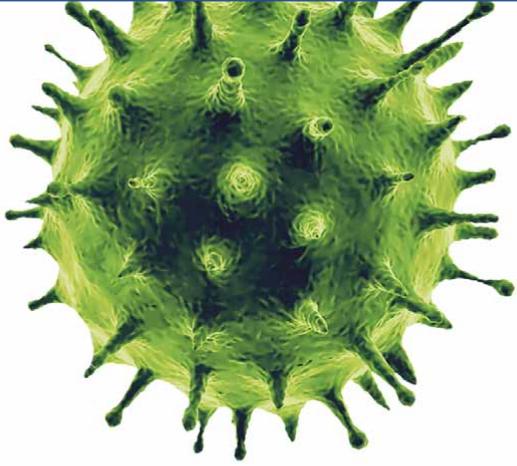
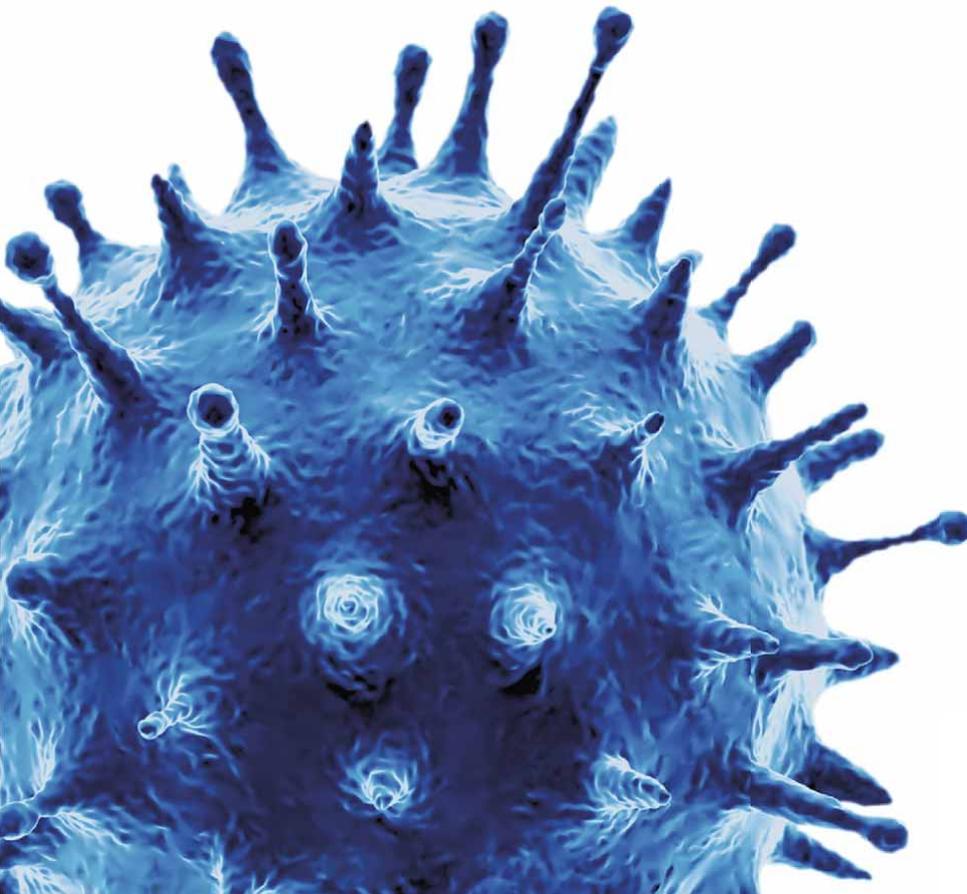
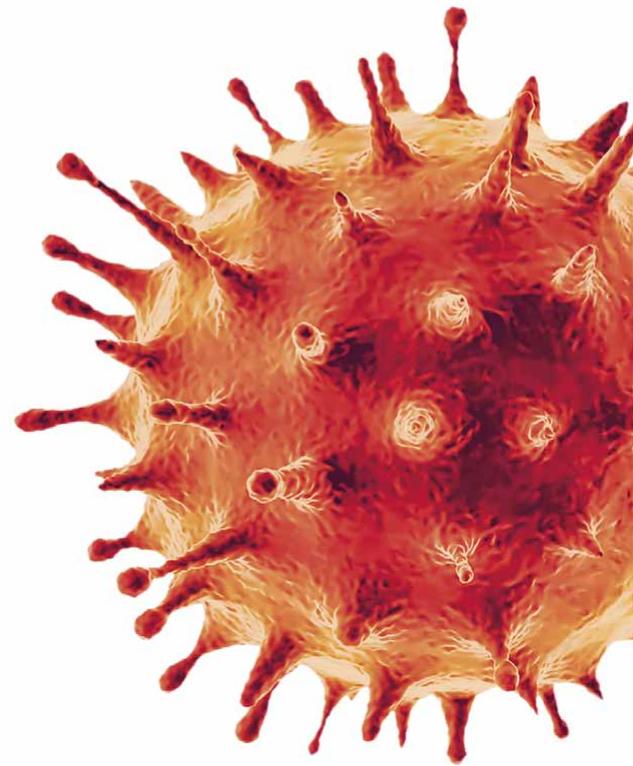


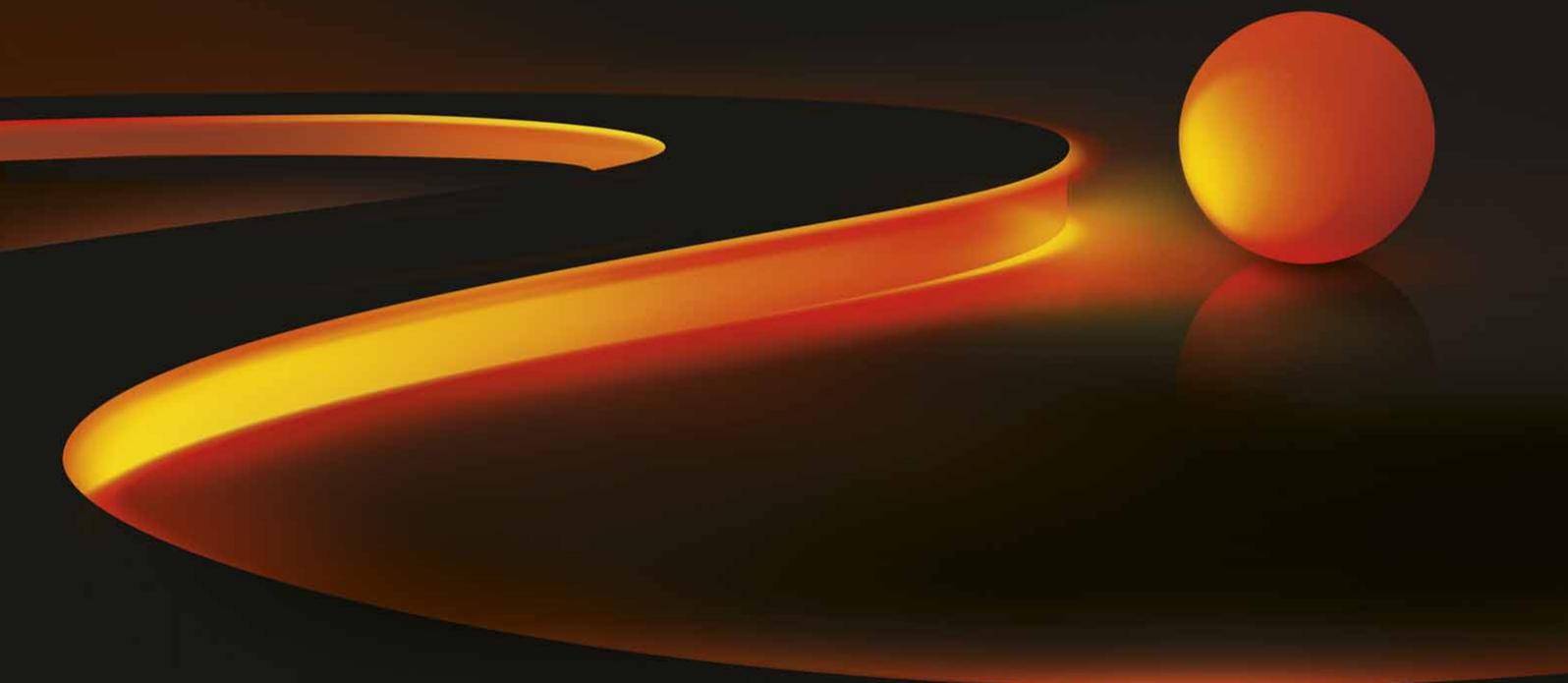
magazine

For Sustainable Global Gaming Excellence



COVID-19 and the lottery sector





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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Our resolve remains firm



The COVID-19 pandemic has been a time of great stress and uncertainty for all of us. It has had a significant impact on both our personal and professional lives. But, looking back on the past weeks and seeing how the global lottery community has come together under the strain of the pandemic lockdown, the solidarity displayed by our industry offers a hopeful prospect for the future.

Together with our members and our partners from the five regional associations, we have kept a close watch on the global course of the pandemic, how lotteries and sports betting operators have been affected, and what measures have afforded our member lotteries some relief.

This edition of the WLA magazine is the culmination of our research since the worldwide pandemic broke in March of this year. In addition to a comprehensive assessment taken from the WLA Quarterly Lottery Sales Indicator, we surveyed 10 prominent lottery CEOs on how their organizations were affected by the pandemic lockdown and queried them on the best way forward for our industry as a whole.

We also include an article from our partner association, the Global Lottery Monitoring System (GLMS) that outlines their activities during the pandemic. Although most major sporting events were canceled during the lockdown, GLMS remained active. Criminal organizations were not deterred by the pandemic, threatening the integrity of sports and deceiving punters through so-called ghost games or the feigning of actual games. GLMS also celebrated the opening of their third international hub in Montreal, Canada on 23 June, extending their reach to the North American continent. With the already existing integrity hubs in Copenhagen, Denmark, and in Hong Kong, GLMS has taken one step further in the global fight against match fixing and the preservation of the integrity of sports. I wholeheartedly congratulate them on this latest achievement.

While we are on the subject of sports integrity, I would like once again to thank the EL and GLMS for their collaboration on the recent webinar "Solidarity, community and alliance: Embodying a new culture of sports integrity". With over 300 participants the event was a resounding success.

The success of this webinar goes to show that the resolve of the world lottery community will not be broken by the coronavirus. Come what may, we will do all that we can to continue serving our members, with additional webinars, news updates, and various analyses on how the COVID-19 pandemic is affecting the lottery industry – how lottery sales have been impacted, what innovative marketing trends have emerged, and how our staffs have adapted to the "new normal".

Luca Esposito
WLA Executive Director

Governance in a time of crisis

Interview with WLA President Rebecca Hargrove

As the coronavirus continues to wreak havoc across the globe, we caught up with WLA President, Rebecca Hargrove to find out how the lottery industry has handled the crisis, and how the WLA members are responding to it.

1. Probably the biggest issue on everyone's mind internationally in the past weeks has been the COVID-19 pandemic and the resulting lockdown. What is your impression of how the lottery sector has dealt with this unprecedented crisis on the whole?

Well, it's been different for each and every one of us. Globally, we saw varying impacts from Spain and Italy to New Zealand. In the U.S., New York has been impacted differently than Tennessee, as an example.

While the varying degrees of restrictions have impacted sales, the relationship between the severity of the virus, the degree of safer-at-home initiatives, and the sales of lottery tickets is not nearly as consistent as you might think. In addition, the enabling legislation that prescribes the terms and conditions under which a lottery operates can have a profound effect on the lottery's ability to pivot in times of crisis.

I think we've all tried to make the right adjustments given the particular set of circumstances we're each dealing with. Above all else, we want our audiences – the public as well as lottery players and stakeholders – to know that we stand shoulder to shoulder with them because we are all in this together and that lotteries are not somehow immune to the pain of economic recession.

2. As president of a global association, you probably have a broader view on what has happened internationally in the industry over the past three months than most. What do you feel is the most important lesson we have learned from the pandemic and what can we do to prepare for another potential lockdown should it come?

It's critical that we all go back, do our due diligence and look at what worked,

what did not work and why. We had to figure out how to streamline operations and workflows to adjust to leaner staffs and work-at-home environments. At the Tennessee Lottery, we found ways to be productive while working at home and staggering shifts so that we have a lower number of staff in the building at any one point in time. We found new ways to engage employees. LinkedIn Learning even commended our employees for their high level of engagement with materials from LinkedIn Learning Courses. Sales reps needed to service their retailers without visiting the stores or with fewer in-store visits. As we return to full-service operations, business processes can be adjusted and fine-tuned, and resources can be re-allocated to deliver a far higher level of quality and service to our retail partners. That leads to more funding for good causes and more value to all our stakeholders.

Learning from those adjustments helps any organization, but especially a lottery, survive during disruptive times. But you have to capture it when the experience is fresh in everyone's minds.

3. Can state lotteries play an active role in supporting and protecting the public in the event of a second wave of the coronavirus pandemic?

Any enterprise can play an active role by setting the best possible example and adhering to the guidance given by their local health authorities. Yes, put up the signs and reminders to socially distance, to wash hands and to wear masks, but also actually practice those behaviors. By modeling the best behavior to take care of employees, customers and anyone else the lottery comes into contact with, we can play that active role in supporting and protecting the public.

