoted and implemented globally. The WLA is also a partner of the Council of Europe's KCOOS+ project (Keep Crime out of Sport), and we will be

closely following the project activities, making sure that its implementation is in the interest of the global lottery community.

The Committee will be also considering additional projects or events that could serve the interests of the global lottery sector within the field of sports betting, sports betting integrity, and the fight against illegal sports betting.

More generally, the Committee is committed to ensuring a high level of advocacy for WLA members with respect to sports organizations and other stakeholders in support of their efforts to promote responsibility and accountability, contribute to sports and society, and take the necessary measures to curb illegal sports betting.

Audit: Checks and balances

As part of good governance and transparency practice, the WLA has set up an Audit Committee of which I am honored to chair.

It is the role of the Audit Committee to ensure accurate financial reporting and to provide WLA members with an independent opinion about the financial statements by facilitating independent communication and oversight in relation to the audit process.

Through this process, the Audit Committee provides oversight of the Association's financial statements, reviews the report of the statutory auditor on the limited statutory examination and financial statement, and provides oversight of the Association's system of internal controls and compliance with laws and regulations.

The WLA Audit Committee is responsible for the appointment, compensation, and

oversight of the auditor's work and has authority over the external auditors. It is through these protections that WLA mem-

bers will trust the financial reports released by the WLA Executive Committee.

The Audit Committee is composed of three lottery CEOs from different global regions, one of whom must be member of the WLA Executive Committee. This composition serves as a guarantee, to all WLA members, of the Audit Committee's independence and ability to understand the issues of this specific sector.

The committee reports to the WLA Executive Committee, and presents a situation of financial statement when needed.

The values of the WLA's audit committee are quality, integrity, confidentiality, objectivity, and independence.



Younes El Mechrafi, General Director of La Marocaine des Jeux et des Sports, Morocco, and Chair of the WLA Audit Committee.



Illegal Lotteries and Betting: Protecting the public good in the digital age

Congratulations, WLA, on your 20th birthday!

Congratulations for continuously shaping the lottery sector.

Congratulations for 20 years of advising members on how to uphold the highest ethical principles, which you have made the industry standard.

Unfortunately, not every company within the lottery and betting sector upholds these core principles. When the WLA was founded 20 years ago, very few lottery operators offered their products via the Internet. The online sales channel was just about to emerge and nobody would have wasted a thought on illegal online lottery and betting. The whole new world of digitalization, open borders, and disruptive business models – as well as the theoretical and practical challenges for regulators and state authorities – was not on the global agenda for our sector.

Since then, illegal lotteries and betting activities have begun to undermine our authorized lotteries and harm society as a whole in many respects. Whilst WLA core values, principles and industry standards safeguard consumers, illegal operators offer non-licensed products in many jurisdictions around the globe. Operating across borders, over the Internet, with little to no regard for the respective national laws and tax-paying obligations, illegal operators hamper authorized lotteries' efforts to contribute to public good. According to the recent Global Lottery Data Compendium, in 2017 WLA member lotteries raised over USD

82.3 billion for good causes worldwide. These funds raised for society may be put at risk since players are attracted to place bets on the outcome of lotteries rather than playing the lotteries themselves.

It is my personal concern to ensure that the public good does not suffer from illegal lottery and betting. I am more than happy that WLA continuously strives to protect the

and betting and advising member lotteries. By generating information about illegal lottery and betting operators, and by detecting and monitoring emerging trends with a negative impact on legal business, the WLA has a clear strategy of setting standards and informing its members about how they can effectively handle illegal operators within the regulatory framework of their respective jurisdictions.



Andreas Kötter, CEO of Westdeutsche Lotterrie GmbH & Co., Germany, and Chair of the WLA Illegal Lotteries and Betting Committee.

gaming sector from corruption and criminal activity and to maintain the probity of state-authorized lotteries and sports betting operators around the globe.

The Illegal Lotteries & Betting Committee is dedicated to shedding light on illegal lottery

Looking to the future, customer demands will be different from today. Online sales are expected to increase and companies may seek new products, partnerships or even business models. In view of these developments, we must all have a clear view about successful lottery innovations and develop our own future-proof products.

As a result, we will continue to work to raise awareness of the issue of illegal lotteries and betting amongst our members so that they are better prepared to inform their customers, stakeholders and regulators.

We very much look forward to the next 20 years of WLA, and anticipate further success. In an increasing global market, an association like ours is needed to keep track of all developments around the world.

On the 20th birthday of our association, my wish is that the WLA continues to shape the lottery sector by setting industry standards and demanding the highest ethical principles. This is what generates value for our companies and society at large.



Regional lottery associations: The WLA's global partner network

Underpinning the WLA's ability to advocate for the lottery industry on the world stage is a close operational partnership with the five regional lottery associations. Each association's executive told us how they have worked with the WLA since its inception and what they expect from future cooperation.



The African dimension

The gaming industry in Africa is represented by the African Lotteries Association (ALA), which was created in 1983 in Dakar, Senegal and now has 15 members. Its core objectives are to encourage mutual assistance on a technical and educational level; participate in the integration of the African economy through the institution of pan-African games; and support priority sectors such as

education, security, disaster and emergency services, health, culture and sport, and the fight against unemployment and poverty by creating jobs and organizing social activities.

Lotteries in Africa are not as numerous as in the other regions of the world. However, in recent years, lottery game offerings have grown rapidly in popularity, and many African countries now require access and direction regarding lottery operational excellence.

ALA finds itself in a unique position in that it can, through its relationship with the World Lottery Association, provide African countries with a source and foundation of lottery excellence accumulated through years of experience, and promote the adoption of best practices. In fact, ALA is the regional relay between the WLA and its African members in regard to developing norms, standards, and codes of good conduct, and providing



Younes El Mechrafi, General Director of La Marocaine des Jeux et des Sports, Morocco and Secretary General of the African Lotteries Association.



a baseline for compliance to international standards (ISO, responsible gaming, security standard, etc.).

ALA supports its members in achieving their vision for their own communities while meeting the highest standards of corporate responsibility, including the WLA Responsible Gaming Principles.

Several partnership agreements have been signed between ALA members to create a

framework for sharing international and regional knowledge, experiences, and expertise. These exchanges at continental level are also available to be shared internationally, and ALA is eager to play a role in affording its members the opportunity to share their experiences with other lotteries and sister associations.

ALA also promotes cooperation between its members by providing them platforms of exchange, information, and support. Four technical committees – Security, Corporate Social Responsibility, PMU, and Sports Betting – are the drivers that help all the ALA members achieve certification and operate according to the highest international standards and best practices.

Recognizing the rapidly changing environment and the changing nature of the lottery sector, ALA is proposing a strategy that seeks to address the opportunities and threats posed, and to promote a lottery environment in which responsibility and integrity are its core values.

Thanks to the continuing support and trust of the WLA, ALA is in a stronger position to provide consistent messages, relevant information about the lottery business worldwide, and educational and professional development services to its members.



A model of diversity

A regional lottery body in the Asia Pacific region was conceived after the World Lottery Association was formed in 1999. At that time the Asia Pacific did not have a regional lottery association, and in 2000, during the first WLA Conference and Trade Show in Glasgow, the Asia Pacific Lottery Association (APLA) was born. Two industry stalwarts instrumental in its formation, Jan Stewart from Australia and Henry Chan from Hong Kong, were appointed the Inaugural Chairman and Vice Chairman.

APLA's membership base and the range of activities offered have grown over the



Sue van der Merwe, Managing Director of Lotteries and Keno at Tabcorp, Australia, and Chairman of the Board of APLA.

years. Today it has transformed into the Asia Pacific Lottery Association Limited, a company limited by guarantee incorporated in Singapore. APLA has 22 Full Members from 12 countries in the Asia Pacific region. Another 19 vendors and suppliers are Associate Members. The APLA Executive Committee has representation from a number of member countries and meets twice a year. The Committee sets the direction for the Association and is responsible for all programs, activities and finances. Current members include Sue van der Merwe (Australia), Yokichi Yokoyama (Japan), Richard Cheung (Hong Kong), Chris Lyman (New Zealand), and Kapil Khanna (India).

APLA's twin signature events, a seminar organized jointly with WLA and the annual regional conference, are rotated among different cities in the region and are very popular. They are an excellent platform for sharing amongst members and also learning from prominent speakers from Asia and

beyond. These events have been staged in destinations such as Beijing, Tokyo, New Delhi, Seoul, Hong Kong, Sydney, Penang, Brisbane, and Auckland. Other cities like Siem Reap, Chiangmai, Manila, Kuching, and Danang have also hosted APLA events.

One APLA initiative, the Emerging Lotteries Scheme, offers complimentary registration and financial assistance for the staff of the smaller emerging regional lotteries, such as Vietnam, Sri Lanka, and Bhutan, to participate in events. Another initiative, the APLA Scholarship Program, invites promising young staff who have never attended an APLA event to the regional conference for their professional development. APLA also extends financial incentives to its members in the form of annual conference registration fee discounts as a way to share some of its financial surpluses.

Over the years, APLA has strongly supported WLA's programs and annual events. The 2002 WLA World Convention was held in Adelaide, while the 2010 Convention was staged in Brisbane. Singapore hosted the 2006 WLA Convention and Trade Show and the 2016 World Lottery Summit. The WLA Security and Risk Management Committee (SRMC) is currently chaired by Dato Lawrence Lim from Magnum Corporation of Malaysia. The Hong Kong Jockey Club and Singapore Pools are among the founding members of the Global Lottery Monitoring System (GLMS) while staff of APLA's members have served on the WLA Responsible Gaming Working Group and the WLA SRMC. Several APLA Members have attained Level 4 Certification under the WLA Responsible Gaming Framework and have been certified to the WLA Security Control Standard.

On behalf of all our Members, I would like to offer my heartiest congratulations to



WLA on its 20th anniversary. APLA looks forward to working closely with the WLA and other regional associations to encourage the sharing of expertise between lotteries and to raise the profile of the industry.



Promoting a global understanding

CIBELAE was founded in 1988 to unite state lotteries in the Ibero-American region and is proud to have worked with the World Lottery Association for the last 20 years.

CIBELAE's most important function in the world lottery community is to act as an advisor and training entity for the lotteries of Ibero-America and to listen and respond to all inquiries from lottery institutions, both inside and outside the region.

We must provide unconditional professional support, optimize resources, collaborate and exchange information, share experiences and advance the common good, ethics, integrity, and continuous improvement of management, while recognizing that the priority of the lottery community is to provide resources that benefit charitable causes.

With this approach – which prioritizes a management style based on responsibility, honesty, and respect – we will face our industry's future and advance accordingly, in the belief that this is the path we must follow.

The industry has a challenging present and a promising future. CIBELAE will be a key player in this process and will play a fundamental part in achieving its objectives. Our region has great challenges, but it is

undoubtedly the one that can generate the highest growth rate.

Opening markets in countries where games are not regulated requires greater cooperation and the expansion of policies enacted by other countries. In this sense, CIBELAE is happy to be part of the worldwide effort spearheaded by the WLA, benefitting from the insights of lotteries from other parts of the world but also contributing the unique experience of the Ibero-American region to promote a global understanding of the issues we face.

Looking to the future, we are committed to continuing on the same path, further consolidating our goals and opening more doors in order to contribute to the growth of the industry each day. The regulation of our structures and its constituents is one of our greatest objectives in order to prepare for the road ahead.



Luis Gama Hernández, Director of Dirección de Loterías y Quinielas, Uruguay, and President of CIBELAE (Corporación de Loterías y Apuestas de Estado).

CIBELAE has undergone significant growth in terms of the number and maturity of its members. As its president, I reaffirm that we will continue to work tirelessly to strengthen our organizations and ensure better management each day.

We will continue to be committed to the WLA, working side by side with the same steadfastness that drives us all, and cooperating with the other regional associations so that distance does not keep us from advancing and further strengthening our industry.