4. If you could say there was a silver lining to this worldwide health crisis, what in your opinion would that be?

First, I would like to offer my condolences to anyone across the world affected by this terrible virus. With all of our personal and professional efforts to limit the spread of COVID-19, we should not forget the lives lost and the toll coronavirus has taken on communities all over the globe.

If there is a silver lining to the lottery industry during this crisis, it would be the requirement to innovate. I have said before that the impetus to change and innovate is lowest when everything is going well. A crisis can be the catalyst to think differently about how we operate and take more aggressive action. When the world returns to normal, those innovations or adjustments can lead to more funding for good causes and more value to all of our stakeholders.

5. As most of the data has shown thus far, lotteries with solid online gaming platforms were better able to weather the pandemic lockdown than those that do not offer online gaming. Do you feel this crisis will force all lotteries to push forward the execution of strategic plans for digital operational excellence?

I would caution us before believing that everyone needs to jumpstart their digital operational plans because, as noted earlier, multiple factors that vary across jurisdictions can impact a lottery. That being said, we're definitely moving quickly toward a world where very little actual cash is exchanged, but instead there are more debit or credit card transactions, or even with your phone or watch. The younger generations just don't carry cash so if we're going to look around the bend

to see challenges coming, the increase in cashless transactions is something that needs to be addressed either by the lottery, legislature or its governing body.

6. *Retailers have suffered heavily as a result of the lockdown, while online sales have done comparatively well. Despite the surge in eCommerce in recent weeks, do you believe that consumers are hoping to return to normal shopping habits as lockdowns ease?*

I think yes, consumers are hoping to return to normal, but how we shop and how we gather together are two behaviors that will be affected going forward. I expect that online market-share has increased as consumers shorten the time they spend in public spaces like grocery stores, bars, and restaurants. I'm sure that some people who never ordered online began making more online purchases. Others, who were already online shoppers, probably increased the number and variety of items they buy online. I do believe people want to "return to normal," but the longer we are in this social distancing mode, and until there is a vaccine, the more likely it is that behaviors adopted during this crisis will become "normal."

7. *Prior to the pandemic, all eyes were on the budding sports betting industry in the US. However, the cancellation of sports events across the globe has hit the sports betting industry hard. Have state-level plans and regulations governing sports betting in the US continued to move forward despite the pandemic lockdown?*

You have to plan and execute as if sporting events will return because if they don't, the market will still find something to bet on. My experience has been that states with sports wagering plans still in development continue to move forward and even launch, but those with established markets are feeling the effects of cancelled events.

8. *Do you foresee a day when sports betting will become daily business for US lotteries, just like weekly lotto draws and scratch cards,*

and if so, how far down the road do you think this will be?

That's tough to predict because, just like the questions about how each country or state has experienced and addressed coronavirus, each jurisdiction will have its own idiosyncrasies that dictate those outcomes. For each jurisdiction, I think what it comes down to is what regulatory structure brings the most integrity in the eyes of players, stakeholders, retailers and the public in those individual states or countries.



9. *Relatedly, do you feel that sports betting will someday greatly contribute to the funding of good causes in the US?*

If it's a product grounded in fairness and integrity, then any contribution it makes to good causes is great.

10. *Are there any features of the sports betting landscape that you see as being unique to the US? Do you see there as being anything special US lotteries can do to ensure that*

sports betting is operated with integrity and transparency?

Obviously wagering on sports has been around a long time. But I think what's unique to the U.S. is the notion that it's within the realm of possibility that legislation could be passed to allow Joe or Jane Citizen to place a wager legally without making a special trip somewhere. The idea that because the U.S. Supreme Court struck down PASPA, if policymakers in a given state decide they want to do allow sports betting, then it can come to you. So, that newness as even a possibility is what makes us unique.

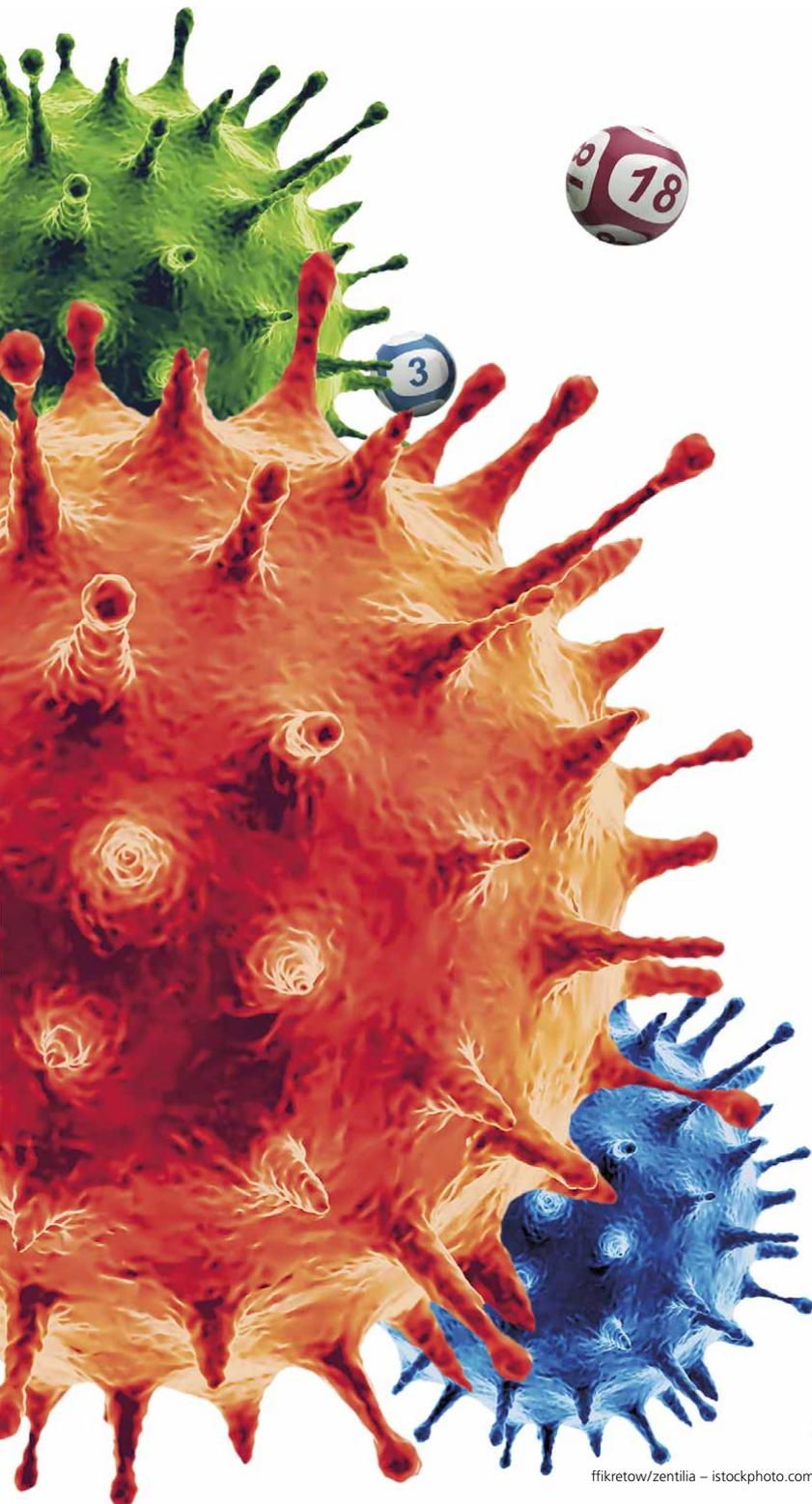
I think the best thing lotteries can do is lead by example on integrity and transparency. If lotteries continue to do that as new sports betting markets are developed and established, then the level of expectations will be set for stakeholders and the public.

11. *As a result of the pandemic, the WLA cancelled or postponed all its events for 2020. Probably the most difficult decision to date for you as WLA President has been deferring this year's World Lottery Summit until 2022. What can you say to the members of the world lottery community to encourage and motivate them to attend WLS 2022?*

Zoom calls, Microsoft Meetings or conference calls are helpful, but I still believe that working together in-person provides us with the most meaningful platform to share ideas, learn from each other and develop the best solutions.

Exchanging ideas of what worked and what didn't is always valuable, especially during times of crisis and afterward. Particularly post-COVID, the WLA's primary role will be lifting up and sharing best practices from around the world. By 2022, we'll have so much to share with each other I truly think the energy and excitement will make it unlike any other World Lottery Summit thus far, and I welcome everyone to be a part of it.

COVID-19: Holding the line against the coronavirus



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- COVID-19 cases top 14 million worldwide with a confirmed case fatality rate of $\approx 4.3\%$ and an estimated infection fatality rate of $\approx 0.65\%$.
- Asia and Europe 'flatten the curve' as hotspots ignite in the US, Brazil, and India.
- EU reopens its borders to travelers from 14 nations but not to US tourists.
- Economies restart as parts of Europe and the US cautiously emerge from lockdown.
- Global output in 2020 projected to decline 4.9% globally and 8% in advanced economies as world enters worst recession since Great Depression.
- Cumulative loss to global economic output across 2020–2021 now put at USD 12 trillion.
- More than 50 million Americans file initial unemployment claims in 17 weeks as extended unemployment insurance is set to expire.
- Lotteries in China, Europe, and the US start the shift in earnest from retail to online.
- Sportsbooks begin to recoup as German Bundesliga, English Premier League, and Italian Serie A return.
- Las Vegas strip reopens with 21 of 35 resorts having returned by the 4th of July weekend.
- H2 Global Gaming's 2020 total gambling forecast now downgraded 24.0% on pre-outbreak estimates with lottery products' global gross win downgraded 14.4%.





In this special report – originally published online as part of the WLA Quarterly Lottery Sales Indicator – we continue to address the rapidly unfolding regional and global developments in the fight against COVID-19. Lockdowns imposed in Asia, Europe, and the US from March to May successfully ‘flattened’ the epidemiological curve in many of the nations and territories affected by COVID-19 at a tremendous cost to societal wellbeing and economic activity. Over 75% of countries are now reopening even as the pandemic is in-

tensifying in several countries, including the US and the emerging market economies of Brazil and India (Figure 1). With 14 million plus confirmed cases – including 3.8 million plus confirmed cases in the US alone and more than a million new confirmed cases worldwide in just the past five days – it appears the SARS-CoV-2 virus pandemic still has very far to run (Figures 2, 3).

The unprecedented shutdown of non-essential business put in place over the past

16 weeks to slow the COVID-19 pandemic has been a ‘black swan’ event for the global lottery and sports betting industries. The entire gaming sector has been hit by a triple whammy that has seen entire populations going on lockdown; the cancellation or postponement of major sports and horse racing events; and widespread disruptions to retail networks and closures of casinos, gaming halls, and hospitality venues offering VLTs, EGMs, and similar products. Nonetheless, initial results being posted by

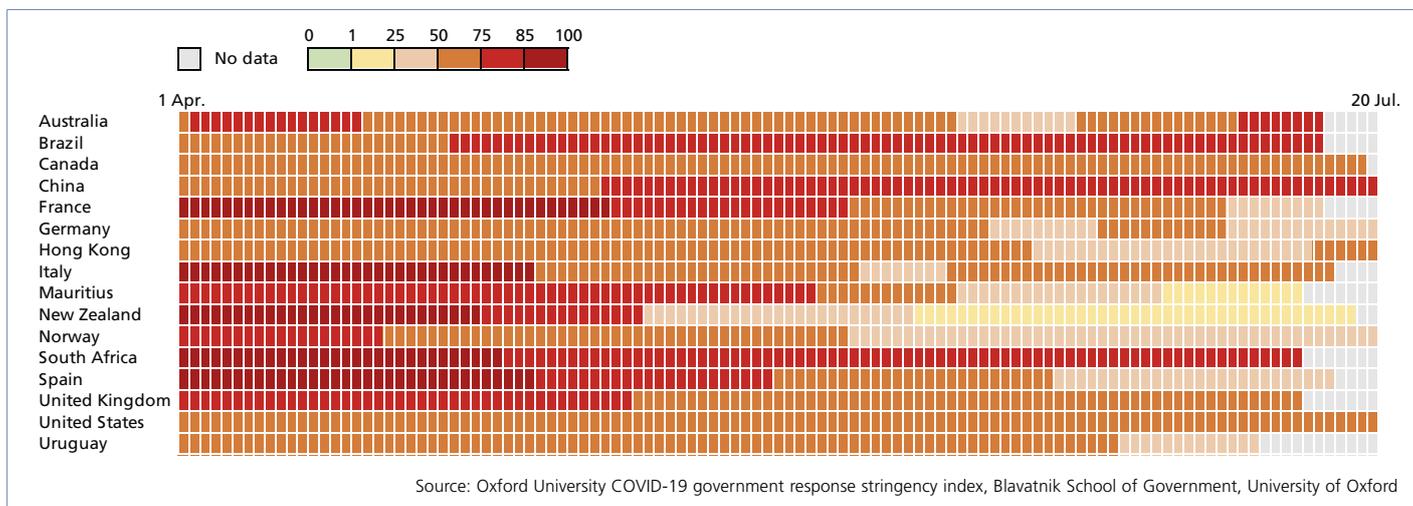


Figure 1: Stringency of lockdowns globally for selected countries, 1 April 2020 – 20 July 2020.

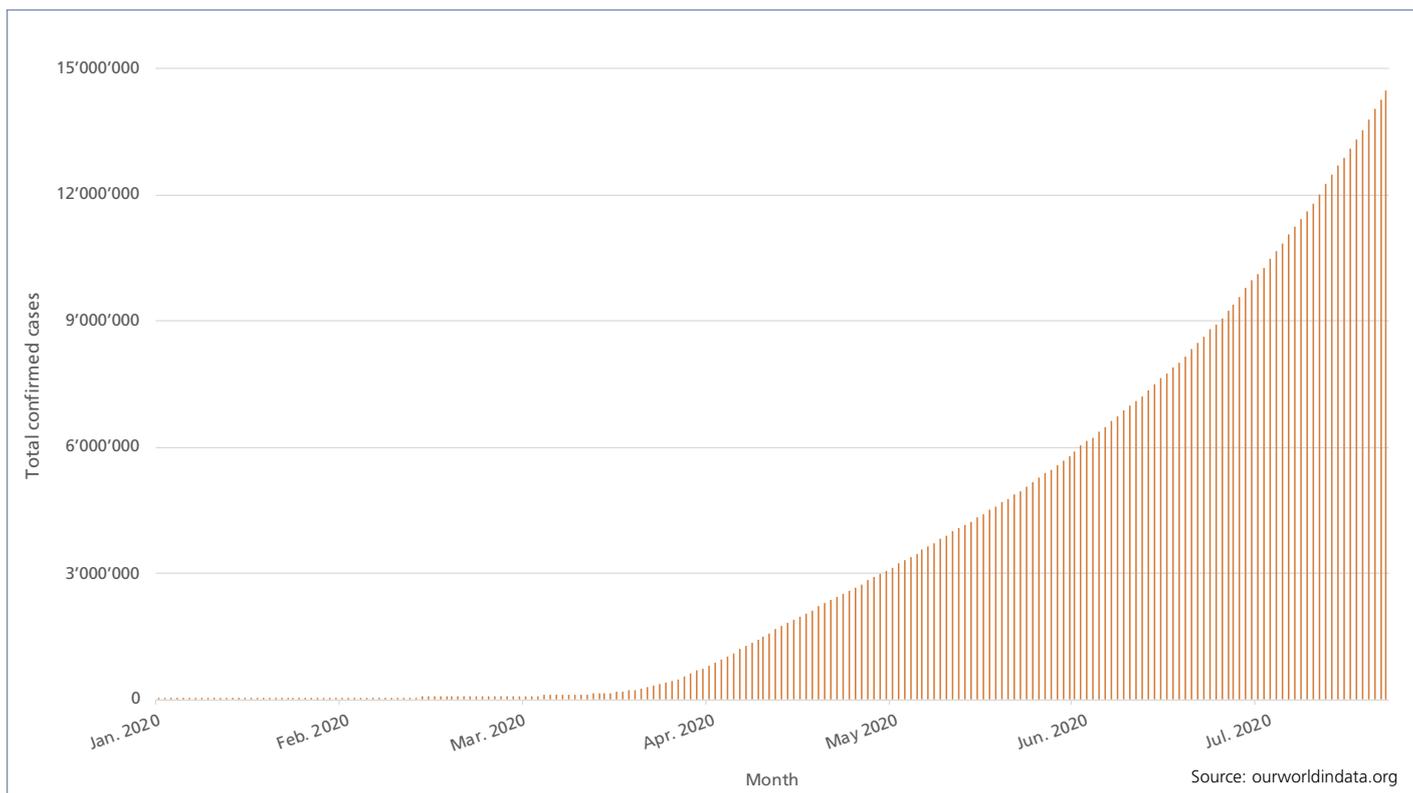


Figure 2: Total confirmed cases of COVID-19 worldwide through to 20 July 2020.

the lottery and sports betting sector since the onset of the pandemic paint a picture of an industry responding with verve, intelligence, and surprising resilience. In particular, some emerging trends and tentative conclusions include:

1. The overall lottery player base has contracted during the COVID-19 pandemic; however, player losses have been mitigated to some extent by the acquisition of new players from other sectors including casino and sports betting.
2. Sales of traditional lottery products have continued to hold up where retail networks have remained intact, but have been badly affected where retail networks have closed.
3. Logistics and supply chain issues are adversely affecting the availability of instant products in some jurisdictions.
4. Sales of sports betting products have been severely disrupted by the cancellation of major sporting events. Similarly, EGM, VLT, and bingo and Keno revenues have

been badly hit by closures of hospitality and entertainment venues.

5. There has been a significant uptake of iGaming and other online products. However, this uptake has generally not been sufficient to compensate for losses from other revenue sources.
6. Lotteries further down the path to digitalization have generally fared well in comparison to lotteries that are only at the beginning of their digitalization journey. In other words, markets where online already has significant penetration have generally performed better than largely retail-based markets.

In the sequel, we take a closer look at points (1)–(6) above for some of the world’s major lottery and sports betting entities (and a smattering of smaller operators), setting their operations and pandemic response in the context of current local conditions.

Despite the modicum of good news hinted at in (1) and (5) above, it is still too early in the crisis to anticipate anything but rough

sailing for the lottery, sports betting, and wider gaming sectors in the short to medium term. In particular, we caution that economic forecasts are almost unrelievedly gloomy, with the IMF projecting economic output in 2020 to decline 4.9% globally and 8% in the US (and 10.2% in the EU), for a cumulative global loss across 2020–2021 of USD 12 trillion, while the US Department of Labor reports that in the world’s second-largest economy, more than 50 million people have filed for unemployment benefits over the past 17 weeks. Major restrictions on travel and tourism are still in place globally, and some places – most notably Beijing, Hong Kong, and parts of the US and Australia – are seeing a recurrence or surge in cases of COVID-19. For all these reasons and more, we broadly concur with H2 Global Gaming’s 2020 total gambling forecast, which now puts total global gaming activity down by 24.0% on pre-outbreak estimates, with global gross win for lottery products only downgraded 14.4%.

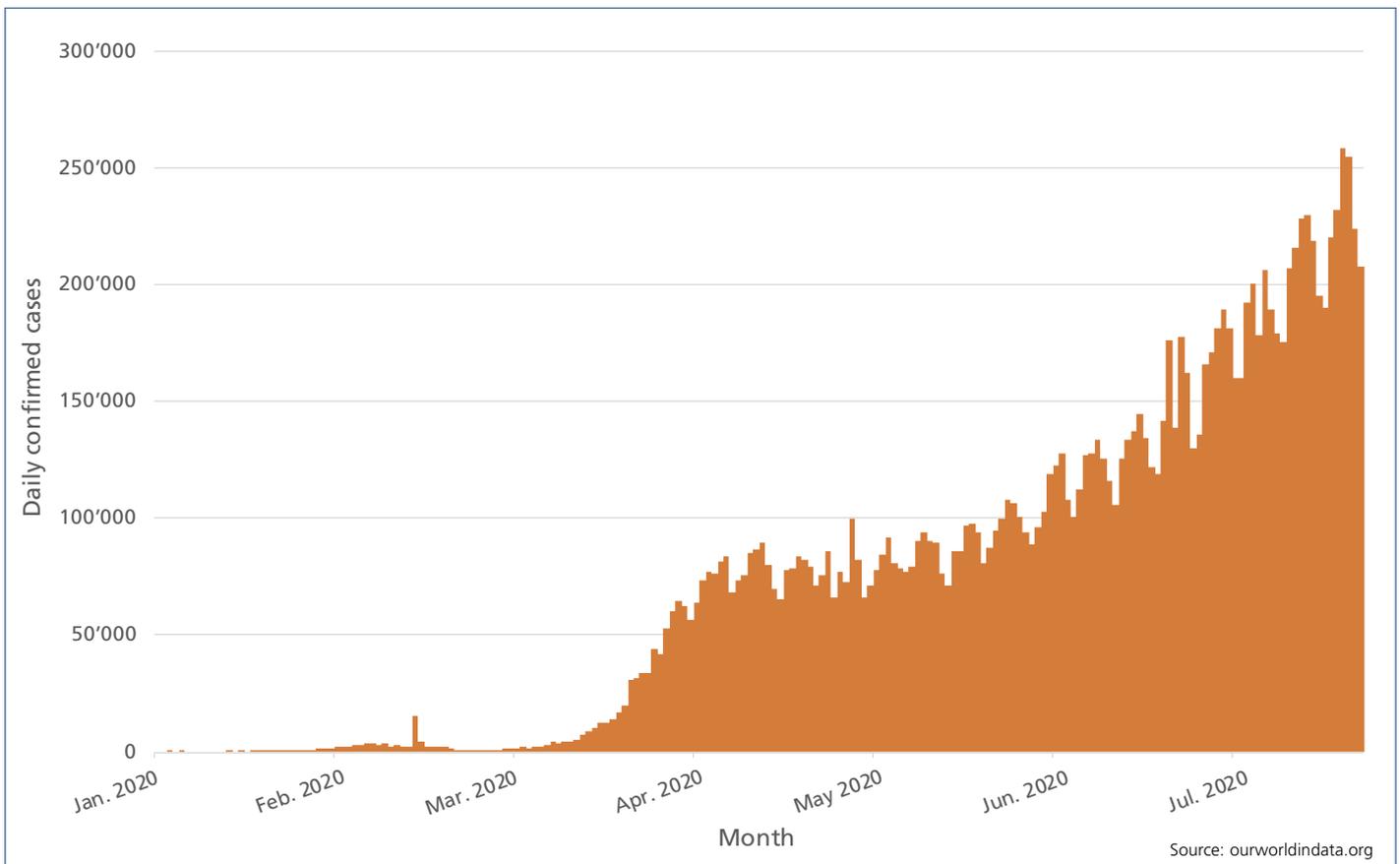
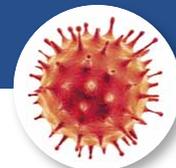
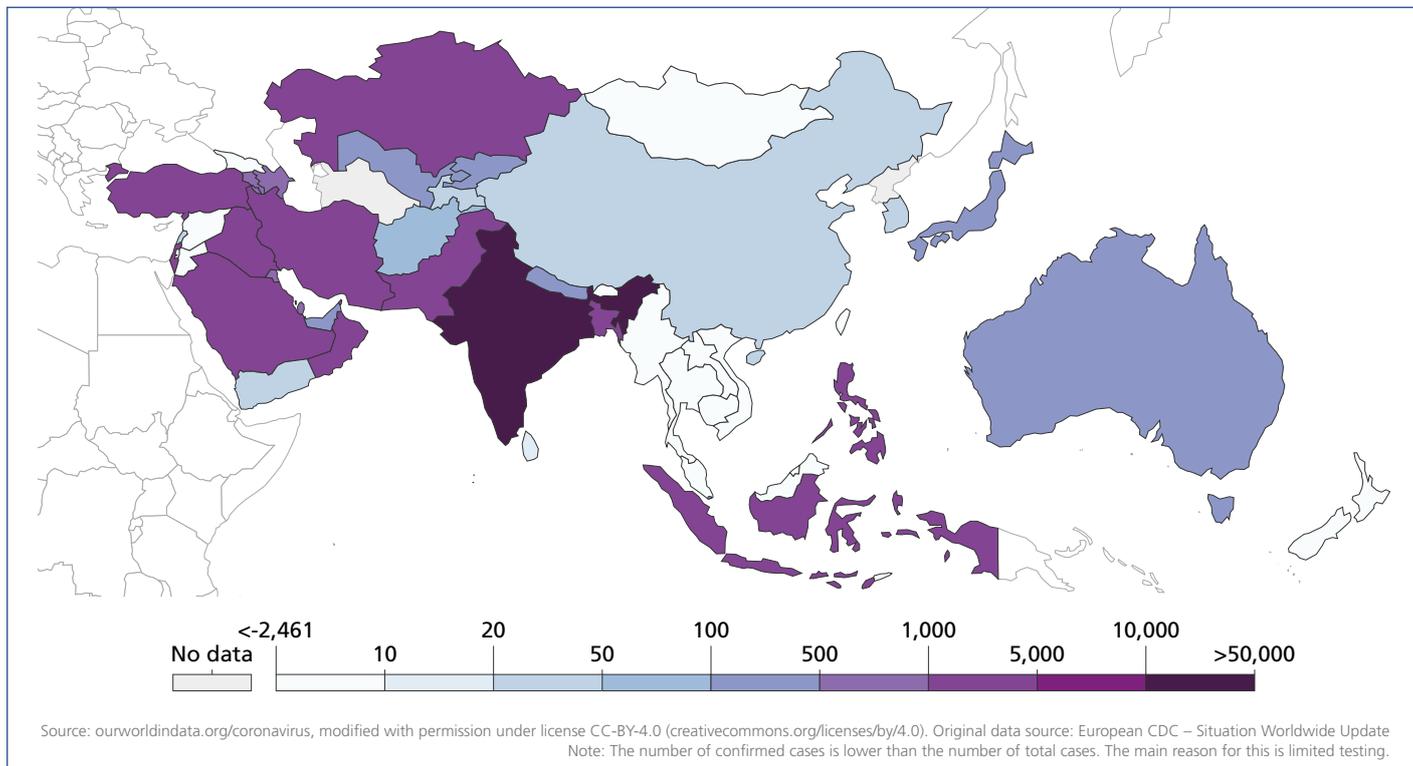


Figure 3: Daily confirmed cases of COVID-19 worldwide through to 20 July 2020.