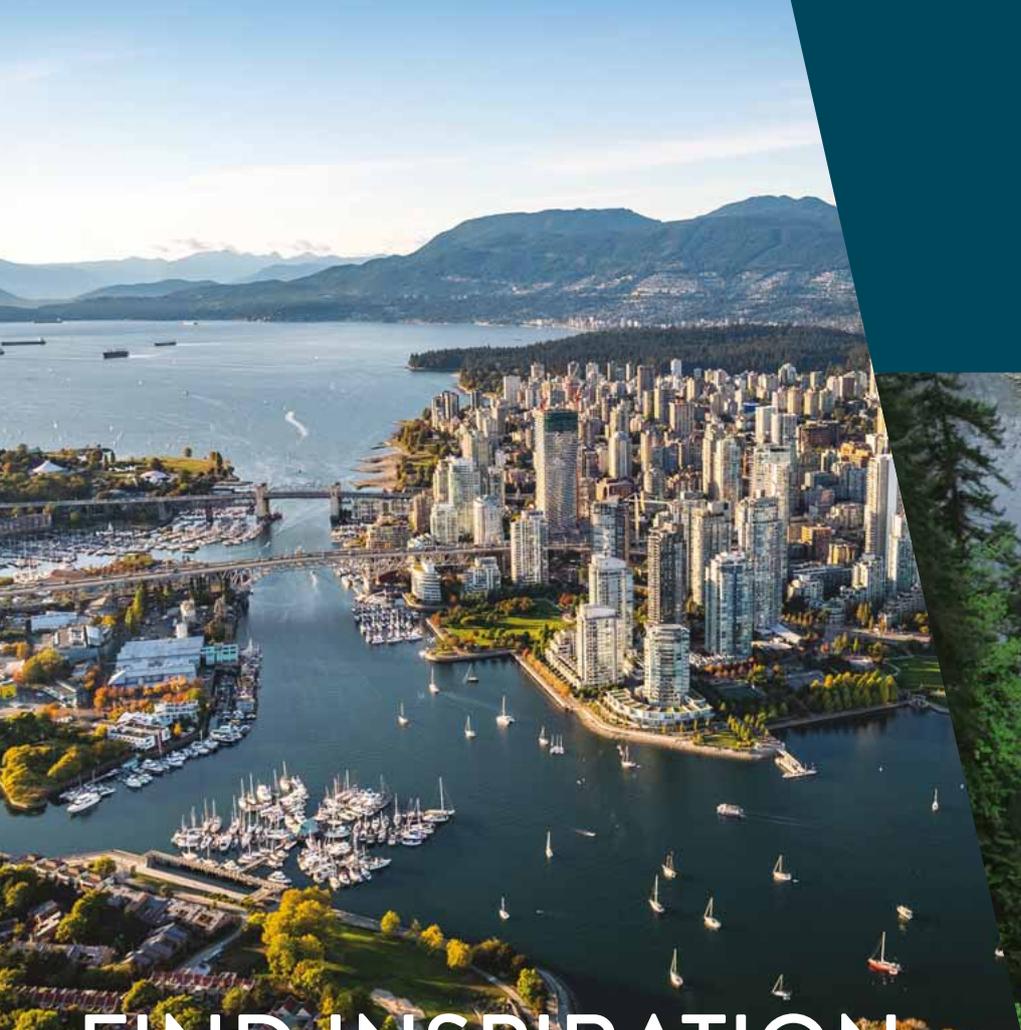
FOR THE BENEFIT OF SOCIETY

Think global, act local

In 1983, the foundation of today's European Lotteries and Toto Association (EL) was set. From the start, the association worked on two statutory goals: advocating for the EL model of gambling regulation, on the one hand, and providing a platform for sharing information, on the other.

Both statutory goals have developed over the past 35 years into well recognized and well respected directions. EL has one of its offices situated close to the EU institutions in Brussels, and is seen by them, and by many other stakeholders all over Europe and beyond, as a respected and trusted partner. Its educational program is highly regarded and very well attended by its members. The association could not have reached these goals without their ongoing support. The EL members provide the best practices, content,





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Hansjörg Höltkemeier, member of the Managing Board of Deutsche Klassenlotterie Berlin, Germany, and President of the European Lotteries (EL).

and interests that pave the way for the activities of the association.

Over the last two decades, globalization has come to the field of gaming and gambling. EL and WLA joined forces at an early stage, and EL is happy to work together with the World Lottery Association in its educational program in particular. For many years, the two associations have shared the best speakers and insights in the Marketing, Sports, Security and Integrity and Responsible Gaming seminars. By doing so, participants are offered valued views and examples on various relevant topics not only from Europe but from all over the world.

There are many other similarities between the two associations. Apart from the overlap in representatives in various bodies of both associations, EL and WLA are the founding fathers of the Global Lotteries Monitoring System (GLMS). Born and raised within EL as ELMS, but reaching maturity thanks to the cooperation with WLA, the GLMS is now an

important stakeholder in the field of sports integrity worldwide. As the sports betting market is developing all over the world, the long-standing experiences from the European market can be of much value to others.

With so many positive ties between the two associations, it is easy to project a successful future built on this strong relationship and our constructive cooperation. Although at first sight activities may overlap, it is the re-enforcement of the activities that makes the relation between the two associations strong, sustainable, and future-proof. It is foreseeable that on developments like the fight against illegal operators, innovation, marketing and sales development, and risk management, our knowledge and skills will be further connected for the interest of our respective members. And, in the work of associations such as EL and the WLA, it is the perspective of the members that counts. Or as we like to say within EL, what's good for our members is good for society!

On behalf of the EL membership, Executive Committee, working groups and management team, I congratulate the World Lottery Association on its 20th birthday!



NASPL

NASPL: Cooperation coast to coast

The 52 lottery members of the North American Association of State and Provincial Lotteries (NASPL) would like to congratulate

late the WLA on its 20th anniversary. It is no small feat to build relationships among some 150 lotteries around the world, each falling under different jurisdictional rules, regulations and cultures.

Our own membership is diverse – from the smallest state lotteries with barely USD 30 million in sales to the giant New York Lottery, which just recently celebrated its first-ever USD 10 billion sales year, and everything in between. Most of our members offer only traditional lottery products like scratch tickets and draw games (two offer only draw games); others add casino gaming products such as video lottery terminals, slot machines and table games. Growing additions to our portfolios are online and mobile lottery sales and, most recently, sports betting. These are the areas in which American lotteries have learned and are still learning a great deal from our Canadian membership and other international colleagues throughout the WLA. Around the world, lotteries and sports betting go hand in hand, and we are just getting started.

Like the WLA and all the regional lottery associations, NASPL facilitates communication across its membership. We share ideas about games, marketing, responsible gambling, retailer initiatives, and vendor relations, all of which are critical areas of success for lotteries. We are a leader in the international lottery industry in terms of scratch ticket development, with a broad base of games and promotional tie-ins that have combined to deliver almost USD 50 billion in scratch sales in the United States alone in the last fiscal year – almost two-thirds of traditional lottery sales here. Our draw products are headlined by two national American games, Powerball and Mega Millions, which have each delivered USD 1.5 billion lotto jackpots, forever raising the bar for lotteries around the world. In Canada, the iconic Lotto 6/49 and innovative Lotto Max account for over a third of traditional lottery sales, ingrained as they are into the lives of every Canadian.

The world keeps getting smaller. European lotteries pioneered the multinational lottery, and it may not be long before North America joins the fray. NASPL looks forward to potentially working with our international colleagues in a brand new



way – utilizing strong lottery brands to offer games that may be enjoyed across our borders. There are still legislative restrictions in some of our jurisdictions regarding international lottery participation, and we look forward to helping remove those barriers to facilitate growth amongst us all. We also look forward to building our sports betting operations and sharing our own experiences

as we have learned from others in the global lottery community.

All the while, we know that the depth of our portfolios is what delivers revenue to the good causes we all support, from education to the environment to economic development to senior programs and more.



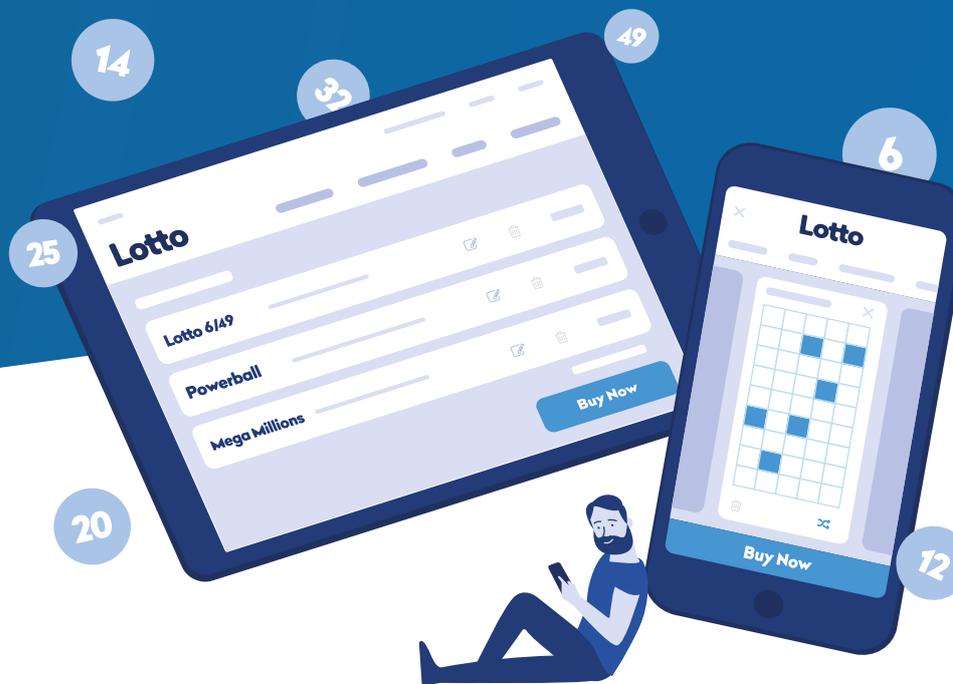
David Gale, Executive Director, North American Association of State and Provincial Lotteries (NASPL).

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Platinum Contributors: Investing in the future

The WLA's Platinum Contributors will continue to invest in creative ways to engage and entertain ever-changing consumers. With the advent of digital connectivity in particular, they are committed to listening to customers, innovating to evolve the player experience, and providing their unflinching support to the industry for (at least) another 20 years!



Enabling connected play

The two decades that have passed since the formation of the World Lottery Association have seen unprecedented change in our industry, bringing groundbreaking innovations along with new forms of competition. Throughout that time, as emerging digital technologies have reshaped daily life and influenced everything from business processes to consumer expectations, IGT and our customers have advanced together in pioneering efforts to evolve the player experience, the retail model, and the dynamics of the games to ensure lottery's growth and future sustainability.

Looking ahead, we expect digital connectivity to continue to propel the industry forward in meeting the growing consumer demand for convenient and frictionless interactions, cashless payments, and personalization. While omnichannel has become an industry buzzword, the major challenge for suppliers is not merely to enable player access to every channel at all times, but to support lotteries and retailers in delivering the *right experiences* for each individual player in the *right channel* at the *right time*.

As a lottery operator and a supplier to more than 100 lotteries worldwide, IGT is heavily engaged today in efforts to fulfill this vision of Connected Play with products and services informed by customer input, IGT global research, and player insights from across the business. While no one can predict every challenge the industry will face, we continue

to engage deeply with our customers and invest heavily in research and development to help lotteries provide the relevant, rewarding, and immediate interactions that players seek.

IGT is proud to be a longtime Platinum Contributor to the WLA and appreciates the opportunity to work in collaboration with the executive leadership team and a wide community of contributors to meet industry challenges and identify paths for further growth. We congratulate the World Lottery Association on your 20th anniversary, recognizing and sharing your dedication to the highest standards of ethics, social responsibility, and responsible gaming, and wish you continued success as an industry champion, helping to ensure ongoing benefit to all the good causes that lotteries support.



Creative ways to engage and entertain

In the last 20 years, the global lottery industry grew from USD 126.8 billion in annual retail sales to more than USD 316.3 billion. This great performance was achieved through successful partnerships between lotteries and trusted suppliers committed to investing in the industry, and a regulatory framework that allowed lotteries to thrive. The result has been billions of dollars in beneficiary funding for social good. Rapidly accelerating change in consumer and retail habits, access to various forms of gaming and entertainment, and regulatory frameworks will shape our industry's opportunities and challenges across the next 20 years. Industry leaders, includ-

ing governments, lottery operators, regulators and suppliers, will need to collaborate on sustainability efforts to maintain a regulatory environment that supports the integrity and commercial health of the industry.