Asia Pacific



Daily confirmed COVID-19 cases in Asia Pacific as of 8 July 2020.

Asia Pacific has been more successful than many other parts of the world in containing the SARS-CoV-2 virus, perhaps thanks to previous experiences with the SARS epidemic of 2002-2003 and the MERS outbreak in Korea in 2015. China, Hong Kong, and South Korea have all successfully curtailed the spread of the virus through a combination of aggressive containment measures, universal masking, comprehensive track and trace programs and quarantine measures, and public buy-in, while the virus has almost been eradicated in Vietnam and New Zealand. It appeared Australia had also successfully contained the virus until a recent spate of cases in Melbourne, Victoria led to the introduction of local lockdowns for the entire city of Melbourne. Beijing is also currently experiencing a localized outbreak of COVID-19, illustrating the difficulty of containing the disease. In response the city government has sealed off certain neighborhoods and closed Xinfadi, the wholesale market believed to be the origin of the outbreak. India is now also emerging as one of the world's hotspots.



China, which was the first country in the world to be hit by the virus, went into an aggressive lockdown posture from late January 2020. As a result,

lottery sales across mainland China slowed to a trickle in February, with the combined sales of China Sports and China Welfare amounting to only RMB 0.01 million. Owing to the national response to the COVID-19 pandemic, lottery retailer business hours were severely curtailed in February 2020; this, together with the 49-day suspension of lottery operations (including a 10-day shutdown over the Spring Festival holiday) mandated previously from 22 January 2020 ensured sales came to a standstill. Draws for national lotto and numbers games did not resume until March 11, and VLT halls have re-opened only since May 11. To bolster the industry during the recess, the Chinese Ministry of Finance allocated CNY 200 million in special support funding and retailer commissions were increased by directing operator fees to retailers; retailer support has been the main focus of the recovery effort by the Chinese lotteries.

With the gradual reopening of the lottery market in mainland China from March onwards, sales at the two Chinese state lotteries have begun to rebound since; nonetheless year-on-year figures remain significantly down. From January to March 2020, sales of lottery products decreased 64.5% across mainland China, as compared to the corre-

sponding revenue period of 2019. Over the same quarter-on-quarter timeframe, China Welfare sales decreased 63.2%, while China Sports sales declined 65.7%. In particular, revenues from draw-based games including Lotto fell 57.0%, while sales of instant ticket dropped 40.4%. Sports betting and VLTs were the hardest hit product categories, witnessing decreases in sales of 76.7% and 78.7% respectively over the first three months of 2020, as against the first three months of 2019. The volume of sales declined across all provinces.

In May 2020, the most recent month for which figures are available, there were sales of CNY 29.2 billion across mainland China, a decrease of CNY 6.3 billion or 17.7% as compared to May 2019. Indicative of the market rebound, sales at China Welfare were down only 15.0% May-on-May, while sales at China Sports were down 20.1% over the same month-on-month period. From January to May 2020, mainland China saw CNY 90.3 billion in lottery sales, a decrease of CNY 87.5 billion or 49.2% against the corresponding five-month revenue period of 2019. The pain was shared equally between the China Welfare and China Sports lotteries: over the specified timeframes, the former saw sales decrease 46.2% and the latter

saw sales drop 51.7%. In terms of game categories, number and instant games were least impacted, with sales of Lotto and instant tickets declining 27.0% and 26.1% respectively over the first five months of 2020, as against the first five months of 2019. As per the Q1-on-Q1 results, most affected were sports betting products and VLTs, which bore precipitous declines in sales of 79.6% and 83.1% respectively over January – May 2020, as against January – May 2019; of particular interest to note is that sales of number games in May 2020 actually rose 22.0% against May 2019, reflecting a shift to number games play occasioned by the restricted sports betting and VLT gaming options. Over the first five months of 2020, Lotto, sports betting, and instant games accounted for 74.7%, 11.9%, and 9.4% of all product sales respectively. The volume of sales declined across all provinces, with Guangdong, Shandong, Jiangsu, Zhejiang, and Hubei provinces among the hardest hit. With the ban on Internet lottery in China not yet lifted, there has been no move towards digital avenues as a means of securing revenues.

Throughout the novel coronavirus outbreak, the Chinese government has directed lotteries at all levels to act in accordance with the needs of epidemic prevention and control, combined with the actual work of lottery issuance and sales, with an eye to resuming lottery issuance and sale work in an orderly manner. Contingency planning at all levels has been directed to strengthening supervision, actively creating a good external environment, maintaining the normal order of the market, and promoting the healthy development of the lottery business. Longer term, both government and lotteries in China are expecting the pandemic will reshape consumer behavior, including the behavior of lottery players.



In New Zealand, a strict early lockdown from 23 March together with other strong prophylactic measures enabled the nation to declare itself coronavirus-free on 8 June, to scenes of wild celebration throughout the country. However, the jubilation was short-lived, with the detection of two imported cases of the disease on 24 June. The island nation now reports 1,545 confirmed infections and 22 deaths. As part of the strict lockdown, Lotto New Zealand (Lotto NZ) suspended all retail sales for 35 days from 27 March. Sports betting operations were suspended for 50 days from 25

March, while thoroughbred racing resumed earlier than expected on 27 June. During the moratorium on bricks-and-mortar sales, lottery tickets remained available for sale online, with computer-generated (not live) draws being conducted. Lotto NZ counters at dairies and convenience stores re-opened from 30 April, and at all retail outlets (with some in-place restrictions) from 13 May. Commenting on the lottery's performance during the retail sales suspension period, Lotto NZ CEO Chris Lyman remarked, "We have seen a big increase in customers purchasing their tickets online during the lockdown, which has been fantastic, but sales over the lockdown have [nonetheless] decreased to around 60% of what we would normally see at comparable jackpot levels."



In Australia, where there has been no coordinated national lockdown in response to the COVID-19 pandemic, traditional lottery operations have continued largely unaffected, even as each of the various states and territories ordered closures of non-essential businesses for an average of 49.5 days from 23 March. Newsagents and convenience stores, forming the larger part of the retail network, were generally exempted from the closure orders, and lottery draws took place largely according to schedule. Remarking on the situation in Western Australia (WA), a spokesperson for Lotterywest said "Our draws and product offers have not been impacted during the relevant time period. Retail has stayed open throughout, although some retailers have chosen to reduce their hours during this time period, but are now starting to return back to normal operating hours. Online has remained open." Draw-based and instant games compose Lotterywest's product portfolio. The West Australian lottery's response to the COVID-19 pandemic has nonetheless been proactive, with the lottery introducing an AUD 17.5 million COVID-19 retailer incentive package to support its retail outlets on the one hand and (in conjunction with the state government) creating an AUD 159 million COVID-19 relief fund on the other. "As the only State Government owned lottery in Australia where all the profits are returned to the community, Lotterywest is committed to supporting Western Australians in these times of need," the spokesperson said. At the time of writing the fund had distributed around AUD 37.5 million in grants to support crisis and emergency relief across the state.

The lotteries business unit of Tabcorp Group, which runs lotteries, Keno, sports betting including horse racing, and other gaming products and services in all Australian markets except Western Australia, has also been comparatively unaffected by the pandemic; the groups' digital channels for lotteries and Keno, and for wagering and media, have also continued to operate unabated. However, the conglomerate's other gaming operations have been more directly impacted, through the temporary closure mandated by the various state and territory lockdown orders of Australian licensed venues (hotels and clubs), TAB agencies, and related gaming agencies on the one hand, and the cancellation or postponement of major sports events around the world on the other. Thoroughbred, harness, and greyhound race meetings in Australia have continued to operate, albeit with no on-track attendance. In H1 20, revenues from Australian licensed venues, TAB agencies, and on-course outlets account for approximately 28% of group revenues, while proceeds from sports betting account for around 4% of group revenues. In response, the diversified gaming entertainment group has provided support to licensed venues by suspending payment of relevant fees owed, with reviews on a rolling monthly basis, while seeking to mitigate the impacts of COVID-19 on the group's businesses and financial position by reducing operating and capital expenditure and streamlining various commercial arrangements. Specific actions taken to date include the temporary standdown of employees with a view to retaining jobs in the long term, a move to a four-day working week for other full-time employees from 6 April 2020 to 30 June 2020, a reduction in the number of technology contractors, and a review of the group's capital expenditure program.

Commenting on the group's situation, David Attenborough, Tabcorp's Managing Director and CEO, said, "This continues to be a very challenging time for our people, businesses, partners and the community." He continued, "We are committed to working proactively and collaboratively with all our stakeholders so that we can collectively emerge from the COVID-19 period as strongly as possible." The difficult operating environment is expected to continue into 2021, with Australia's Minister for Trade, Tourism and Investment Simon Birmingham recently advising that international travel in or out of the country was likely to be restricted until into 2021, with all the knock-on effects for the local



tourism industry; Chinese visitors, who collectively spend around AUD 1 billion per month in the Australian economy, are a key target market for the AUD 2 billion 6-Star Crown Hotel and Casino scheduled to be opened in Sydney in December 2020.



In Hong Kong, where early preemptive action has seen the special administrative region restrict COVID-19 to just 1,469 confirmed cases, the government has introduced an unparalleled series of initiatives to fight the SARS-CoV-2 virus while simultaneously unveiling relief measures to support business and the local population. Major initiatives include the use of a “suppress and lift” strategy (aggressive testing, isolation of confirmed cases, and tracing and quarantining contacts) to check the spread of the virus; strengthened immigration controls; the closure of high-risk venues including cinemas, fitness centers, and nightclubs; suspension of school classes; a ban on gatherings of more than four people; the introduction of social distancing; and

widespread adoption of masks. In addition to an economic stimulus package of between 5 to 10% of GDP, economic mitigation measures instituted by the authorities include extension of tax payment deadlines for both individuals and businesses; mortgage and loan relief through payment holidays; funding for job creation and employment support schemes; financial relief for childcare centers; and the establishment of an anti-epidemic fund to enhance support to hospital authorities in combatting the pandemic.

COVID-19 naturally impacted the activities of the Hong Kong Jockey Club (HKJC), the special administrative region’s single largest taxpayer. The main product offers of the HKJC include horse race betting, football betting, and the Mark Six lottery. To mitigate public health risks for the protection of its customers and employees, HKJC has implemented a range of stringent precautionary measures since the COVID-19 outbreak in February, including the suspension of Mark Six lottery draws since 2 February. In conse-

quence, lottery sales decreased 55.1% over Q1 2020, as against the corresponding revenue period of 2019. Off-Course Betting Branches (OCBBs), which had previously been closed to avoid crowds gathering, have been partially re-opened in July with stringent public health measures in effect. With the aforementioned closure of the OCBBs, the club rolled out the Faster Payment System (FPS) funds transfer service to facilitate customer shift to HKJC’s betting app for the provision of betting services. Owing to the suspension of major leagues since the latter part of Q1 2020, football betting receipts were down by 19.0% in Q1 2020, as against Q1 2019. Throughout the pandemic, horse racing has been ongoing with stringent admission arrangements to control attendance and mitigate health risks at the racecourse. Horse race betting in sales declined by 12.7% in Q1 2020 as compared to Q1 2019. To support the community in tackling the impact of the pandemic, HKJC also introduced an HKD 150 million Community Sustainability Fund and an HKD 100 million COVID-19 Emergency Fund.

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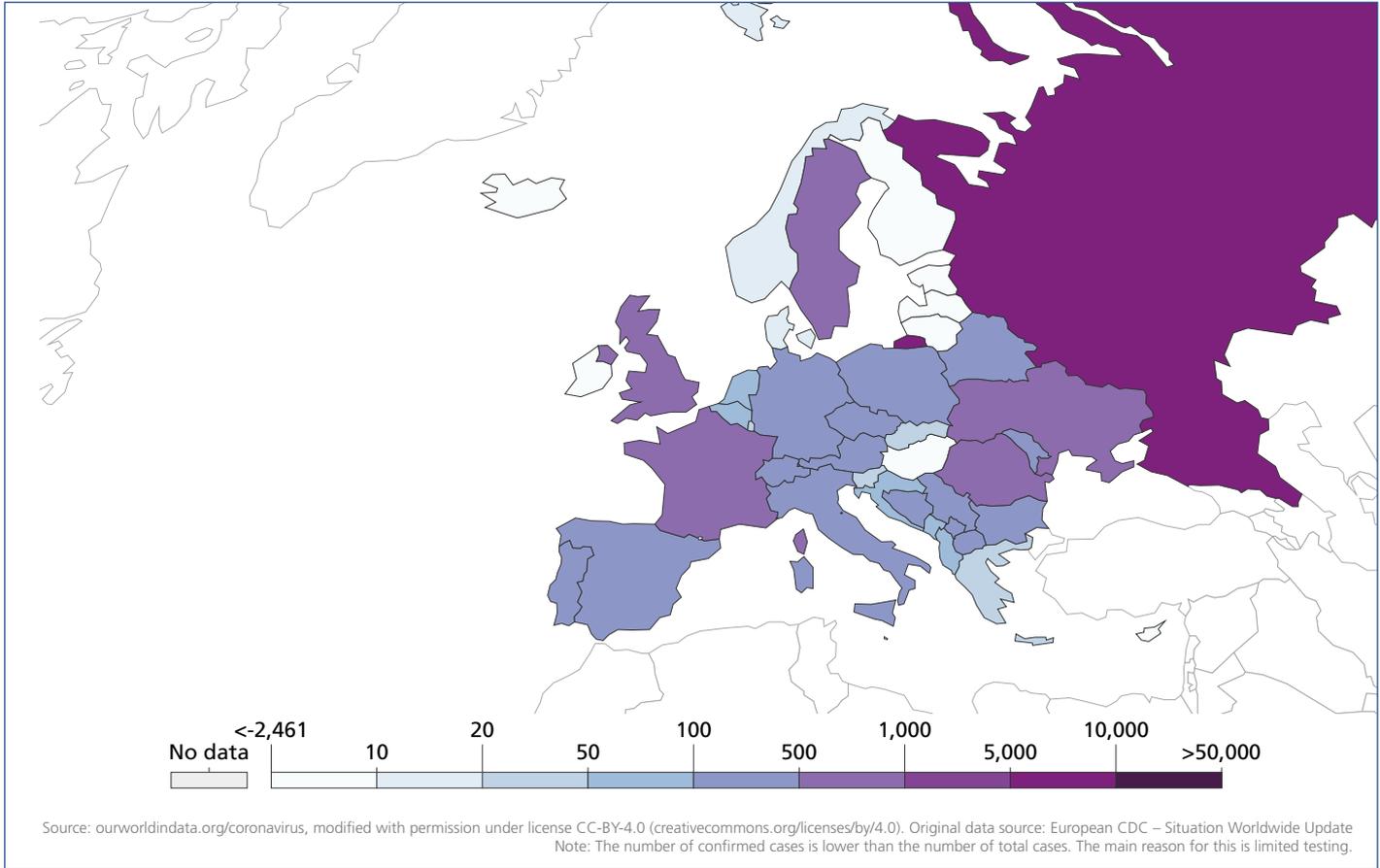
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Europe



Daily confirmed COVID-19 cases in Europe as of 8 July 2020.

In Europe, the initial wave of COVID-19 transmission has passed its peak in all countries apart from Bulgaria, Sweden (and Russia). Based on data available to the European Centre for Disease Prevention and Control (ECDC), 29 out of 31 countries (EU/EEA countries and the UK) now have observed COVID-19 notification rates lower than recorded peak rates, with the average rate for the EU/EEA and the UK being 83% lower than at the peak on 9 April 2020. In contrast, COVID-19 notification rates are the highest since the start of the pandemic in Bulgaria and Sweden, where rates have increased by 21% and 10% (14.1 cases per 100,000), respectively.

Having passed their infection transmission peaks, many countries in Europe are now cautiously restarting their economies, with the first relaxation on lockdown restrictions coming into effect as early as 20 April in Germany and Poland. Several European countries, including Germany, Italy, Spain, and Poland are now in the second or third stage of reopening their econo-

mies. Nonetheless, several nations remain in a state of emergency, most notably France, while local lockdowns have been instituted in North Rhine-Westphalia in Germany and Leicester in the UK following a resurgence of cases.

 France has been among the European countries worst hit by coronavirus, with more than 210,000 confirmed cases of COVID-19 and just over 30,000 deaths. A general quarantine was ordered by the French government from 17 March: schools and universities were closed, public gatherings were banned, non-essential businesses were closed, and members of the public were confined to their homes. The general quarantine was lifted 11 May, but closures and travel restrictions continued until 2 June, and a state of health emergency remains in place until 24 July. Financial measures, including small business relief and the introduction of a partial unemployment scheme to avoid redundancies, have been put in place to mitigate the worst effects of the economic disruption.

The impact of the pandemic on the wider French economy has been felt first-hand by Française des Jeux (FDJ), even as 80% of the national lottery's retail points of sale were permitted to remain open amid the national lockdown. Compared to Q1 2019, total stakes were down 5.4% in Q1 2020, with sales of draw-based games, instant games, and sports betting products down 2%, 1.2%, and 18.1% respectively over the abovementioned timeframes. Loto has continued to record good results after its relaunch at the end of 2019, maintaining growth at more than 10%, whereas the express draw game Amigo (the successor to Rapido) was fully suspended from 19 March. In the first weeks of the confinement in France, stakes have dropped by nearly 60%, with a decline of more than 40% in lottery stakes (excluding Amigo) and a decrease of nearly 95% in sports betting following the cancellation of most sporting competitions. In contrast, there has been a strong take-up of online lottery, with online stakes up 16%. The total impact on FDJ is nonetheless close to EUR 200 million on turnover and EUR 100 mil-



lion on EBITDA. FDJ will publish its second-quarter results on 29 July.

In response to the impact of COVID-19, France's largest gaming operator has instituted savings of more than EUR 80 million over the whole of the 2020 financial year (i.e. more than 10% of its annual fixed costs) while simultaneously making contributions and donations totaling EUR 1.2 million to the national fund and to the charity 'Secours Populaire' ('Popular Relief') in support of healthcare professionals, research, and the elderly and vulnerable. Group FDJ has gradually been resuming its activities with the end of the quarantine: almost all points of sale have now re-opened; some sports competitions have resumed, with most of the national football championships in Europe having restarted at the end of June; and marketing of the Amigo game resumed on 8 June across the entire point-of-sale network. Summing up, Stéphane Pallez, Chairwoman and CEO of Group FDJ, said, "Since the beginning of this unprecedented health crisis,

the FDJ Group has strengthened its mobilization to limit the effects on the company, its employees and its stakeholders in a spirit of responsibility and solidarity. The exceptional situation is already having very significant effects on the company's activity. That is why we have decided to draw up a substantial cost-savings plan to limit the impact on the company's results while preserving its ability to resume all of its activities as soon as possible. At the same time, we are continuing to take practical initiatives in support of our stakeholders, and above all our retailers."

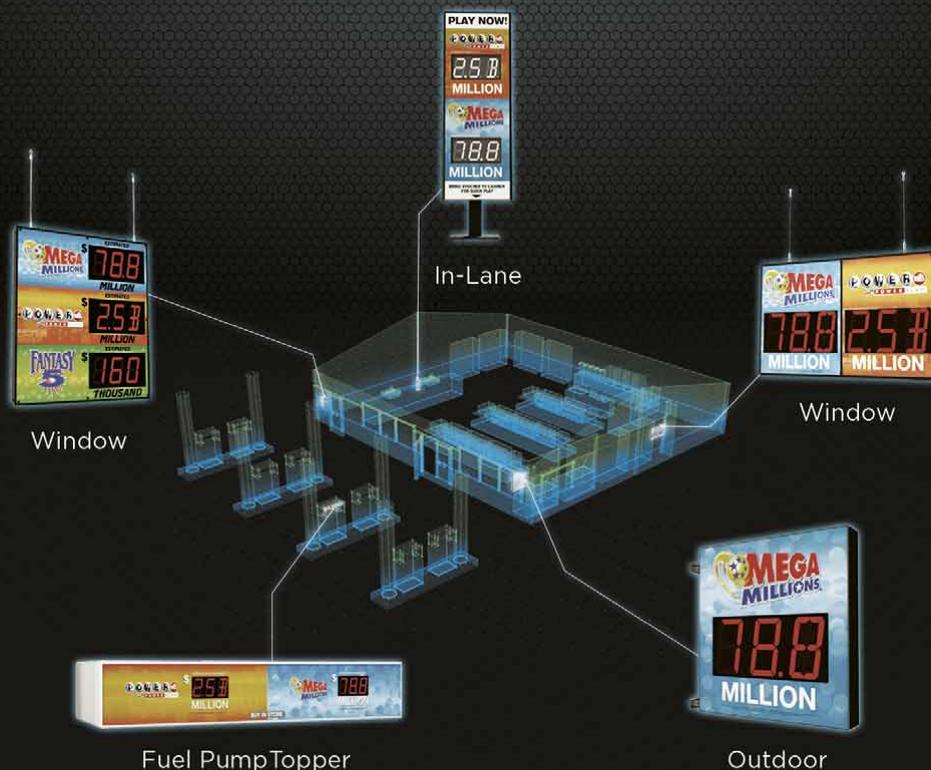


The United Kingdom (UK) has also been hit badly by COVID-19, with more than 290,000 confirmed cases and more than 45,000 deaths nationwide; a delay in locking down the country is considered to have played a critical role in the nation's sub-optimal response to the pandemic. The UK ultimately went into lockdown towards the end of March, banning all non-essential travel and contact with people outside the home (including family and partners),

and shutting almost all schools, businesses, venues, facilities, amenities, and places of worship. The lockdown began to ease 1 June, with the UK government allowing limited group gatherings and permitting children to return to school. Further easing of the lockdown began from 4 July, with many businesses across the UK, including those in the hospitality sector, reopening their doors at that time.

Like other big national lotteries, the UK National Lottery – which is operated by Camelot UK Lotteries Limited (Camelot) – has traditionally depended heavily on its retail network for its revenues, with in-store retail sales normally responsible for around 70% of total revenues. National Lottery retail sales were therefore impacted near the end of March and into April as a result of the UK-wide lockdown measures. However, some UK National Lottery players moved to playing online during the period and others became accustomed to buying National Lottery tickets when they were already in-store for es-

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sential purchases. Camelot reported a significant increase in downloads of the National Lottery app and traffic to its online channels during this period and, at their height during lockdown, digital sales were making up almost 47% of total UK National Lottery sales – a big shift from the usual circa 30%. Camelot has therefore said that its sales are proving resilient and that results were undoubtedly boosted by the fact that there was no significant disruption to business at this time; lottery draws continued to run as scheduled and there was no suspension of prize payouts. Camelot actively supported players in their to move online by: encouraging players to only buy tickets as part of an essential shop; adapting all advertising and promotional material to include ‘Play online or via the app’ messaging; and reminding the public that they have up to six months to claim prizes. With restrictions now easing, Camelot says it is starting to see things slowly shift back to a more normal retail/digital split. However, it remains to be seen whether more people will continue to play online after this, or whether they will go back to their old habits.

In a separate development the totality of repurposed National Lottery funding, which will be given to charities and organizations affected by the unprecedented impact of the COVID-19 outbreak in the UK, was announced in April 2020. This amounts to GBP 600 million in total, including GBP 300 million from The National Lottery Community Fund, which provides support for food banks and helps reduce the causes of loneliness and isolation, especially among the elderly and vulnerable. Said Dawn Austwick, Chair of The National Lottery Forum, “The National Lottery has always supported projects that help people and communities across the UK thrive. And now, the funds available are switching focus to support communities, arts, heritage, sport, education, and the environment to mitigate the unprecedented pressure they are coming under as the country rallies to overcome coronavirus.”



The state of affairs occasioned by the COVID-19 pandemic led to the declaration of a state of emergency in Spain on March 14, closing all commercial activities, except basic services such as markets, pharmacies, public transport, etc. In consequence, Sociedad Estatal Loterías y Apuestas del Estado (SELAE) was forced to close its sales channels, including both retail



A vision of life pre-coronavirus: People wait in line to buy lottery tickets in the Sol neighborhood of Madrid (Spain), at the famous Doña Manolita, on 19 October 2019.

points of sale and online. Sales of the lottery’s games were therefore stopped. Nonetheless, SELAE was able to undertake and carry out the non-commercial activities necessary for preparing to resume commercial activity at the end of the state of emergency, especially with reference to tasks mandated for the sale of tickets for the famous Sorteo Extraordinario de Navidad (the Spanish Christmas draw). This work included design and manufacture of billetes (tickets), as well as all the logistical planning for ticket distribution, a task made even more complicated than usual by COVID-19.

Throughout the crisis, SELAE has continued to maintain its contributions of a social nature, supporting the most vulnerable groups hit by the pandemic via non-governmental organizations (NGOs) such as the Red Cross and the Asociación Española Contra el Cáncer (Spanish Association against Cancer). SELAE’s grants to NGOs have benefited more than 200,000 people, who have received support mainly through the provision of food, shelter, and hygiene and sanitary materials. Following the end of the state of emergency on 18 May, the commercialization of SELAE’s games resumed completely. The product portfolio continues to be the same on offer as before the crisis, featuring games based on tradition and the principle of sharing. Sales figures are now progressively recovering to the level they were at prior to the cessation of commercial activities; however, the wider effects of the pandemic remain to be assessed.

The work undertaken by SELAE during this difficult period has allowed the sale of all its

products to resume from the very first moment of the lifting of the lockdown. In particular, sales for the Spanish Christmas lottery have begun according to tradition in July, following the distribution of the draw’s billetes across nearly 11,000 points of sale.