With digital gaming and entertainment – including sports betting – expanding globally, we are on the precipice of perhaps the greatest growth and competition the lottery industry has ever experienced. Change is coming faster than ever before. In addition to continued advocacy for lotteries to maintain their fundamental position across regulated gaming, it will require investment from suppliers that are able to balance modernizing the most entertaining game experiences while maintaining the highest standards of compliance, integrity and commitment to responsible gaming.

With an innovation-focused lottery business partner, there are creative ways to engage and entertain ever-changing consumers, including those who never or rarely play lottery games. It begins with continual, comprehensive market analysis that evaluates the lottery's overall performance, identifies opportunities, and defines strategies for game creation, marketing and game distribution. And it ends with investment in products and technologies that empower innovation.

Scientific Games believes growth opportunities will be realized through effectively managing the best game content, platforms and technologies that enable integrated delivery of gaming experiences across multiple channels, as well as promotional capabilities.



Our core areas of focus include full lifecycle retail and digital instant game category management, maintaining the industry’s most compelling licensed brand portfolio, leveraging multi-channel loyalty and promotion capabilities, and expanding the most robust game portfolio, including digital games and sports betting.

At Scientific Games, we are proud that our culture of innovation and service is behind many of the world’s top-performing lotteries. Our innovation investment will continue to drive the global lottery industry forward. Happy 20th anniversary to the World Lottery Association, we are more than ready for the next 20 years!

Pat McHugh, Group Chief Executive, Lottery for Scientific Games

intralot

Managing complexity as a community

What a great milestone for WLA to complete 20 years of success in the global lottery community! INTRALOT would like to extend its most cordial congratulations to the WLA’s President, Executive Committee, and dedicated staff for serving the regulated lottery industry these last two decades with the highest ethical standards, commitment, and excellence.

As a founding Contributor of the Association, INTRALOT is proud to support WLA and its initiatives that drive growth across the lottery membership and generate sustainable funds to good causes in support of the global society.

Today, we celebrate the legacy of WLA that continues to inspire us, and we share an unbounded optimism in its continued impact and relevance in shaping and enriching the future of the lottery business while creating synergies with regional stakeholders, ensuring diversity and inclusion, and promoting fair and responsible play around the world.

Now looking at the future of our industry, and although lottery is quite close to a timeless product that taps into a universal need, we have to realize that the technological shocks of this millennium have fundamentally reshaped the landscape.

The industry nowadays is increasingly complex. The physical world and the virtual world continue to converge, while the lottery, the land-based gambling and the i-gaming sectors are merging, and consumer expectations are changing in line with technology innovations and lifestyle transformations. Today, more than ever before, there are a variety of rising trends that are likely catalysts of disruption to the conventional lottery model. The surging levels of connectivity, the increasing relevance of smartphones and mobile devices, a widening payments spectrum, the prevalence of concepts like social gaming, digital entertainment, personalization and the rate of adoption of technologies like blockchain, virtual reality, Big Data, AI and IoT, are all variables which will affect the nature and content of lottery gaming in the future. Beyond any single trend, it is the convergence of many trends that poses the greatest challenge to the industry at large.

The gaming industry is certainly set to evolve into several different iterations over the coming 20 years. However, we believe there is no single driver which will determine the future, nor a single scenario which will play itself out in its entirety. It is the amalgamation of all driving forces and a combination of scenarios that will shape the trajectory of the industry in the years to come. To address the challenges and opportunities of this uncertain future, lotteries and vendors first need to recognize the fact that evolution and adaptation are prerequisites for future success.

With so much unpredictability, we believe that only one thing is certain: industry collaboration will be a key to future success, and as a community we must begin taking actions to preserve our future by aligning with the new technological paradigms and consumer expectations. Predicting the future is near impossible. However, we believe that thinking about it and debating all possible outcomes is our industry’s way to strategically participate in shaping even brighter times ahead.

POLLARD banknote limited

The pursuit of retail excellence

Pollard Banknote is thrilled to extend happy birthday wishes to the WLA as it reaches its 20th anniversary! We see this important milestone as an opportunity to recognize the association’s outstanding contributions and ongoing commitment to the industry over the last two decades. The WLA has established its place as an invaluable resource to lotteries and vendors around the world by providing its members with current information and standards of best practice, as well as exciting and engaging forums that provide the latest industry news, learning opportunities, and thoughtful discussions.

As we reflect on our relationship with the WLA over the past 20 years, we can’t help but think about the future and the exciting changes that our industry will see in the years to come. At Pollard Banknote, we see change as an opportunity for innovation, which will continue to fuel the development of new games that excite customers. Our relentless pursuit of retail excellence will provide more opportunities to elevate the effectiveness of retail initiatives – from instore promotions to merchandising displays. Our focus on digital innovations in the face of ever-evolving technologies will continue to expand the ways lotteries are able to connect with customers. Now more than ever, Pollard Banknote, and our entire industry, will rely on the WLA for educational resources, conferences, and seminars that spark connections and ideas to propel our industry forward.

In closing, it’s our pleasure to celebrate the WLA as it marks 20 years of lottery excellence! Thank you for your hard work in helping to create a vision for this truly unique industry and supporting our collective ability to maximize revenues for the good causes our lottery partners support. We can’t wait to see what the future brings!

20th anniversary video wishes

We asked WLA members to join the celebration by sending us a short video to tell us what the world lottery community means to them. The response was fantastic! We posted the videos on the WLA's social media channels, and have included some of the memorable quotes on the following pages. Many thanks to everyone who took part in this initiative! Many thanks to everyone who took part in this initiative!



"Looking ahead the WLA will continue to play a key role in addressing the challenges and opportunities that come with our dynamic industry."

– Rebecca Hargrove,
President and CEO Tennessee
Education Lottery
and WLA President



"We are happy to be a part of the WLA family. It helps us to stay on the right track and maintain a healthy and responsible attitude toward our players."

– Silvana Haytova,
Business Development and
International Relations Specialist,
National Lottery JSC Bulgaria



"Does [WLA] membership provide access to new markets and new partnerships? It absolutely does. It also gives you the opportunity to maintain and grow existing partnerships."

– Filippos Antonopoulos,
founder and CEO of Vermantia



"Representing KTOTO and all my people in Korea, I'm so happy to join this celebration of the twentieth anniversary of the WLA, together with our friends around the world. The WLA means something personal for me as my lottery career started in 1999, the same year the WLA was founded. Since then, we have grown our business more than 20 times. I really appreciate this."

– Inho Park,
Managing Director, KTOTO,
South Korea



"Through the inspiration of the WLA community, ITHUBA has broken several records including record-breaking sales of 259 million rand in just one week, which was motivated by an unprecedented jackpot that was won at 232 million rand the highest in the history of South Africa and Africa at large."

– Khensani Mabuza,
Corporate Relations Executive,
ITHUBA



"Digitalization is becoming more and more important, customers' behavior and needs are changing, and we have illegal operators trying to disrupt our business, our industry, and all that what we are working for, good causes. In this environment, it's important that we have an organization that sets high standards, fights for our principles, and leads the way into the future. The WLA is crucial to our industry!"

– Andreas Kötter,
CEO, WestLotto



“To us the lottery industry is a uniquely collaborative community of organizations that work together, share ideas and help each other move forward, and ultimately give back to the good causes that they support.”

– David Roy,
International Business Development
Director, Carmanah Signs



“Our association with the WLA has advanced our responsible gaming program and helped us keep our focus on responsible gaming in all our daily operations. We use the WLA framework to support continuous improvement into every aspect of our business.”

– Melissa Pursley,
Vice President of Marketing and
Product Development,
Hoosier Lottery, Indiana, U.S.A.



“The Hoosier Lottery is proud to be a member of the World Lottery Association and we’re pleased to hold its Level 4 certification in responsible gaming.”

– Sarah Taylor,
Executive Director of the
Hoosier Lottery, Indiana, U.S.A.



“WLA has provided an opportunity for us to be part of a global community that shares best practices and innovation in our industry including the highest level of responsible gaming.”

– Carrie Stroud,
CPA, Chief of Staff,
Hoosier Lottery, Indiana, U.S.A.



“As the lottery industry evolves in the coming years we welcome the challenges to maintain and grow our business and gaming marketplace.”

– Donald Reddick,
ADM, IGT working on behalf of
the State Lottery Commission
of Indiana, U.S.A.



“Being a member of this community we feel that we do not work alone. We are part of one great family.”

– Peter Siroky,
Member of the Board
of Satty Zhuldyz JSC,
Kazakhstan



“We see the world lottery community as a tremendous asset due to its ability to share standards and best-practices.”

– Helena Pereira,
Marketing Director, Szrek2Solutions



"It's been wonderful to witness the growing professionalism of the WLA and all its membership, and we should be very proud of the wonderful work that we have undertaken to provide billions of dollars for the less advantaged sectors of our society, to protect our citizens, and to promote responsible gaming. So well done WLA and here's to 20 more years of outstanding performance!"

– Kevin Anderson,
Vice President of
Global Strategic Accounts,
Scientific Games



"Our industry raises billions of dollars annually for good causes around the globe, and it's the leadership of organizations like the World Lottery Association, with inclusion of their member lotteries and the supplier community, that maintains the responsibility transparency and integrity of the industry, which is fundamental to everything we do."

– Pat McHugh,
Chief Executive
Scientific Games Lottery Group



"The WLA connects people and helps all of us to exchange know-how and best practices, and to improve our business in the interest of all stakeholders. That is an awesome achievement and I'd like to wish your organization another great 20 years."

– Matthias Müller,
VP Strategic Sales and Marketing,
International Lottery Accounts,
Scientific Games



"Thank you for 20 very successful years championing our goals, bringing us closer together, and advancing our industry, all while maintaining the highest ethical principles possible. You guys prove that this industry is simply better together."

– Meghan Dondero,
Regional Vice President of Sales,
Scientific Games



"I wish the World Lottery Association a happy 20th anniversary and I am looking forward to another 20 great years together with this leading organization in the lottery space."

– Christian Kometer,
Managing Director International
Lottery Systems, Scientific Games,
Vienna, Austria



"Thank you for 20 successful years advancing the global lottery industry and upholding WLA members to the highest ethical principles."

– Randall Lex,
Vice President Retail Solutions,
Scientific Games



"Thank you for 20 successful years guiding and advancing the global lottery industry."

– Mark Scholey,
Vice President of Global Manufacturing
Operations, Scientific Games



“Happy anniversary WLA! Thank you so much for supporting your lottery members and partners for the last 20 years. We are proud to be a trusted supplier to the worlds’ lotteries and a long time a WLA Platinum Contributor. Can’t wait to see what the next 20 years hold. ”

– Jeanna King,
Creative Marketing and Events,
Scientific Games



“The opportunities and challenges that face us in the next 20 years are in great hands. The experienced leadership of the WLA and the experience that they have developed over the years, portends a really great future.”

– Jim Kennedy,
Chairman Scientific Games
Lottery Group



“We really appreciate all that you have done to promote the industry and the great causes that you support, and, I would like to wish your organization another great 20 years.”

– Barry Cottle,
President and CEO of
Scientific Games Corporation



“For us, the WLA is always an important platform for the exchange of ideas and for sharing each other’s experiences.”

– Zheng Xiufang (Sylvia),
International Cooperation Division,
China Welfare Lottery



“The WLA is an extraordinary forum for exchanging information, sharing experiences and networking within the lottery community.”

– Isabelle Jean,
VP Communications & Public Affairs,
and Acting President of Operations-
Lotteries, Loto-Québec



“The annual marketing seminar in London is a great chance to see which marketing strategies work and which ones don’t – and then make informed decisions.”

– Marie-Claudette Lalonde,
Director of Strategy & Marketing
Communications, Loto-Québec



“Through its involvement with the GLMS, the WLA enables sports betting organizations to rally together around the same objective – fighting match fixing and protecting sports integrity.”

– Louis Beaudet,
Director, Sports & Entertainment
Betting, Loto-Québec



adamkaz - istockphoto.com

The esports opportunity

WLA members have been slow to embrace esports but it is the fastest growing category in sports betting.