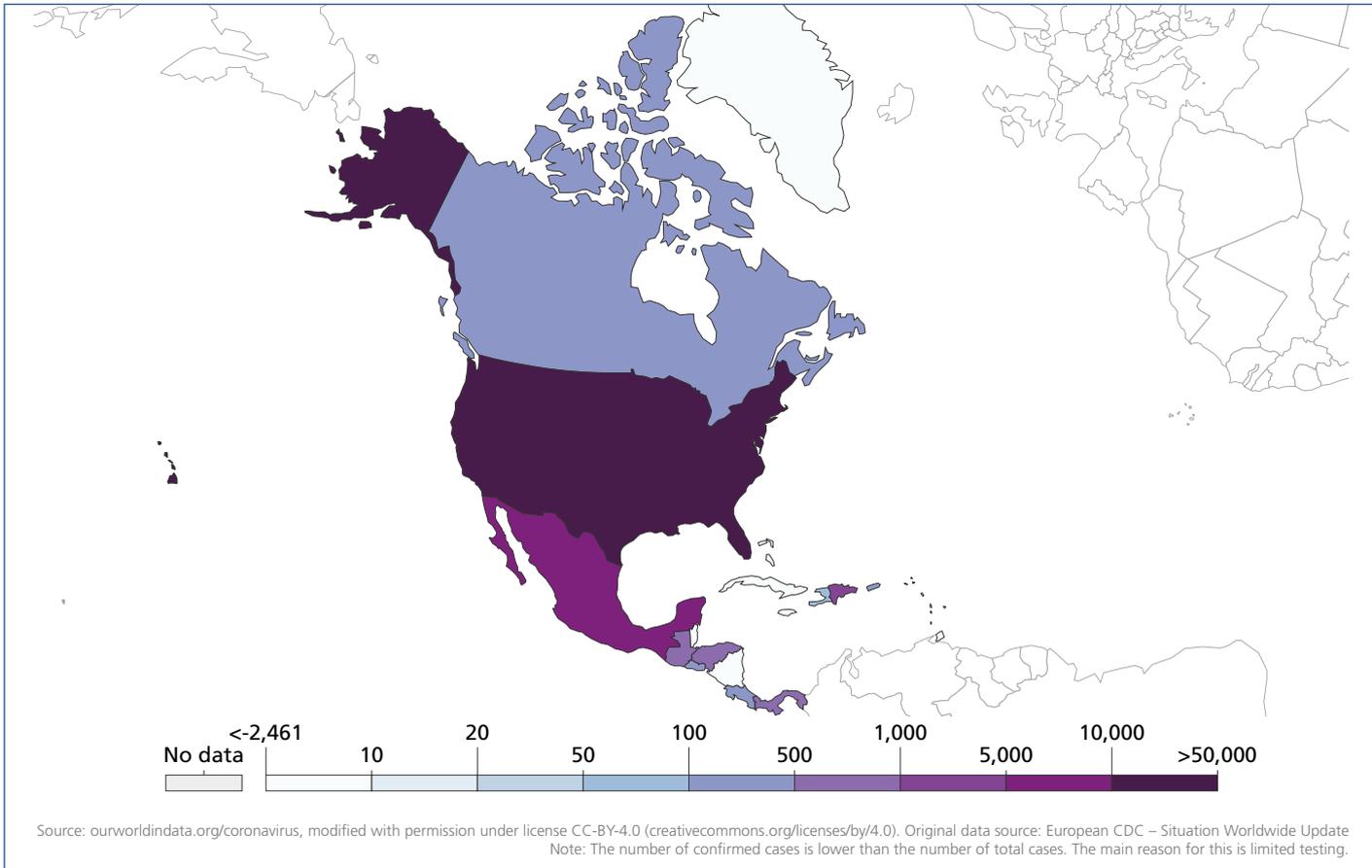


Norway is one of the countries in Europe that has managed its COVID-19 outbreak well, unlike its neighbor Sweden; the country has restricted infections to around 8,900 cases and 250 deaths. Didrik Vestrheim, senior consultant with the Norwegian Institute of Public Health (NIPH), attributes the low death rate to the high number of tests performed in Norway. Like many other territories in Europe, Norway went into partial lockdown in March, closing educational institutions and bars, pubs, and clubs, and requiring travelers from outside Scandinavia to quarantine for two weeks upon their arrival. Organized sporting activities were also prohibited. Restrictions have since significantly eased, with schools and universities open once more.

In the context of this setting of comparatively moderate economic and social disruption, the Norwegian national lottery was already comparatively well-placed. Norsk Tipping’s position was further buoyed by its position as a market leader in digitizing its sales channels. In calendar year 2019, fully 62% of its sales came from digital sales channels (desktop / mobile), with more than half of draw-based sales (the lottery’s mainstay) coming from online. The lottery was therefore additionally favorably positioned to ride out the first wave of the coronavirus pandemic. First-quarter 2020 sales were down only 1% against first-quarter 2019 sales, with the decrease coming from a March-on-March decline in sports betting (both pari-mutuel and fixed odds). In April-on-April results, draw-based and instant game sales were up 16% and 15% respectively, while sports betting (pari-mutuel) was down 98% and sports betting (fixed odds) was down 83%. As of mid-May 2020, Norsk Tipping had suffered only a small decrease in sales overall. In sum, even as VLT sales have been negatively impacted by the COVID-19 mandated closure of the VLT network, and sports betting operations have slumped on account of the lack of national and international sporting competitions, traditional lottery products and online casino games have compensated for a considerable part of the loss.



North America



Daily confirmed COVID-19 cases in North America as of 8 July 2020.



With 3.8 million confirmed cases of COVID-19 in the United States, and 142,000-plus deaths, the US is now the country most heavily impacted by the coronavirus. Political polarization, an uncoordinated federal response, misdirected treatment regimens, testing shortcomings, and mixed messaging have all played a role in the nation's poor response. In consequence, the spread of the SARS-CoV-2 virus throughout the US is still continuing to gather pace, with new cases of infection currently increasing across more than half of the country (28 states), including California, Arizona, Oklahoma, and much of the Deep South (Figure 4). New York and California remain the worst affected states, with more than 400,000 and 335,000 confirmed cases respectively. Despite the progression of the disease throughout the country, many states in the US have begun reopening or otherwise emerging from lockdown.

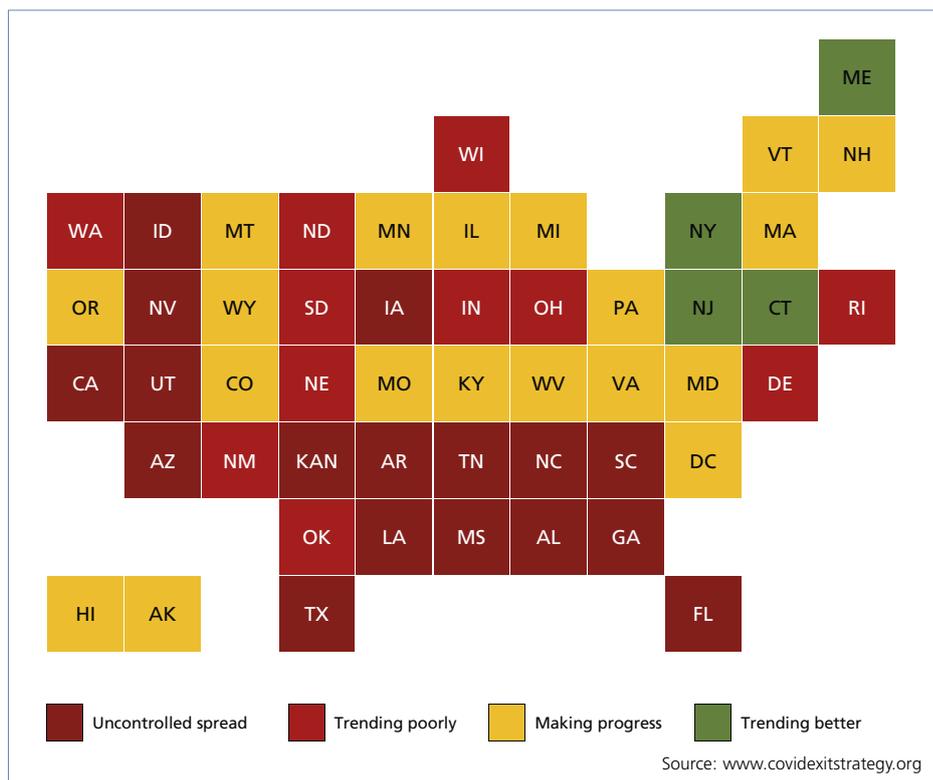


Figure 4: COVID-19 trends by US state as of 10 July 2020.

States across the US and provinces in Canada began to lock down from mid-

March, meaning that the only the final two weeks of Q1 2020 sales were directly impacted by the pandemic. Nonetheless, sales at North American lotteries declined 3.4% to USD 18.6 billion first-quarter on first-quarter, excluding receipts from the Florida Lottery and Loto-Québec. The bulk of the decrease in sales was registered in the US; sales in Canada (excluding receipts from Loto-Québec) actually increased by some 15% owing to two record-break Lotto Max jackpots of CAD 70 million. On the other hand, Q1 2020 VLT net income fell by 15% in the US and by 17% in Canada, while table games stakes in the US fell by more than one-fifth.

New York was the original epicenter for the pandemic in the US, with the first case being confirmed on 1 March. Governor Andrew Cuomo declared a state of emergency in New York on 7 March, and a state-wide 'stay at home' order approximately two weeks later on 22 March. Following the infection peak in April, the state began a phased re-opening on a per-region basis from mid-May. All of New York state, excepting New York city, is now in the early stages of phase 4 of reopening, with non-essential businesses including restaurants (excluding indoor dining) and personal care facilities now permitted to resume trading. Higher education facilities have also reopened, and some low-risk commercial recreational activities have also been permitted to resume. New York city remains on phase 3 restrictions, with video lottery and casino gaming facilities in particular remaining closed. As of 24 June, the state has joined with New Jersey and Connecticut in requiring individuals traveling to New York from states with significant community spread of COVID-19 to quarantine for 14 days. This measure has been taken to protect New York's successful containment of COVID-19.

At the New York Lottery, regional customer service and claim centers (casino and VLT) are closed to the public, but regular drawings are continuing as scheduled, and prize payouts are also ongoing; there is a mail-in option for claiming prizes. Employees are working remotely where possible. For the period January-March 2020, sales of traditional lottery products declined 12%, as against the period January-March 2019, while all sales (including EGMs and monitor games) declined 14.3% over the corresponding timeframes.

Following a 4 March 2020 declaration of emergency, America's most populous state, California, went into a state-wide lockdown on 19 March. All gatherings were banned, and schools and daycare centers were closed, along with hospitality venues and non-essential retail stores. The state, which was variously in either Stage 2 (re-opening of lower-risk workplaces including retail and manufacturing) or early stage 3 (re-opening of higher-risk environments with safety and hygiene modifications including restaurants, bars, theatres, and gyms) of its re-opening roadmap, has now begun to lock down again as COVID-19 cases have spiked sharply. The California Lottery's offices, facilities, and games are continuing to operate, but have been impacted by state and federal public health and safety guidelines. In particular, there are some shortages of Scratchers (instant) products at retail, owing to shipping and logistics challenges, and new Scratcher game releases have been delayed. All lottery district offices are temporarily closed to the public, in accordance with the Governor's 'stay at home' order; also, some retailers are closed. Prize redemption is possible via mail-in, while small prizes may also be claimed through retail. For the duration of the crisis, the lottery's priority remains protecting the health and safety of all lottery employees, its retailer partners, and its players while continuing to fulfill its mission of raising funds for good causes. Against this backdrop, sales of traditional lottery products (draw-based games and instant tickets) at the California Lottery decreased 11.9% for the three months to March 2020, as against the three months to March 2019. Whereas sales of numbers games and Scratchers increased January-on-January and held steady February-on-February, March-on-March sales declined sharply as the state-wide stay-at-home order took effect.

Elsewhere in the US, Nevada began its 'phase 2' re-opening on 29 May, with casinos opening from 4 June, following Governor Steve Sisolak's order closing all non-essential businesses for 30 days from 17 March. Despite an uptick in infections accompanying the state's reopening, casinos have remained open; with more than 25% of Nevada's workforce tied to the gaming industry and the 30-day shutdown occasioning losses running into hundreds of millions of dollars per day, the state is in an unenviable position trying to balance public health and safety against economic loss and hardship. In an effort to