Market research analyst Newzoo predicts global esports revenue from sponsorship, media rights and more to top USD 1 billion during 2019. More interesting still, betting on esports could reap USD 13 billion by 2020, according to gambling research firm Eilers & Krejcik. The opportunity is vast.

“It is the fastest growing sports betting product in the world by a mile,” says Ian Smith, the integrity commissioner of the Esports Integrity Coalition (ESIC).

Thus far, only a handful of lotteries have entered the fray. Danish lottery operator Danske Spil was the first to accept bets on esports in 2014, shortly followed by Veikkaus in Finland. Their neighbours in Norway and Sweden followed. But further afield, only France’s Française des Jeux (FDJ), Hrvatska Lutrija (the Croatia National Lottery) and Canada’s British Columbia Lottery Corporation (BCLC) have followed suit.

Danske Spil was the first lottery and Denmark’s first betting operator to accept bets on esports. The lottery’s brand manager for esports and poker Rasmus Simonsen says: “We were aware that it was uncharted territory and that we had to be aware of match fixing and game integrity as well as pricing correctly. However, we kept betting limits low, and we had a very hands-on approach. This way we could learn along the way, and also make sure we didn’t see any suspect play.”

Danske Spil’s esports business was an instant success. It grew 481%¹ from 2014-16 and has grown 324%² from 2016-2018.

¹ <https://www.danskerhverv.dk/siteassets/mediafolder/downloads/analysenotater-2017/analysenotat---e-sporten-boomer-marts-2017>

² <https://www.danskerhverv.dk/siteassets/mediafolder/downloads/analysenotater-2018/75.-esport-boomer-videre.pdf>

Veikkaus was similarly pleased by the reaction of its customers when it launched its esports business later the same year.

In its first month, the lottery attracted 1,000 new customers whose first bet was on esports. Customer feedback was largely positive, says Veikkaus product development specialist Jani Karjalainen, although some customers said "it's about time, welcome to the 2010s!"

Annual revenue tripled during the first three years but has evened out since. However, esports is Veikkaus's fifth biggest sport in fixed odds betting and fourth biggest sport in live betting. It accounts for 3% of all fixed odds bets and 7% of Veikkaus's live betting.

For BCLC, esports is smaller – less than 1% of revenue – but it is growing and it gives the lottery access to a different demographic. And, most importantly, it stops those customers from betting elsewhere.

For Karjalainen and the others, esports is just another sports betting event. Of course, not all lotteries operate sportsbooks but for those doing so, esports would seem an obvious option.

However, the first issue is one of perception. You do not bet on esports like you bet on football or basketball, you bet on *League of Legends* or *Counterstrike*. And within those



Rasmus Simonsen, brand manager for esports and poker at Danske Spil

"I want more state lotteries to be offering esports markets because that will attract a safer betting environment and draw away from illegal and invisible markets that are largely responsible for the problems in esports fixing."

Ian Smith, integrity commissioner ESIC

games, you have leagues and tournaments such as CS:GO or ESL One, much like you might bet on the English Premier League or the UEFA Champions League.

BCLC director of eGaming and digital experience Cameron Adams says: "It is a bit unfortunate the industry chose that term [esports], because it is mislabelled. It is as broad and diverse as the term sports betting."

Assessing the risks

While Smith is keen to encourage lotteries' involvement he also urges caution. Esports is not organised in a manner familiar to those working with more established sports.

"There are no governing bodies in a traditional sense," says Smith.

The only national association that licences events and could be considered an equivalent of The FA or UEFA would be the Korea e-Sports Association (KeSPA), which has government backing. Very recently, the German association, which has a wide membership across tournament organisers, publishers and other stakeholders, also started running tournaments under its own name.

"That is very rare. Most national governing bodies in esports are an utter irrelevance," says Smith.

Esports is a professional, commercial industry but it is run by the publishers that own the games.

For example, the company Blizzard owns *World of Warcraft*, *Hearthstone* and *Overwatch*, and runs the esports tournaments for those games. These can be considered tier one esports with millions of followers and a huge ecosystem worth millions of dollars. At the other end of the scale you have something like *Tekken 5* with a few hundred thousand fans, limited prize money and a small professional scene.



Ian Smith, integrity commissioner of the Esports Integrity Coalition (ESIC)

Lotteries tend to be far more cautious than many esports-only bookmakers, which can be fairly reckless with the events they accept bets on. But regular mainstream bookmakers such as Betway and Sky Betting & Gaming, which have also been involved in esports for a while, are also quite cautious.

In terms of their appetite for risk, these private sector operators are a world away from the likes of GGBet or 1XBet, which are primarily Eastern European or Asian-facing operators offering markets on almost anything that looks like an esports contest.

"Offering betting markets on esports requires significant expertise on the game and the statistics around the game," says Smith.

Danske Spil has an experienced team of six people, which includes full-time traders, marketing and product specialists. It also works with external feed providers to complement the work of its own traders.



gorodenkoff - istockphoto.com

Smith would advise any lottery thinking of entering the fray to buy its data from a Sportradar, an Ultraplay, a BetGenius or another operator like Pinnacle or Paddy Power, rather than recruiting a trader. BCLC, for example, takes its odds from Paddy Power, which provides the lottery with a complete sports betting package, within which esports is just one of several sports.

“They will provide an integrity overlay,” says Smith. “You can offer that market with a fair degree of assurance that it is a safe market that will not be manipulated.”

“There is no need for lotteries to take big risks on tier three, four or five tournaments,” he continues. “They can dip their toes in. They are not under the same pressure as a start-up esports online operator. They can be a lot more cautious.”

The ESL One series of tournaments is a good example of a multi-million dollar contest with top-level teams playing in a professional manner. ESL is an ESIC member and ESIC carries out anti-doping tests at ESL’s tournaments. The anti-corruption code applies and betting patterns are monitored by ESIC.

“It is the equivalent of a football team fixing a World Cup match. It is not inconceivable but it is highly unlikely,” says Smith.

Simonsen says all major leagues have clear rules and regulations, on everything from playing with substitutes, delays between games, choosing maps or champions, and penalties for breaking any rules. Some of them also work close with ESIC, which in turn works with the Global Lottery Monitoring System (GLMS).

“We do offer games on smaller tournaments, but as a rule of thumb we require the above mentioned to be in place,” he continues. “Also all games have to be available for scrutiny. Are the league and games covered by news sites? (HLTV.org, for example). And can you watch the matches live? There are a number of tournaments that do not live up to these conditions, and we do not offer betting on these.”

According to Smith, the biggest problem for esports integrity is the game *Dota2*.

“It is completely out of control. The fixing is rife,” says Smith.

The number of suspicious betting alerts on *Dota2* games doubled in 2018 and Smith

says the 2019 figures suggest that number will be eclipsed by the end of the year. So why is *Dota2* so prone to corruption?

“It’s popular in China,” says Smith bluntly. “If you want to reduce things to the simplest possible factor, it is always about China.



Cameron Adams, BCLC director of eGaming and digital experience

If you get a raft of fixing in any game you can guarantee it comes from China. It's because of the sheer volume of liquidity in the Chinese market and their experience in match-fixing. Games that are popular in China will always, always, always have issues with fixing."

The integrity commissioner estimates that Chinese betting drives at least 50 per cent of all match-fixing activity in any sport. He thinks the actual number might be nearer 80 per cent.

China is not Smith's most pressing concern though. His biggest frustration is engaging publishers, who do not view match integrity as their problem. Valve Corporation, for example, does not run esports competitions like other publishers do.

Valve has a company philosophy that it is a software development house and not an esports company or an event organiser. It licenses *Dota2* to other companies and does not consider integrity to be its responsibility.

"I have to deal with a myriad of small organisers, who are putting on online *Dota2* tournaments that people are putting pretty extensive markets on, and these are being fixed," states Smith.

"Outside of the majors and the really top level competition, I wouldn't offer *Dota2* as a game. I wouldn't offer *Warcraft 3* if my life depended on it. It's almost inevitably fixed. You just have to be careful and take advice but you should definitely get involved."

Neither Danske Spil nor Veikkaus exclude specific games but both think very carefully about which tournaments and games to accept bets on.

"For example Fortnite isn't ready for it yet, because the game's internal anti-cheat is not working well enough," says Karjalainen. "Just like any other sport, we carefully consider which tournaments and leagues we will qualify for betting (region, prize pool, participants, etc.). Then we set risk limits based on that data. When the events are playable, we do normal in-house risk management with the support of GLMS and Sportradar."

Simonsen says Danske Spil also tests the "relevance" of tournaments for its market.

"If you do something with esports do your research and planning properly."

Jani Karjalainen, Veikkaus product development specialist, and Rasmus Simonsen, brand manager for esports and poker at Danske Spil

"For example, some of the South East Asia tournaments have little relevance for us, and since we also have less knowledge about these markets we often opt to remove the smaller tournaments from our offering."

Doing your homework

Smith says that *Counterstrike*, *Dota2*, *League of Legends* and *Overwatch* account for about 90 per cent of the esports betting market. This means three companies – Blizzard, Riot Games and Valve – have a massive hold on the market.

"These publishers are all based on the West Coast of America and they all have an antipathy towards betting on their games. Being in America, they have no background in sports betting because until recently it has been wholly illegal – often considered immoral. They have zero understanding of sports betting, zero understanding of its impact on competitive integrity and zero understanding of how to commercialise or control it. They just didn't like it."

The publishers have started to accept that there will be a huge amount of people betting on their games and that the number will only increase as Americans become more accustomed to regulated sports betting.

"It is a good market to be in," says Smith. "From an integrity point of view it is essential that more and more well regulated operators get involved and we shine more light into the dark corners. I want more state lotteries to be offering esports markets because that will attract a safer betting environment and draw away from illegal and invisible markets that are largely responsible for the problems in esports fixing."

But all of the operators advise potential new arrivals to do their homework. First, says Karjalainen, it is esports – not eSports or e-sports – and only Esports at the beginning of a sentence.

"The esports scene knows its dignity," he says, "and they will know if you're not ful-



Jani Karjalainen, Veikkaus product development specialist

ly involved. So if you do something with esports do your research and planning properly."

The last thing you want to do is come across like an out-of-date grandparent gate-crashing the kids' rave.

Simonsen echoes this point: "How do you offer new markets if you do not know what 'under/over kills' or 'number of aces' means. For marketing and communication, you also need to know the difference between *CS:GO* and *LoL*, and the difference between a noob and a troll. If not, you will not resonate with the consumer base and they will find other places to do their business."

"So if you do something with esports do your research and planning properly. It's always wise to ask for help from the local esports scene (teams, players, fans, experts, etc.) as much as you can. They will appreciate it," says Karjalainen. "And finally, if you're not yet involved, what are you waiting for? If you go with it properly, it will be a great journey and you will not regret it."

Denmark, Finland, France and Norway to launch joint digital operation this year

The chief executive officer of Lotteries Entertainment Innovation Alliance Morten Eriksen gives us an update on the venture's progress.

In October last year Danske Lotteri Spil, Française des Jeux, Norsk Tipping, and Veikkaus established a joint venture called Lotteries Entertainment Innovation Alliance (LEIA).

Its stated aim is to “create a joint company to share resources in order to build a wider and efficient digital gaming offer”. In an industry not renowned for its technical innovation, with many lotteries still in the early stages of digitizing their land-based retail offerings, it is a significant announcement.

However, the initial announcement was scant on detail and there has not been any news from the joint venture since it was announced. So we spoke to its chief executive officer Morten Eriksen to catch up on LEIA's progress.

Digital foundations

The joint venture's shareholders – Danske Lotteri Spil, Française des Jeux, Norsk Tipping, and Veikkaus – have fairly advanced digital offerings. Danske Spil, Norsk Tipping, and Veikkaus have websites featuring casino games, bingo, sports betting, and more traditional lottery products.

FDJ is more limited by French regulations but it also has a significant sports betting and lottery website. Furthermore, as part of its FDJ 2020 strategic plan, the company has invested EUR 400m (of a EUR 500m total) to accelerate the group's digital transformation, including EUR 100m during 2018.

FDJ is reaping the results with digital player stakes increasing by 46 per cent to EUR 2.4bn during 2018, according to its annual report. Fifteen per cent of customer stakes now come through the digital channel, well on the way to reaching its target of 20 per cent by 2020.

While the four founders are relative trailblazers in the digital lottery space, none are

immune to the challenges posed by private betting operators and lottery betting operators such as Lottoland.

They watch the digital lottery market growing and feel that their own digital efforts are not addressing it fully. Private operators are going through an unprecedented period of content expansion, loading hundreds of new games every month.

Furthermore, they are expanding with gamified content that far outstrips anything that is provided by the lotteries' current providers. One of the joint venture's founding principles was to take the fight to unregulated operators. This will require significant investment and the founders strongly believe

that by pooling resources they can foster the innovation needed to differentiate themselves from unregulated operators.

That does not mean they will abandon their own research and development projects but if the costs and risks can be shared, and the knowledge pooled then the outcome should prove that four heads are better than one.

If the reasons for LEIA's foundation are manifold, then its main aim is reassuringly elemental.

“LEIA is a tool to help each of the four shareholder lotteries to strengthen their market position in their respective home markets,” says chief executive Eriksen.

Pooling resources

Since October, Eriksen has been busy building the infrastructure needed to get the company off the ground. It has been established as a legal entity and Norway was chosen as the legal jurisdiction where the company would be incorporated. Eriksen has recruited a small amount of devoted employees to join him in the headquarters he shares with Norsk Tipping in the Norwegian town of Hamar, about 100km North of Oslo.

“We have employed a small team covering 360 degrees of what we need to cover. We have commercial, marketing, technical people and myself,” says Eriksen.

In addition, each of the shareholders supports LEIA with part-time employees on an *ad hoc* basis. LEIA positions are advertised at all four companies. In future, LEIA may well recruit from the general population if it has requirements that its parent companies cannot fulfil.

FDJ has been building the technical platform that will host the four lotteries' games. The process of integrating those games has started with the initial focus on instant games.

“One of the ambitions is to have a broad library of content that the lotteries can use.”

Morten Eriksen



Morten Eriksen, Chief Executive Officer of Lotteries Entertainment Innovation Alliance.

Danske Spil



Norsk Tipping



“That is the common denominator of the four lotteries that we start with,” says Eriksen.

By using the existing game portfolios of the four partners, each lottery will immediately gain access to a broader library of games.

“Looking further down the road we will contract external studios or content aggregators and connect them to the platform,” explains Eriksen. “One of the ambitions is to have a broad library of content that the lotteries can use.”

The big ambition

While the initial focus is instant scratch-cards, Eriksen and his colleagues are building a roadmap for the development of the product. This will be the key to the project’s success. The plan is to branch out into other lottery products, which will be able to exploit the pooled liquidity that the four nations can bring to the project.

The obvious comparison is with the Euro-millions draw set up by the UK, France and Spain in 2004 (and later joined by the lotteries of Austria, Belgium, Ireland, Luxembourg, Portugal, and Switzerland) and Eurojackpot, which was launched in 2012 by Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Iceland, Italy, Latvia, Lithuania, the Netherlands, Norway, Slovakia, Slovenia, Spain, Sweden, and Poland.

Those projects were game changers for the nations involved but Eriksen says the local lottery market remains restricted due to lotteries’ monopolistic structure. Neither Euromillions nor Eurojackpot offer a pan-European online jackpot. That is the gap in the market that operators such as Lottoland have jumped into and it is the gap that LEIA hopes to fill.

In future, other lotteries might be invited to join the LEIA venture but right now Eriksen says the focus is on getting the founding shareholders live on the platform, which he expects to launch before the end of 2019.

“After that, we could take in other lotteries to the platform,” he says.

The pan-European online jackpot is the ultimate aim but Eriksen is careful to take one step at a time. This is just a start-up operation, albeit one with mighty shareholders.

Innovating through collaborative competition

Innovation is critical to keeping lotteries profitable, and finding new ways to innovate is just as important. Finland's Veikkaus tackled the challenge head-on by inviting collaboration through their new Innovation Challenge Week.

Earlier this year, Finnish lottery operator, Veikkaus, announced their intention to host Innovation Challenge Week, during which chosen startups would have the opportunity to develop, produce and present ideas and solutions around esports betting. Following a scanning process of hundreds of startups globally and a follow-up interview with seventeen shortlisted candidates, seven finalists were selected to participate.

The world of sports is no longer limited to playing fields and stadia, and the growing global interest in esports means lotteries are looking closely at esports betting options (see "The esports opportunity" on page 40). Veikkaus took matters into their own hands

during May with the launch of Innovation Challenge Week, a startup-focused project aimed at finding innovative, collaborative gaming solutions for esports players, teams and fans.

Worldwide, lotteries have made limited inroads into the esports betting arena; however, Veikkaus was among the first five operators to embrace this new and exciting gaming opportunity. Offering legal esports betting options since 2014, the lottery has taken such forward-looking steps as organizing their own hosted StarCraft II tournament, broadcasting esports on their channel, VeikkausTV, and making betting options available on a staggering 13,000 esports matches in 2018 alone.

Nevertheless, Veikkaus felt there was room to grow and broaden their esports offerings and solutions, and chose to open the playing field to startups, with the grand prize being the chance to collaborate with Veikkaus on developing the solution. The contest was opened to both Finnish and non-Finnish startups, and the seven selected participants were Finland's 8-bit-Sheep, Reason Solutions, and Bono Health, Finnish-U.S. Evasyst, Finnish-Canadian Fandom Sports, GameBuddy from Germany, and the Belgian startup Zender.

Heidi Ioannidou, VP of Business Development and Innovation at Veikkaus, speaking on the startups chosen: "We picked a very



Niklas Hatje (left) and Julian Suttner (right) of GameBuddy, Germany took the grand prize at the end of the Veikkaus Innovation Challenge Week.



heterogeneous group of startups that complement each other in terms of both their size and ideas. The chosen companies are developing products that are associated with esports, or they are otherwise strongly connected to esports. While some of the companies already have products that are nearly finalized, others are still working on their initial ideas.”¹

From May 20–24, 2019, the seven startups participated in the challenge week at Veikkaus’ head offices in Helsinki. Working alongside specialists from Veikkaus, the startups developed their ideas. The individual works were judged by a seven-member jury comprising: Timo Kiiskinen, SVP of Business Operations, Veikkaus; Heidi Ioannidou, VP of Business Development and Innovation, Veikkaus; Jani Karjalainen, Esports Specialist, Veikkaus; Olli-Pekka Villa, CEO, Starsquad Event; Lasse Salminen, CEO and Co-founder, Havu Gaming; Kenneth Lehtinen, Founder and Owner,

NHLGamer; and JP Virtanen, Founder and Managing Partner, Avanto Ventures. At the end of the week the jury unanimously selected German contenders, GameBuddy as winners.

The duo of Niklas Hatje and Julian Suttner proposed a social community platform that allows users to search game buddies, gather data on their gaming, and bet on how they and their buddies play².

“GameBuddy’s idea has a strong social dimension, and it has potential of going viral. They have a clear vision of how they could offer something extra to the players’ gaming. The entire jury found this idea thrilling,” says Olli-Pekka Villa, CEO, Starsquad Event.

“I am very excited and very happy as well; this is such an honour. We had a different approach to esports betting than anyone else ever had so far. I think that this may turn out a completely new way of betting on esports games,” says GameBuddy’s CEO and co-founder Niklas Hatje.

GameBuddy receives EUR 30,000 to further develop their platform and will be supported by Veikkaus in this endeavour.

Many innovative ideas were also found among the submission of the other competing companies. Veikkaus is very satisfied with the outcome of the Innovation Challenge Week and will continue to strengthen its networking with startups.

¹ <https://www.veikkaus.fi/fi/yritys#!article/tiedotteet/yritys/2019/05-toukokuu/03-startups-chosen-to-join-the-veikkaus-innovation-challenge-week>
² <https://www.veikkaus.fi/fi/yritys#!article/tiedotteet/yritys/2019/05-toukokuu/31-german-gamebuddy-wins-veikkaus-innovation-challenge-week>



Atlantic Lottery finds success in hackathons

Like any company offering consumer products, lotteries can get caught up in a rut. “New” games may just be variations on old games that have no interest to today’s young adults. What’s a lottery to do to change the mindset of product creation and game development? How about staging a hackathon?

These intense design sprints focus on exploratory programming and attract bright young minds to think differently, in an all-out effort to create functional products or services in a short period of time. Teams are often made up of a mix of artists, graphic designers, product or service designers, engineers, programmers and business people.

The Atlantic Lottery started using hackathons in the fall of 2016, partnering with companies that focus on startup incubation to encourage innovation.

“Hackathons are boiling with ideas and are a great place to get your creative juices flowing,” said Michael Sandalis, Atlantic

Lottery’s Manager of Innovation Execution. “Atlantic Lottery is always looking for new ways to improve our products and services, and we like to stay on the forefront of things, so this type of partnership was a natural fit.”

He explained that one of the biggest benefits of hackathons for the Lottery is getting that

outside perspective for new game ideas. The young people participating – virtually all are under 30 – have a different viewpoint than those who have been in the industry for a long time. They see problems from angles no one ever thought of before, identifying where lotteries are falling short and where opportunities may lie. “At these events we actually get to interact with prospective customers – those young adults who haven’t played lottery. We hear their ideas and their enthusiasm about where lottery should be going.”

Sandalis is always thrilled when a group is brought together and almost no one has played lottery before. “That’s so perfect, because that’s why we do these hackathons.” During the introduction, some basic information about lottery is provided, including some guidelines about social responsibility, but that’s pretty much it. “We don’t want to give them a ton of constraints, because then they are just going to develop a numbers game that gets drawn once a week!”

Atlantic Lottery has held nine hackathons to date. For the first eight, the Lottery partnered exclusively with Volta Labs and held the events in Halifax. The most recent hackathon, conducted in February of this year, was the first to also include other locations in Atlantic Canada in addition to Halifax – the Lottery added partnerships with Venn Innovation and Startup Zone for sites in New Brunswick and Prince Edward Island, respectively. The three companies are all startup incubators – helping new businesses with innovative ideas get established, offering mentoring, fundraising assistance and facility space, among other things.

The events are staged in one of two ways. One is an intensive three-day weekend where participants come in and build a solution to the challenge at hand. The other is spread out over a week, allowing more time for thought and flexible scheduling.

Each hackathon has a specific theme, and participants have been challenged to bring unique, innovative ideas in such areas as esports, social lottery, and East Coast-specific products or services. There was even a Scratch Ticket Design Jam to help design new instant tickets. But Sandalis’ favorite concept was Space Lotto. The space-man image used and the idea of sending a remote device into space to run lotto

“At these events we actually get to interact with prospective customers – those young adults who haven’t played lottery.”

Michael Sandalis

numbers was all about encouraging out-of-this-world ideas for bringing lottery to new places or new spaces. “It was hilarious, and we just wanted to do something open, to get people really thinking about wacky, different ideas.”

The three-province event in February encouraged the development of a new digital instant game, and attracted 62 participants who made up more than 20 teams. For



Michael Sandalis, Atlantic Lottery’s Manager of Innovation Execution

most of the single-location events, there have been anywhere from 20 to 40 young adults participating – typically fairly equal numbers by gender. In addition to the thrill of competition, the winners get cash – the top three presentations in each competition get prizes from CAD 1,500 to CAD 500. The grand prize winner across provinces in February received an additional CAD 2,000. Mark Podrouzek, a student at St. Mary’s University, was on the team that won that grand prize, and he loves the events. “You never know what is going to happen. Part of the fun is the nature of doing something in such a short time. I love how the crunch influences the creative pro-

cess, and how the product transforms from your initial idea.”

There have been some very innovative ideas presented at these hackathons; several are in various stages of testing and there are other benefits as well. “We have taken some of these early ideas and played around with them – they have influenced a lot of new thinking,” said Sandalis. When a specific idea looks promising, Atlantic Lottery sends it on for further testing with the player panel managed by the Lottery’s research department.