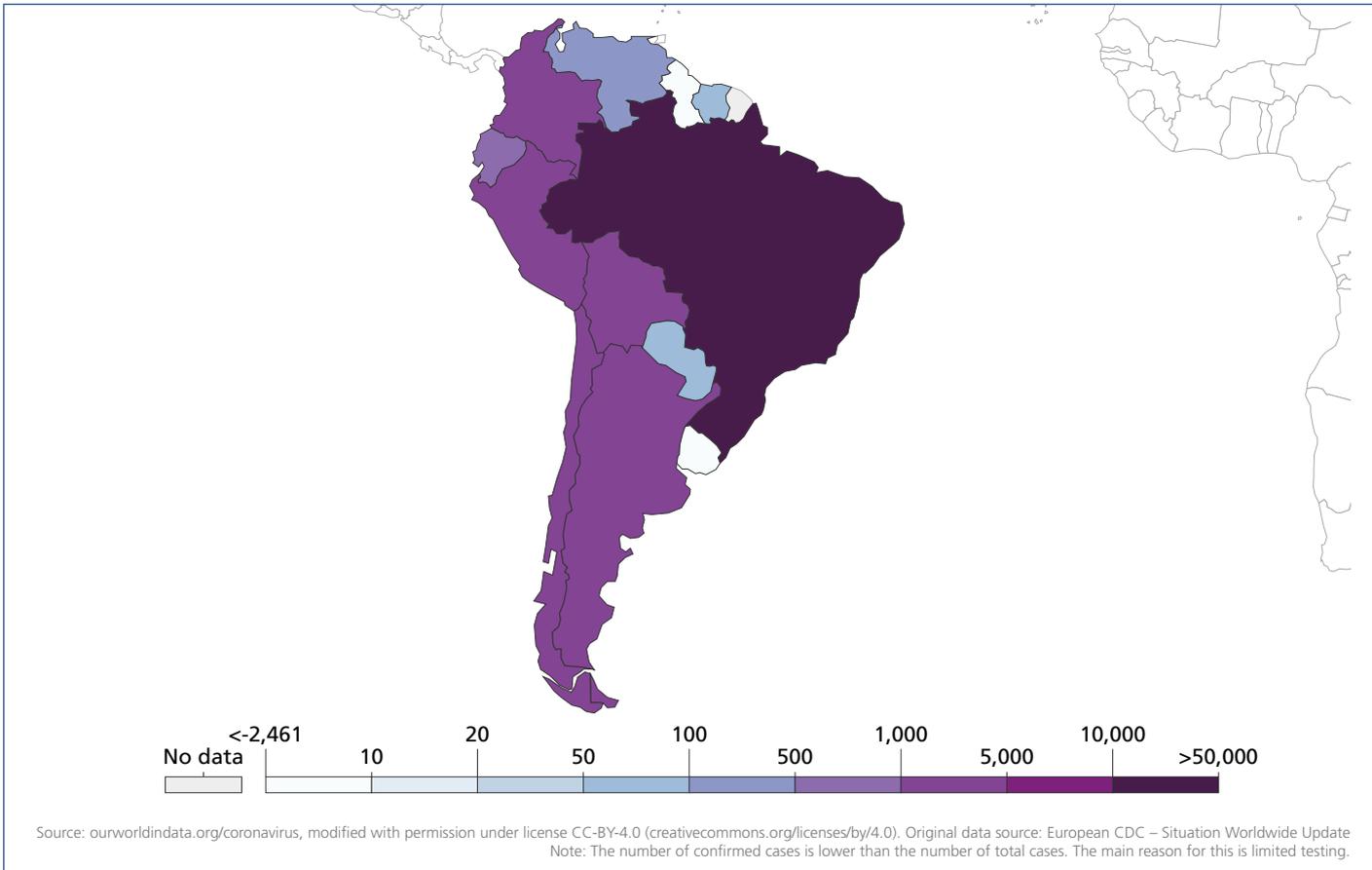
abate the spread of the pandemic, the state government has mandated masks at casinos, restaurants, and all other businesses across Nevada since 26 June. The accompanying marketing and awareness campaign extends the well-known catchphrase "No shirt, no shoes, no service" to "No shirt, no shoes, no mask, no service".

Nationally, both the Powerball and Mega Millions block games were adjusted to account for slowing sales in the wake of the pandemic. Guaranteed jackpot starting amounts and minimum jackpot increases were eliminated for both games. Instead, starting jackpot amounts and jackpot increases are to be determined on a rolling basis, according to game sales and interest rates. Previously, both games offered a guaranteed minimum starting jackpot of USD 40 million, and minimum rollover increases of USD 10 million (Powerball) and USD 5 million (Mega Millions). Commenting on the changes to Mega Millions, Gordon Medenica, Lead Director of the Mega Millions Consortium and Director of Maryland Lottery and Gaming, said "The value of the Mega Millions jackpot is based on projected sales, and typical sales patterns have been altered because the current health crisis has required people to stay home." He continued, "We are concerned, first and foremost, with everyone's health and well-being. Meanwhile, these adjustments will allow the states and jurisdictions that sell Mega Millions tickets to continue generating much-needed revenue to support state budgets." Both Powerball and Mega Millions saw sales attenuate in Q1 2020 on account of the changes.

Ultimately only iGaming grew significantly as a product category in North America in Q1 2020. Across the board, US lotteries reported a 45% increase in online revenues and a 50% increase in eInstant revenues. The Pennsylvania Lottery saw the biggest increase in iGaming revenues, recording a 77% increase for the first calendar quarter of 2020, as against the first calendar quarter of 2019. Research due to Canadian market research firm Leger suggests iGaming represents an important source of important revenues for the lottery sector, with 22% of people surveyed ($n = 1,005$) having considered purchasing lottery products online. However, more than a third of this 22% figure reside in jurisdictions where iLottery is currently not permitted.



Latin America



Daily confirmed COVID-19 cases in Latin America as of 8 July 2020.

The COVID-19 pandemic has now well and truly spread to Latin America, with Brazil the world’s second-most heavily impacted nation behind the United States, with 2.1 million confirmed cases of the disease and more than 81,000 deaths. Chile, Peru, and Mexico have also been badly affected by the pandemic, with Chile, Peru, and Mexico counting more than 300,000 confirmed cases each.



Brazil has not had one of the world’s best responses to COVID-19. Owing to divided leadership and institutional confusion, there has been no national lockdown imposed throughout the country; instead, a patchwork of local lockdowns has been established by governors and mayors, resulting in an inconsistent response to the pandemic across the country. The introduction and enforcement of social distancing rules have been similarly conflicted. In addition, inequality has exacerbated the crisis, with those without good access to healthcare being disproportionately affected. Sadly, there is no sign that COVID-19 cases or deaths in Brazil have peaked yet. The Brazilian government has

nonetheless taken or is taking a number of measures in the fight against SARS-CoV-2, including the introduction of a temporary special COVID-19 unemployment scheme providing a BRL 600/month coronavirus voucher to the unemployed and freelancers and BRL 1,200/month to single mothers. An economic stimulus package, forecast to be worth BRL 145 billion, is currently in progress.

Throughout the pandemic, Loterias CAIXA has nonetheless continued to operate. The Brazilian lottery’s draw operations are running regularly, and payouts have not been suspended, so it has proved unnecessary to postpone claim periods. All non-essential personnel have been working from home since 16 March; managers and essential employees returned to the office in June. Only some of CAIXA’s sports betting offerings have been temporarily affected, on account of the suspension of international, national, and state football championships around the globe. New product launches have also been postponed, including the introduction of a new prognostic product called “Super Sete”.

Even though CAIXA’s operations have comparatively been minimally disrupted by the pandemic, the lottery’s revenues have significantly decreased following the World Health Organization’s announcement of the pandemic. In March 2020, CAIXA saw a reduction of 11.16% in revenue for the period, as compared to March 2019. More restrictive measures to prevent the circulation of citizens that were adopted in April 2020 further reduced demand on retailers across the country, with the result that April 2020 sales were 38.5% lower result in comparison with April 2019. May 2020 sales witnessed a similar decrease of 37.7% in comparison to May sales of the previous year. In contrast, online sales have increased, though not sufficiently to compensate for the impact on the retail network. Currently, online sales account for 8% of sales across all channels.



With less than 1,000 confirmed cases of COVID-19 and only 31 confirmed deaths, Uruguay has been a model for the rest of the continent in its management and containment of the dis-

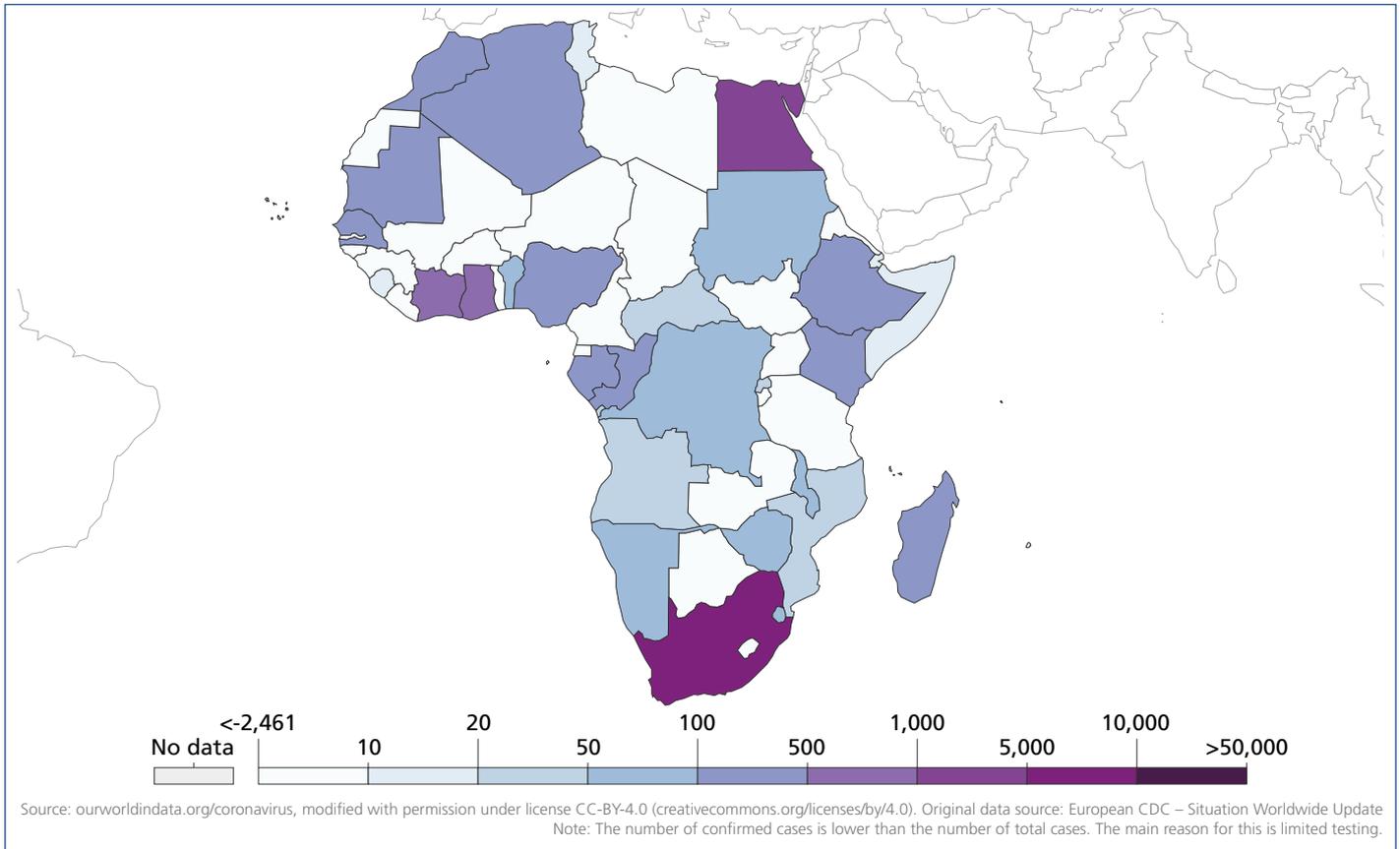
ease, in contrast to its northern neighbors. The country reacted quickly in March when the first cases of COVID-19 were detected. It closed its borders and introduced a partial lockdown, widespread monitoring and tracking of infections, randomized tests, voluntary quarantine, and the use of mathematical models to predict the spread and

progression of the disease. Unlike neighboring Paraguay, which has kept cases at a similar level, it did not need to use the military to enforce a lockdown.

Throughout the pandemic lotteries in Uruguay have remained open, albeit with some disruptions. During the early part of

the lockdown, certain draws of the Sorteos de Loteria were cancelled or suspended, and the frequency of the Sorteos de Quiniela, Tombola, and 5 de Oro games were reduced in line with contingency plans. Plans to launch virtual sports (football, table tennis, and car racing) were also postponed due to the pandemic.

Africa



Daily confirmed COVID-19 cases in Africa as of 8 July 2020.

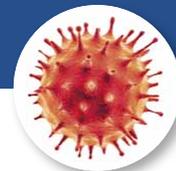
The novel coronavirus appears to have spread more slowly in Africa than in any other region of the world. However, there are now major outbreaks of the disease in half-a-dozen African countries, including Nigeria, Egypt, and South Africa. The latter country is the most badly impacted in Africa, with almost 400,000 cases and some 5,400 deaths.



In South Africa, a national state of disaster was declared on 15 March, with an initial three-week nationwide lockdown commencing 26 March; the initial lockdown was subsequently extended to the end of April. During the lockdown businesses were required to work remotely,

there was a curfew restricting people's movement without permission, the sale of alcohol and cigarettes were banned, gatherings were prohibited, non-essential businesses were closed, and schools were also shut down. The Lottery was able to operate fully during the lock down with remote draws using an RNG. Winner services for high tier winners was suspended until June. Easing of the national lockdown restrictions commenced 1 May, and conditions were further relaxed on 1 June. The South African National Lottery, which under operator ITHUBA enjoyed record-breaking results in 2019 – the lottery's fourth record-breaking year in succession – was naturally affected by the pandemic and

accompanying lockdown. For the period January-March 2020, total sales (including VAT) decreased 18.5% versus January-March 2019. Sports betting was most impacted, with sales of some sports betting products suspended during this time owing to an absence of international fixtures; overall Q1 2020 sports betting revenues were down 22.0% against Q1 2019 sports betting revenues. Sales of draw-based games also suffered, as ITHUBA required all participating retailers (stores) to cease the sale of all national lottery tickets and validation of winning tickets during the lockdown, in compliance with public health and safety rules instituted by the government and its regulator, the National



Lotteries Commission. Revenues from draw-based games thereby declined 18.5% over the course of the opening quarter of 2020, as against the corresponding revenue period of 2019. In contrast, sales of instant games declined only 8.5% over the same timeframes. Restrictions on bricks and mortar sales continued through May, with ITHUBA unable to sell in retail stores during this month; the operator instead resorted to E-Commerce sales only. The South African National Lottery is continuing to offer LOTTO, PowerBall, DAILY LOTTO and on-line instant games through digital and on-line platforms while simultaneously encouraging players to make the move to playing on-line through the National Lottery website, the associated mobile APP, or through the digital channels of its cell phone banking partners FNB, ABSA, Standard Bank, and Nedbank for the draw base games. Currently the lottery is working to actively improve the on-line playing experience with more on-line instant games and payment gateways.