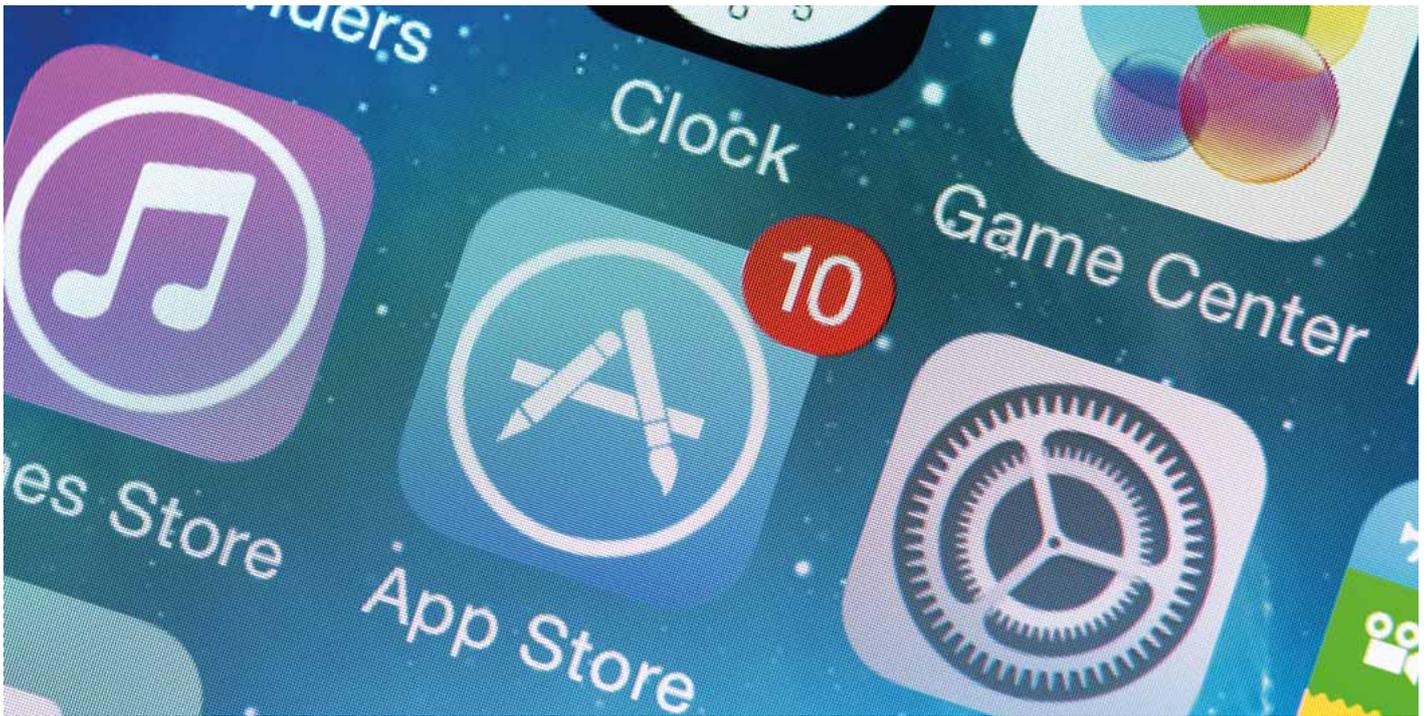
“We take the top concepts from the hackathons and let our player panel evaluate them on our test site, to see how they stack up with some of the other concepts that we are working on.” He explained that ultimately, a few game ideas – whether coming from the hackathons or from the Lottery’s own team – rise to the top, and those go on for further development.

One hackathon idea that looked interesting was an Emoji lottery, but the player panel dismissed it. The good news is that even ideas that will never work in reality often provide unique insights. “The nuggets of those ideas infiltrate our minds, and we ask ourselves, ‘how can we put a lottery lens on that without ruining the idea?’”

Clearly hackathons have provided inspiration for Atlantic Lottery, and the next will likely come this fall when bright and forward-thinking college students return to the Halifax area. While the theme has yet to be determined, something in the area of corporate social responsibility may be ideal – the topic comes up often when hackathon participants learn what the lottery is all about. “The under-35 age group is very socially conscious, so ideas that help us find ways to make Atlantic Canada a better place could be an ideal theme for a hackathon.”

“Hackathons are boiling with ideas and are a great place to get your creative juices flowing.”

Michael Sandalis



Apple ups the ante on real-money gaming apps

With recent changes to their App Store Review Guidelines, Apple is ensuring that they have the final say on whether lottery and betting apps are qualified for the App Store. These changes have come abruptly and leave little room to move for state-authorized lotteries with mobile gaming platforms.

An increasing number of state lotteries have become dependent on mobile platforms to sell their gaming products. In 2017, lottery sales through mobile platforms reached an estimated USD 16.4¹ billion worldwide. As such, mobile gaming platforms have become vital and indispensable for state-authorized lotteries in their mission to raise funds for good causes and the benefit of society.

On Monday, June 3, 2019, Apple announced numerous changes to their App Store Review Guidelines that include new requirements for real-money gaming apps. The new requirements for real-money gaming apps, outlined in Guideline 4.7 state:

HTML5 games distributed in apps may not provide access to real money gaming,

lotteries, or charitable donations, and may not support digital commerce. This functionality is only appropriate for code that's embedded in the binary and can be reviewed by Apple. This guideline is now enforced for new apps. Existing apps must follow this guideline by September 3, 2019.

In clear text, this means that all new apps involving real-money gaming must be coded in native iOS in order to be considered App Store compliant. Existing apps that are coded in HTML5 must be converted to native iOS by the September 3 deadline, or they will be removed from the App Store. This new policy affects almost every lottery and sports betting operation worldwide that offers mobile gaming platforms.

iOS market share

Worldwide, iOS market share for smartphones is currently about 23%, compared to Android's 75% global market share. Regionally, iOS is strongly concentrated in North America and Oceania, with market shares of 49.4% and 55.17% respectively, while Android in North America comes in at 50.25% and 44.25% in Oceania. The US and UK are particularly important markets for iOS. Currently, around 52.95% of US smartphone owners opt for Apple, compared with 46.82% for Android. In the UK, Apple's iOS share of the market is about 48.76%.² With

¹ Source: H2 Gambling Capital

² Source: statcounter GlobalStats: <http://gs.statcounter.com/os-market-share/mobile/worldwide>

the significant market share that Apple enjoys, their new requirements for real-money gaming apps come as a hammer blow to the global lottery and betting sector.

HTML5, a widely-used standard

Through Apple’s new requirements, developers are being forced to change from HTML5, a widely-used industry standard, to native iOS on very short notice. HTML5 works on iPhones as well as Android devices – it is basically OS agnostic. Owing to this flexibility, it is the coding language of choice for the majority of all mobile gaming app developers. This flexibility also allows lotteries and sports betting operators to take their existing web platforms and wrap or adapt them for deployment on both iOS and Android platforms. Development costs are spared thereby and maintenance costs are substantially reduced as updates can be made to web and mobile platforms, all at once. HTML5 developers are also more prevalent than iOS developers, which further adds to its convenience and flexibility.

In order for developers to keep their real-money gaming apps in the App Store they will have to make sure all aspects of the app are developed natively for iOS. Moreover, they will have to submit their apps and get them approved by September 3. Given that Apple can take up to five weeks to approve an app, this irrationally short compliance deadline will be impossible to meet. Interruptions in app availability for iOS users will be unavoidable.

Apple justifies their guideline change by claiming that real-money gaming transactions should be carried out through apps that are coded in native iOS, so they can easily review and monitor them. It is easier for Apple to monitor apps coded in native iOS than in HTML5. However, the state-authorized lottery and betting industry is heavily regulated. State-sanctioned lottery and betting organizations must overcome considerable regulatory hurdles before their apps are approved. Before any new or converted apps can be submitted to Apple, they must be sent

to state regulators for a strict regime of vetting, testing, and approval. Only then can apps be submitted to Apple, who will vet and test them once again. The question remains as to what Apple feels they need to address in these apps that state or government regulators are not already addressing. Should Apple require changes to an app, it will likely have to be resubmitted to the regulator for approval, causing further delays.

The World Lottery Association (WLA) is looking to engage Apple executives in a dialogue in order to resolve the issue in a timely manner. WLA member lotteries exist to serve and support worthy causes in their respective communities and as such operate under strict government rules. Apple’s changes to their App Store Guidelines will come with a substantial loss in revenue for state lotteries around the globe, and consequently a loss in funds that would go to support good causes.

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What strategies are lotteries using today to take advantage of changes at retail?

Lottery retail managers from around the world joined IGT and a guest speaker from UK retailer Tesco to discuss current retail initiatives and opportunities at IGT's 8th annual Lottery Retail Workshop.

Competition for a larger share of the consumer market basket is motivating retailers to explore new store formats and technologies that can fulfill shoppers' changing expectations. Lotteries stand to gain on all fronts by participating in these efforts to offer the kinds of experiences, convenience, and value that players and potential players increasingly expect.

In this spirit, 21 participants from 12 lotteries shared their successes and learnings from current retail initiatives when they gathered with executives from IGT and invited speakers at the 8th annual IGT Lottery Retail

Workshop, held this year in London from April 29 to May 1.

"The Retail Workshop is a chance for lottery retail managers to discuss case studies and developments around retail with peers in a casual, collaborative setting, and to learn from others' successes and challenges," said **Michael Roygaard**, IGT Senior Director, Lottery Innovation.

This year, many lotteries were focused on establishing or updating their **in-lane channel**. In-lane continues to be an area of great opportunity, but one with challenges

and execution issues that haven't been fully resolved. "The two-day format gives attendees a view on any commonalities among the jurisdictions and areas where it would be beneficial to work with one another, with IGT, and with retailers," said **Tom Stanek**, IGT Senior Director, Global Retail Sales and Marketing.

Setting the stage

The workshop opened with a keynote presentation on current retail and consumer trends from **Sharon Duncalf**, IGT Vice President, WLA International, Marketing Operations and Strategic Planning. In sharing IGT research and insights about how these trends are reshaping reality for brick-and-mortar retailers, Duncalf emphasized that retailers, lotteries, and businesses of all kinds must identify how to use digital connectivity to enhance the consumer experience at all points in the journey. **Connected Play** is IGT's vision for meeting this challenge by identifying the path that lotteries can take to provide relevant, rewarding, and immediate connected-play interactions.

Special guest **Ian Boden**, U.K. Service Operations Manager, Channels, at **Tesco**, the largest retailer in the U.K., further set the stage by providing the retailer's point of view, discussing Tesco's plans for digital, store, and consumer improvements, and describing what the retailer will need from lotteries and vendors in the future to ensure alignment with those plans. At the top of Boden's list was the need to introduce lottery self-service and ensure that lottery is ready when stores become cashless.



Lottery retail executives from Europe, New Zealand, and North America gathered in London to discuss successes and shared challenges at the 2019 Lottery Retail Workshop, hosted by IGT, April 29 to May 1, 2019.

Riding the wave of retail transformation

The two-day format provides for a series of 40-minute presentations from attending lotteries on their efforts to improve their commitment and performance in retail. Following Boden's talk, UK operator **Camelot** kicked-off the lottery presentations with a report on the success of its "back-to-basics" focus on retail over the past two years. The Lottery also gave an outlook on how it intends to meet the changing dynamics of the market and continue its partnerships with large retailers like Tesco.

Lotto New Zealand's presentation underscored how unique the country's market is from a retail perspective. In an environment where retailers are asking to become lottery retailers, the Lottery provides full marketing and branding within the store. The presentation discussed the retailer relationship and how the Lottery harnesses its control of in-store brand and execution. Recent changes to the in-lane execution have doubled sales and performance.

Following an overview of its existing in-lane solutions and deployments, the **Atlantic Lottery Corporation** discussed a recent example of how its internal innovation process is founded in addressing player pain points, and, among other topics, gave details on the operation of its strong lotto-coupon program.

In addition to a report on its in-lane performance and challenges, Czech Republic operator **SAZKA** offered an in-depth look at how the Lottery is using geoanalysis to grow its retail base by identifying relevant and attractive locations – achieving sales growth of 60% in the trial region. The Lottery also described how it trains its sales team and provides the right tools to make execution as easy as possible for sales representatives.

On **Day Two**, as a follow-up to last year's workshop, Polish lottery **Totalizator Sportowy** gave an update on its work to improve in-lane performance with retailer Carrefour and received recommendations from the group on potential steps to more fully capture potential opportunities with the retailer.

Mifal Hapayis, the national lottery of Israel, introduced the Lottery and its retail network, discussed changes and constraints in



At IGT's annual Retail Workshop, lottery retail managers discuss developments around retail with their peers.

the market, and provided details about an incentive program that has been successful in driving retailer commitment and sales.

IGT's **Lottomatica** reported on several topics, including the forthcoming advertising ban, which will change the way lotteries in Italy communicate with players. The role and behavior of retailers will become more important than ever when lotteries cannot engage with players outside the store. The presentation discussed Lottomatica's Phygital (physical + digital) program, with the objective of enabling cross-channel experiences, and a new lottery self-service kiosk that will allow players to select their own numbers digitally in-store.

Along with an update on its self-service channel, **Nationale Loterie Belgium** shared details about its flagship store program, which is being rolled-out to increase brand presence in high-traffic areas, enable direct dialogue with players for input and feedback, and connect players to good-causes events and sponsored events.

Vendor perspectives

In addition to lottery presenters, IGT invites selected vendors to provide an update on developments of interest. This year, invited speaker **David Roy**, International Business Development Director, **Carmanah Signs**, presented new digital retail signage. IGT is working with Carmanah to leverage its Walkbase technology – allowing for the tracking of consumers' movements within

a retail location via their mobile phones – to better understand the consumer path to purchase and customize content for digital signage.

Manal Bensalah, Global Sales and Marketing Director at point-of-sale solutions supplier **Fastrak**, discussed the design and implementation of new dispensing solutions for instant tickets and new permanent POS solutions.

Rounding out the two-day event were presentations from IGT. **Paul Riley**, Vice President, Innovation and Lottery Transformation, provided an update on key initiatives, including digital tickets, next generation self-service solutions, in-lane developments, and BOPIS, and polled attendees for input on prioritization. IGT's **Stanek** discussed how self-service has improved sales in the U.S. market in an educational session covering the best trade styles for the market, case studies with data on successful improvements based on in-store placement and other factors, and the wide range of salesforce models in the U.S.

Time was provided at the end of the workshop for market visits with London retailers. "Following the event, every participant said they not only wanted us to continue to offer the workshop, but also to provide some additional opportunities for collaboration throughout the year," reports Stanek. "Some attendees have participated in nearly all of the Retail Workshops, for others it was the first time, but there's a core group that has really engaged over time." IGT is exploring a process to give participants the chance to regularly update and share information, ask additional questions, and continue to collaborate.

Participants who didn't present updates used the opportunity to sit down with their colleagues in the retail world. "Shared experience is what makes this work," says Roygaard. "It doesn't matter what country people come from, we face relatively the same issues, despite different regulations and legislation, retailer processes and procedures. We all learn from one another."

For information about next year's workshop, contact:

Sharon Duncalf, IGT Vice President, WLA International, Marketing Operations and Strategic Planning, Sharon.Duncalf@IGT.com.



The retail revolution – upping your retail game

Retail sales have been the backbone of the lottery industry for decades. With a continuously changing landscape, however, it's time to challenge our traditional understanding of retail, and accommodate the next generation of players. Pollard Banknote has done a deep-dive on the challenges presented by retail, and has some innovative ideas to keep this important channel flourishing.

In Europe, sales through traditional retail channels still represent 88% of all lottery game sales¹. Recognizing that brick-and-mortar retail is vital to lottery success, one of the key areas of Pollard Banknote's vision for industry growth is the execution of retail excellence – that is, a sharp focus on promotions, facings, and the implementation of new approaches to retail that strengthen and support the expansion of a lottery's retail footprint.

Pollard Banknote's Retail Excellence Team offers compelling, practical and proven successful strategies and solutions that ultimately overcome four of the universal challenges lotteries worldwide face. Lotteries in Europe, Canada, and the United States are continuously working to implement innovative retail excellence solutions, helping to drive sales and proceeds to benefit good causes.

Challenge #1: Decline of traffic to retailers

The advent of convenient, online retail channels has decreased the number of visits to traditional stores. In order to counter this change, lotteries need to motivate players to visit stores by offering unique and exciting experiences, effective promotional incentives, and engaging outdoor signage to heighten the lottery brand and attract player attention.

For example, Pollard Banknote worked with the Ontario Lottery and Gaming Corporation (OLG) in bringing a unique and engaging instant ticket concept to life, driving customers in-store in the process. *THE BIG SPIN* instant ticket game includes an instant win match game, plus an instant "SPIN" opportunity at an OLG retail location. Players redeem their "SPIN" in-store, where they watch an animated wheel spin on the lottery terminal, giving retailers and other customers a chance to share the moment of anticipation. *THE BIG SPIN* exceeded sales expectations, achieving average sales after 10 weeks that were nearly triple the average of the Lottery's other CAD 5 games launched since 2014! Following OLG's outstanding success, other North American lotteries have launched similar programs with strong results.

In another case, to provide added incentive to visit a retail location, one U.S. lottery partnered with a large retail chain to offer players who spent USD 10 on any instant tickets a free USD 1 ticket. To redeem the offer, players had to scan their rewards app at retail.

In addition, maximizing the impact of outdoor signage, the first opportunity lotteries have to engage consumers in the retail environment, is key. Large, colorful and concise signage that calls out exciting top prizes or promotes recent winners will keep the lottery top of mind.

Challenge #2: Increase retail footprint

Lotteries need to find innovative and creative ways to expand their retail footprint by making instant tickets available in locations they have not traditionally been found. Some environments have proven challenging for instant tickets because of the perceived need for additional labor to manage them and large space requirements. Pollard Banknote provides solutions that ease these challenges.

Big box stores, for example, are typically very high-volume retailers, making them desirable lottery network additions. Pollard Banknote's subsidiary, Schafer Systems, is currently helping several U.S. lotteries to expand into these locations by developing a play center that meets their exacting needs including having a minimal footprint and a design conducive to being placed beside existing vending machines.

The Mini Kiosk is perfect for minimal spaces with literature holders, writing surfaces and signage customized to fit the needs of each lottery.



¹ 2017 La Fleur's Almanac / European Abstract

Additionally, Pollard Banknote's scanACTIV™ innovation enables players to purchase instant ticket products at self-checkouts and multi-lane retailers, prime locations for impulse purchase items. It also amplifies the traditional experience by using digital gamification to reach and engage players.

Challenge #3: Retail clutter causes poor visibility of lottery products

Instant tickets are often an impulse purchase, thus visibility at retail is key. Many retailers have limited space dedicated to displaying instant tickets. Even where space is available, ensuring products stand out in cluttered retail environments is challenging. Innovative, eye-catching dispenser options that showcase instant tickets but with a minimal footprint, such as stackable quad dispenser displays, are an effective way to increase facings and command attention. Premier Lotteries, the National Lottery of Ireland, launched its *Money Multiplier* family with this type of stacked dispenser, developed by Fastrak, a leading provider of innovative lottery ticket dispensers and other retail merchandising solutions, and the most recent addition to Pollard Banknote's growing list of acquisitions. Not only did these dispensers help gain buy-in from retailers to carry the entire family of tickets, but the games performed so well that the dispensers are now a permanent fixture at retail.

In the U.S., many grocery chains are opening small, walk-up fuel kiosks, many of which do not currently sell lottery products due to merchandising challenges. To address this challenge, Schafer Systems has created a new outdoor, weather resistant Ticket Menu Board to be placed outside the kiosks, maximizing product visibility and effectively cutting through retail clutter – a challenge all lotteries face. This solution also allows lotteries the opportunity to expand into these new locations. Currently, one major grocery retailer is in the process of installing hundreds of these displays in locations across the country.

Challenge #4: Strengthen relationship with retailers

As the first point of contact with players, retailers are often the face of the lottery. Offering retailer incentives and equipping them with tools to optimize efficiency encourages them to become lottery brand



Increase visibility at retail while maintaining a minimal footprint with innovative, eye-catching displays like Fastrak's Illuminated POD dispenser.

advocates, fostering a positive working relationship that can strengthen sales.

In Ireland, Premier Lotteries developed a comprehensive incentive program for its retailers called the Star Store Programme, focusing on key strategic areas: equipment positioning, product range, availability, display and merchandising standards, promotion, and execution. To incentivize retailers, it includes a rewards program that recognizes and rewards high standards of excellence. This type of incentivizing works – after the implementation of the Star Store Programme in 2016, along with additional initiatives at retail, instant sales grew by 14.4% over the previous year!

The Michigan Lottery also offers an exemplary incentive program which awards retailers a 1% bonus on sales if they reach their quarterly sales goal and meet certain retail best practices criteria. The program has helped strengthen the Michigan Lottery's re-

lationship with major retail chains who now conduct special lottery promotions through their websites and rewards programs and has been instrumental in the Lottery's success – fifth consecutive year of double-digit sales growth of instant products!

In addition, leveraging tools such as Pollard Banknote's optiFORCE™ sales force automation provides lottery retailers easy access to information, resources and incentives that will maximize efficiency and lead to better overall performance.

Maximize results with winning strategies at retail

For the foreseeable future, brick-and-mortar retail will continue to be the most significant source of revenue for lotteries and thus, a key opportunity to maximize sales. Pollard Banknote is committed to supporting lotteries in continuing to look for innovative strategies to overcome challenges in this area that ultimately drive overall growth.



INTRALOT Booth, ICE 2019 in London

INTRALOT showcases its portfolio of next-generation technology solutions from Europe to North America

INTRALOT, as a leading gaming vendor and operator in the state-sponsored gaming industry, proudly presents its latest innovations; the future-proof and fully parametrical lottery platform, Lotos X, and the future-rich and versatile sports betting platform, INTRALOT Orion.



INTRALOT Booth, EL Congress 2019 in Antwerp

INTRALOT's ecosystem of true omnichannel lottery and sports betting solutions meets both the players' and operators' modern needs by offering the platforms, tools and gaming content to deliver entertaining and responsible gaming experiences. INTRALOT, true to its heritage of innovation, embraces industry evolution and persistently adopts emerging technologies to best address the ever-changing needs of consumers, and maintain its leadership position in the gaming industry.

To meet players' growing demand for rich lottery gaming content, INTRALOT has developed a new lottery solution that enables operators to offer any game in a secure and time-efficient manner.

At the heart of INTRALOT's lottery solution lies Lotos X, the most parametrical games and draw management platform in the industry.

Lotos X enables lottery operators to deliver their entire gaming offering, as well as their planned portfolio expansion, with minimum time-to-market, while offering an unprecedented simplification of their daily operations.

Leveraging more than 25 years of sports betting operations experience proven in 29 operations globally, INTRALOT has developed INTRALOT Orion, a world-class sports betting platform designed to support modern sports betting operations.

intralot

INTRALOT Orion, a holistic sports betting solution, incorporates managed trading services and a wide portfolio of retailer and self-service terminals, tailored to the needs of each sports betting operation.

The INTRALOT Orion platform serves the entire bet lifecycle across channels with a rich set of functionalities for margin enhancement and features for increased player participation (cash-out, bonus, personalized odds, etc.).

“INTRALOT, based on its strategic approach ‘The Intelligent Future of Gaming’, has invested extensively in the development of next-generation gaming products and services designed to meet all digital transformation needs for lotteries, revealing INTRALOT’s comprehensive digital transformation strategy in a multiconnected world. Our company is more committed than ever to providing innovative and holistic solutions for the most dynamic player experiences to support lotteries’ journey to their digital future, help drive our customers’ growth, and generate revenues for good causes.”

– Nikos Nikolakopoulos, INTRALOT Group Deputy CEO



INTRALOT Lottery Retail Terminals, ICE 2019 in London



INTRALOT Booth, ICE NA 2019 in Boston



Investing in growth with instant games

When renowned poet Ogden Nash said: “happiness is having a scratch for every itch”, he may not have been talking about instant scratch-off games, but it still holds true. Offering players quick, convenient and simple game entertainment is proving successful for many lottery operators around the world. Instant games are now an USD 89 billion product category.

Winning a multi-million dollar top prize – or any prize – from a lottery after scratching an instant game like *USD 10,000 A Week for Life* is thrilling, and it makes for big headlines.

Behind the scenes, even bigger news is happening. A whopping USD 94.9 billion was returned to global lottery beneficiaries in 2018. Students, senior citizens, those in need of health and welfare assistance, the environment, and communities all over the world benefit from the social good of lotteries.

As the World Lottery Association celebrates its 20th anniversary, a look at instant games over the last two decades saw the product more than triple in popularity. Globally, retail sales of instant games grew from USD 27 billion in 1998, to USD 89 billion in 2018 – a more than 68% increase in sales.

The global lottery industry is facing unprecedented challenges from changing consumer and retail behaviors – compounded by regulatory framework and policy decisions – creating competitive and margin pressure on lotteries. Now more than ever, the industry can proactively leverage the unique value of its retail penetration and, in particular, the growth opportunity of a rich portfolio of instant games.

In the U.S. market alone last year, annual retail sales of instant games topped the USD 50 billion milestone. Generating USD 14.2 billion in Gross Gaming Revenue (GGR) in 2018, instant games nearly matched draw games (USD 14.6 billion) – which includes *PowerBall* and *Mega Millions*, as well as re-

gional and state draw-based games. GGR from instant games has grown steadily over the last decade in the U.S., while draw game GGR remained relatively flat.

One of the top-performing lotteries in the U.S., the Florida Lottery, contributed a remarkable USD 900 million of its USD 1.7 billion in contributions to education through the sales of instant games. With scratch-offs accounting for nearly 70% of total sales, it was the lottery’s seventh consecutive year of record-breaking profits for education. Last year, the lottery grew its USD 4.24 billion scratch-off product line by 9.6% to USD 4.65 billion. Other top-performers have similar stories.

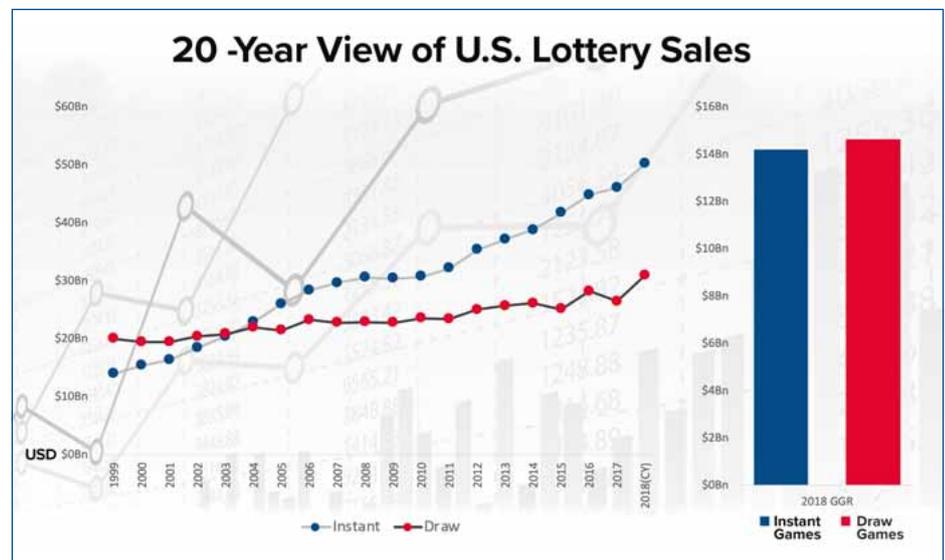
What is their consistent and successful strategy for sustainable, responsible growth? It is

investing in innovation for all stakeholders to grow their most productive product line: instant “scratch-off” games.

Examining the potential

“There is so much growth potential for instant category markets around the globe. But it’s important to invest in best-in-class innovation to help develop the products and perfect the mix of products in the portfolio to generate proceeds for beneficiaries,” says John Schulz, Senior Vice President Instant Products for Scientific Games, who has worked with lotteries around the world to help grow profits for 34 years.

“The cost of innovation to a lottery represents only a small fraction of the financial benefits that instant game innovation can



Instant games have consistently shown growth in sales and popularity over the past 20 years.



A rich variety of instant game playstyles offer players a wide choice of game entertainment.

deliver to beneficiary funding,” he says. “For some lotteries, the annual cost of the instant games contract can be paid for by just a few weeks or a few months of instant game sales. And for larger lotteries, even just a few days.”

By virtue of their charters, lotteries are mandated to operate as entrepreneurial businesses. If the goal is to generate more profits for beneficiaries to keep up with the rapidly increasing state budget demands, lotteries must continue to maximize profit dollars generated from sales of world-class products and services.

“With an innovation-focused lottery business partner, there are creative ways to engage and entertain ever-changing consumers, including those who never or rarely play lottery games,” shares Schulz. “It begins with continual, comprehensive market analysis that evaluates the lottery’s overall performance, identifies opportunities, and defines our strategies for game creation, marketing and game distribution. And it ends with investment in products and technologies that empower innovation.”

Shifting trends in Europe

In Europe, a number of large lotteries recognized the revenue potential of scratch games, and strategically grew their instant

product lines. One of the largest and most successful, the UK National Lottery has developed the product from 17% of its product mix in 2005, to 43% of the mix in 2018 – growing the category more than 70% to GBP 3.01 billion (USD 3.8 billion). Two smaller European lotteries have driven more than 87% growth in the category during this same timeframe.

“The trend is shifting in Europe, with more attention being given to instant games as lotteries look to grow revenue,” says Schulz. “Where instants were once a very small percentage of product portfolios, in some of the largest and most profitable markets, they now make up more than 40% of the product mix.”

Schulz explains that the basic building blocks for instant game portfolios in any market begins with 15 *Determinants of Demand*. Each of the determinants is analyzed for the individual lottery before their games are created by Scientific Games, the world’s largest supplier and manager of instant games.

“We then use our industry and manufacturing expertise to heighten the games by adding the extra entertainment value today’s consumers are seeking,” he explains. “These could be anything from *Scratch My Back*® play on the back of the game, to *LuxTouch*®

inks, oversized *Gigantix*® games, or unique paper stock options like *Holographic*, *Sparkle*® or *MicroMotion*™ – all of these are enhancements lotteries can offer to add entertainment value to the lottery experience.”

An example of using the 15 *Determinants of Demand* to create consumer value is the GBP 5 instant game, *GBP 100 Million Cash Spectacular*, which combines big top prizes with fluorescent inks and high impact messaging in the design.

Instant success

But there is more behind games like this than meet the eye. Like the reason players choose to play, their motivations – or their *why*. Scientific Games uses a player segmentation approach to create games specific consumers are looking for, which has nothing to do with demographics like age or gender. This allows the company to apply much more to its games – *why* players pick one game or even one color game over another, *why* certain prizes excite them and others do not, *why* they play more at certain times of the year, even *why* they play games at all.

“By understanding all of this, we can create the best possible portfolio of games for a lottery. It’s not about a single game, it’s about a group of games – each uniquely different –

and how they can drive performance together by interacting with consumers across all player segments, including those who play infrequently or rarely,” explains Schulz. “Each game is designed to appeal to a particular segment of players.”

To help lotteries appeal to a broader base of consumers, Scientific Games created linked instant play games, beginning back in 2007. Launching 10 linked game blockbusters since then, the company continued to add excitement to lottery play with digital second-chance games featuring once-in-a-lifetime entertainment experiences.

Most recently, Warner Bros.’ whimsical *WILLY WONKA™* brand was featured. Over the course of 2018 and 2019, the *WILLY WONKA GOLDEN TICKET™* linked game offered players the opportunity to win up to a whopping USD 1 billion – for the first time in lottery instant game history.

With their eligible non-winning scratch ticket, players could play a second-chance digital game on the lottery’s website called *WILLY WONKA CHOCOLATE TOWER™* to win entries into a second-chance drawing for a grand prize trip to Las Vegas to participate in the *BILLION DOLLAR CHALLENGE®* event.

Twenty-three different games launched in 18 states. A record 88 million tickets were manufactured, representing a total of USD 1.09 billion in potential retail sales for participating lotteries. More than 200 players attended *BILLION DOLLAR CHALLENGE* events in April of 2018 and 2019, with finalists and grand prize finalists winning more than USD 4.8 million.

The universally recognized *JAMES BOND™* brand is launching in September as Scientific Games’ next blockbuster linked instant game. Each winner and a guest will receive a five-day/four-night trip to Las Vegas where they will have a chance to participate in the *JAMES BOND LOTTERY CHALLENGE*. In a nod to the *JAMES BOND* major motion

picture films, winners will compete in a series of contests for the chance to win cash prizes ranging from USD 1,000 to a grand prize of up to USD 1 million.

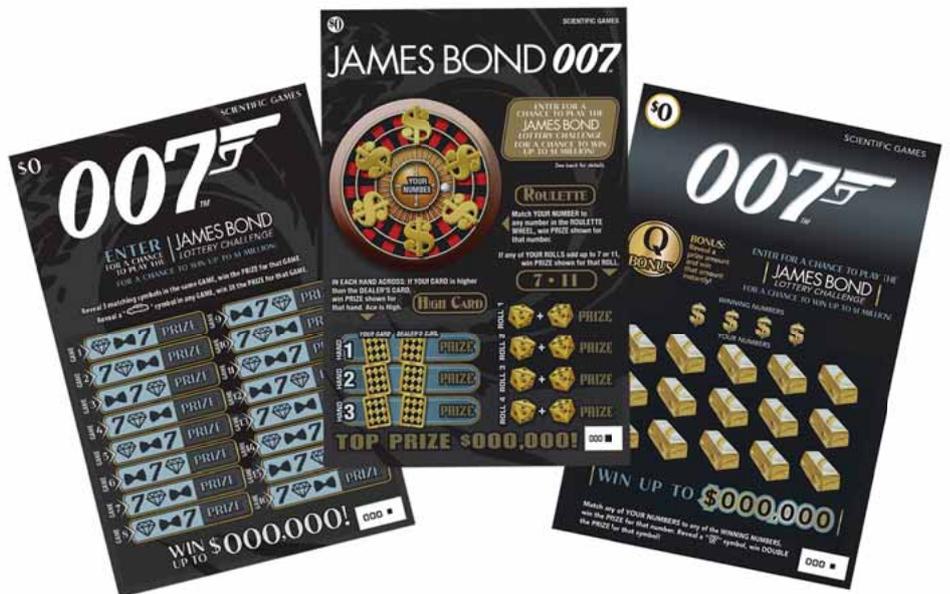
Because of the excitement of big linked games and winners’ events, decades of consumer research, and specialty inks, papers and finishes, lottery games have become fast-moving consumer goods that help lotteries grow responsibly by expanding their player base – not by relying on the same segment of players to increase revenues.

Paving the way for another 20 years of phenomenal instant game growth, Scientific Games is focused on full lifecycle retail category management, compelling licensed brands, multi-channel loyalty programs and promotions, and expanding its customers’ game portfolios with new instant and digital games and where permitted, sports betting.

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15 Determinants of Demand

1.  Payout
2.  Prize structure (including the top or jackpot prize)
3.  Number of games in the market
4.  Size of games
5.  Introduction cycles
6.  Product ingredients
7.  High-impact product positioning
8.  Prize point planning
9.  Retailer density
10.  Retailer mix
11.  Payment terms and conditions
12.  Quality of systems
13.  Retailer incentives
14.  Advertising and promotions (point-of-sale)
15.  Sales force



September will see the launch of an exciting new *JAMES BOND™*-themed linked instant game that offers winners a lottery challenge experience in Las Vegas.

BUNDLE UP



The Instant Game - More than the Sum of its Parts

At Scientific Games, the instant game is more than just a product line, it's an entire ecosystem. We develop and launch the strongest games possible and then, using sophisticated tools such as *SCiQ*® and *MAP*™, collect troves of data that help develop even better games.



Many thanks to our PLATINUM Contributors



Many thanks to our GOLD Contributors



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Keith Cash, Vice President & General Manager, Instant Services, IGT

Discover the Advantage

Tap into the full potential of your instants category with **IGT Instant Advantage™** a suite of products and services that can be deployed alone or together to drive growth in every part of your instants business.

Talk with us to find out how lotteries supported by Instant Advantage and IGT's dedicated specialists have outperformed the industry growth average every year for the past 5 years.

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i shapes
the
future

i want to be ahead of the game
i want to thrive and conquer
i want intense experiences
i want solutions that fit into my world
i am your player, are you ready for me?

Modernizing lotteries in a digital world

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