As a small island nation, Mauritius has been left comparatively unscathed by the coronavirus crisis, with just 342 confirmed cases and 10 deaths. Nonetheless the national lottery, whose product portfolio consists solely of draw-based games, has been badly impacted by the pandemic. On 19 March 2020, the country's prime minister announced that the country would be under 'sanitary' lockdown for at least two weeks as of 20 March. During the lockdown, only essential services and certain essential businesses were permitted to operate. In particular, the entire lottery ecosystem was shut down: all national lottery sales were suspended, all 747 retail points of sale were closed, lottery draws and logistics were stopped, new product launches were postponed, and all claim centers were shuttered and prize payouts suspended. As a result of the stoppage, January-March 2020 sales were down 22.3% on January-March 2019 sales. The lockdown was partially lifted on 15 May, and national lottery sales resumed from the

traditional bi-weekly draw of 6 June. Because of the March-May lockdown, the lottery is expecting a 56% decrease in actual versus forecast revenues through to end May 2020, with concomitantly less money returned to society in support of good causes. In a piece of good news, the Mauritian National lottery is slowly returning to pre-confinement revenue levels overall following the resumption of sales, demonstrating yet again the resilience of the lottery industry; previously, the lottery had seen an initial 14% drop in sales for its Saturday draw and a 5% drop for its Wednesday draw compared to pre-confinement when sales resumed on 6 June.

Outlook

Several leading public health experts, including the US's top infectious disease expert, are warning publicly that the pandemic is far from over. In a wide-ranging talk given to biotech executives at the beginning of June, the top infectious disease expert remarked "In a period of four months, it has

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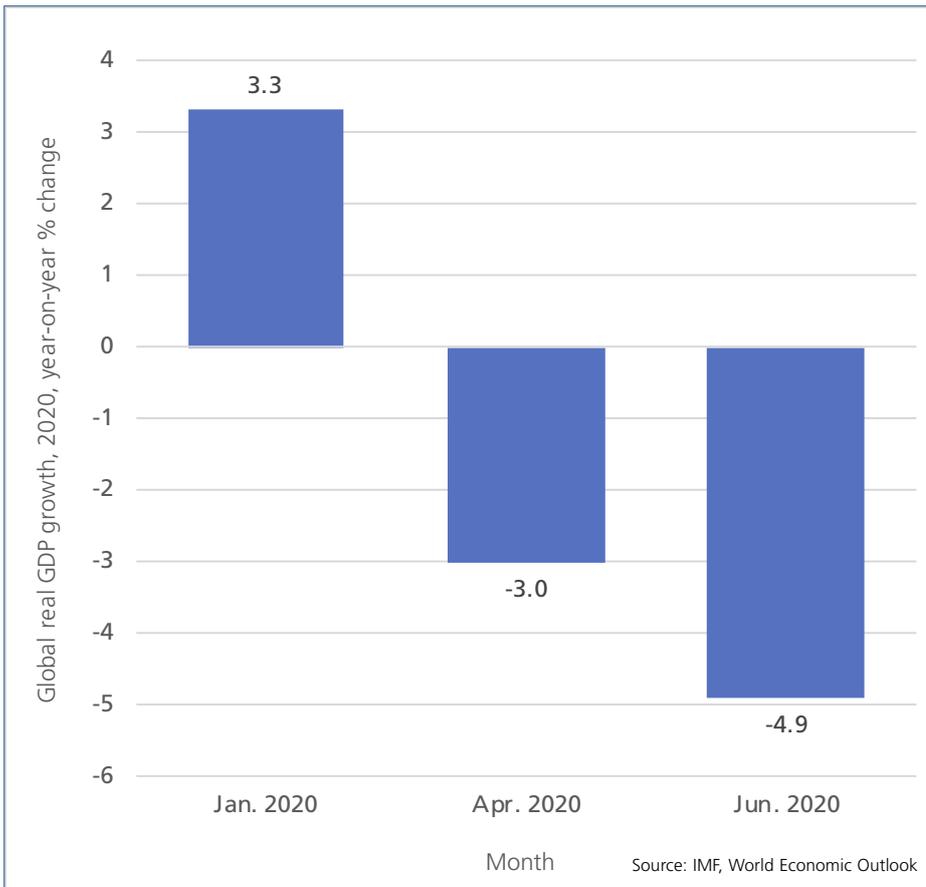


Figure 5. IMF projected global outlook, 2020.

devastated the whole world. And it isn't over yet." Dr. Anne Schuchat, principal deputy director of the US Center for Disease Control (CDC), said in an interview with the Journal of the American Medical Association on 27 June that the US is "... not in the situation of New Zealand or Singapore or Korea where a new case is rapidly identified and all the contacts are traced and people are isolated who are sick and people who are exposed are quarantined and they can keep things under control. We have way too much virus across the country for that right now, so it's very discouraging." Added Dr. Schuchat, "This is really the beginning."

The dawning comprehension that the pandemic might last months or through 2021 or even longer is now being priced in by governments and markets alike. In particular, the IMF has revised its macroeconomic forecasts downwards from April 2020, with the international financial institution now projecting that global output will decline 4.9% in 2020, 1.9 percentage points below its April forecast (Figure 5). For the US and EU, the corresponding economic contractions are priced-in at 8% and 10.2% respectively. The downgrade from April reflects worse

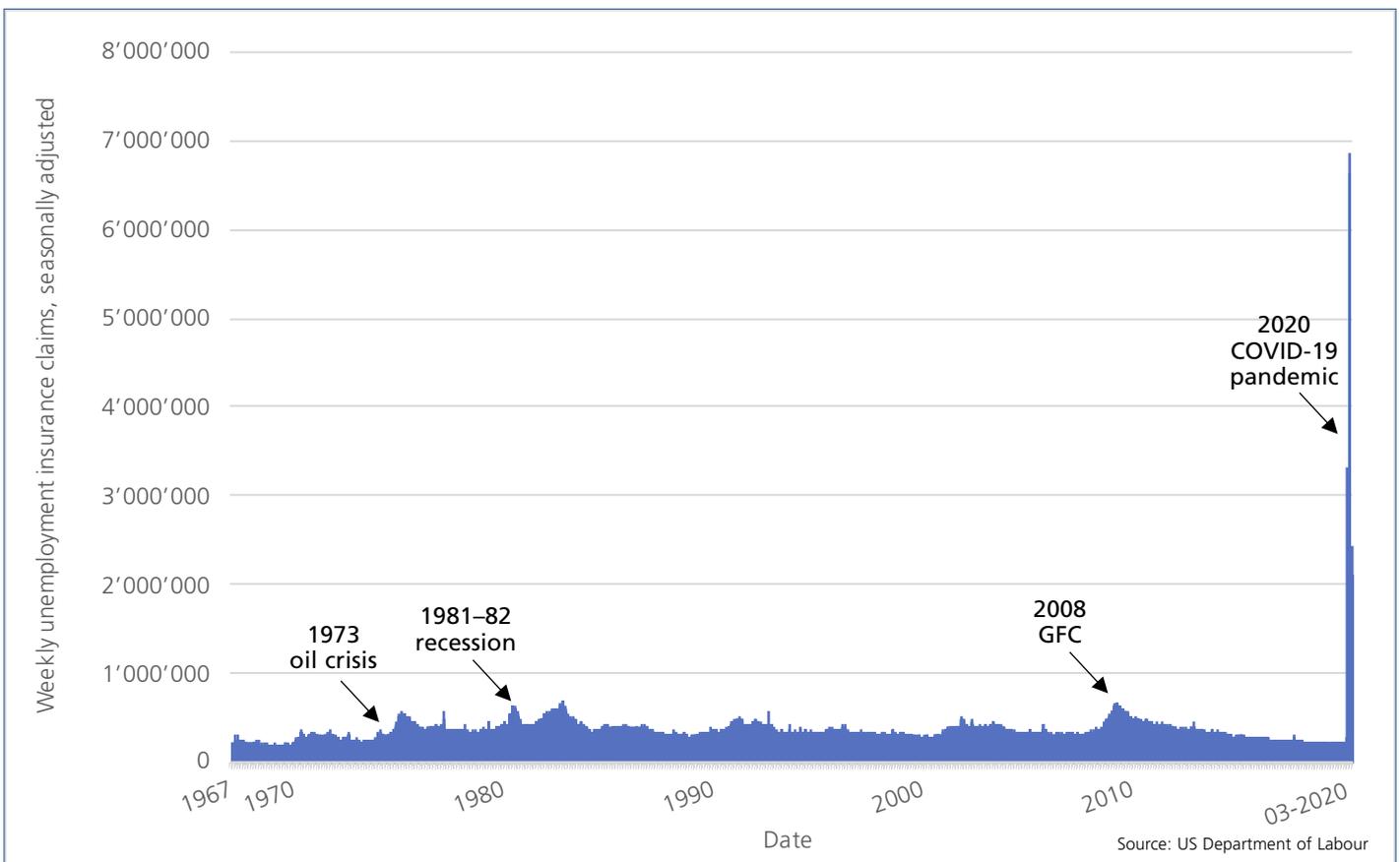


Figure 6: US weekly unemployment claims (seasonally adjusted), 1967-.

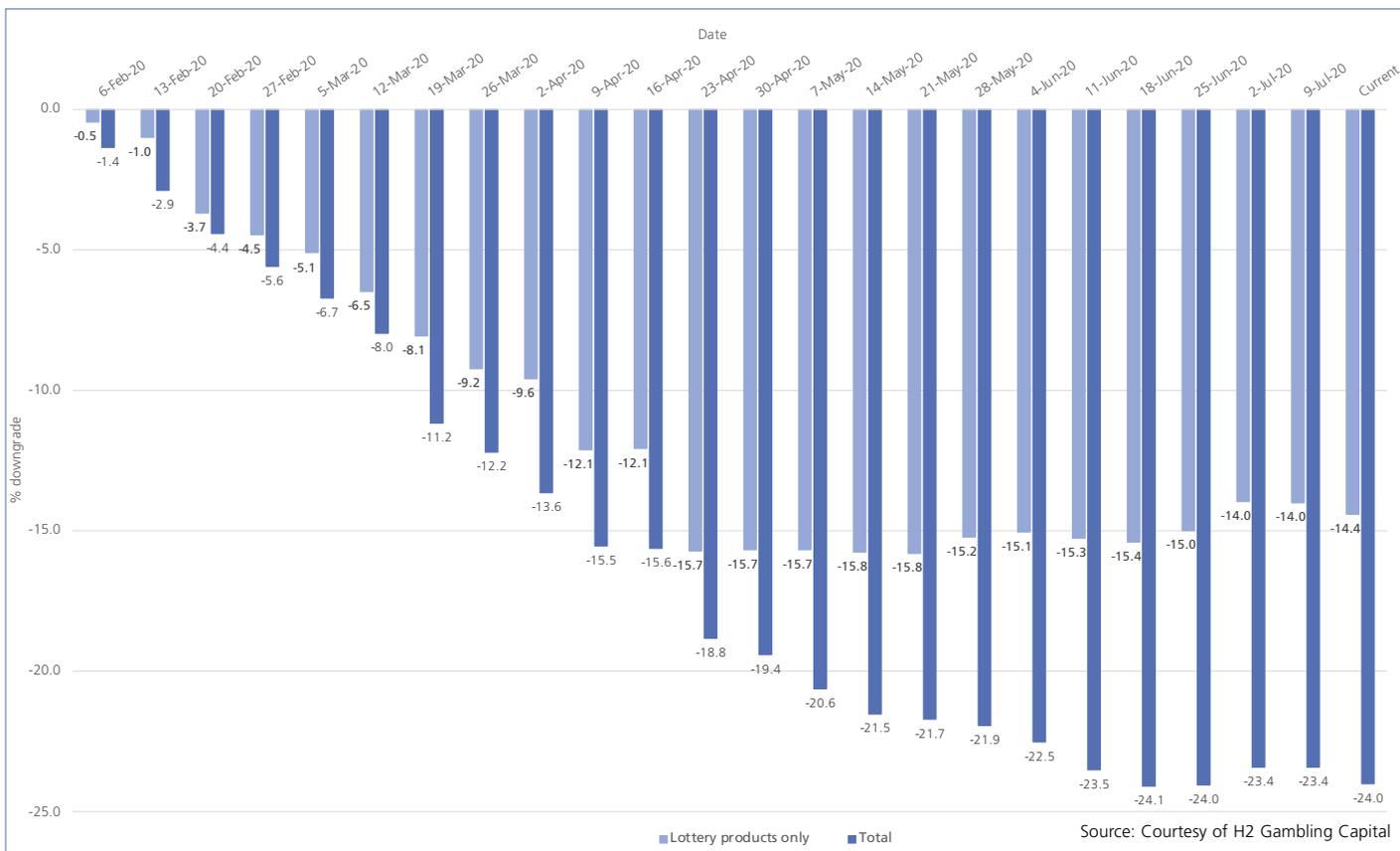


Figure 7: H2 Global Gaming 2020 global gambling gross win forecast downgrade.

than anticipated outcomes in the first half of this year, an expectation of more persistent social distancing into the second half of this year, and damage to supply potential. The revised projection implies a cumulative loss to the global economy over two years (2020-21) of more than USD 12 trillion. However, it is important to note that a high degree of uncertainty attaches itself to this forecast, with both upside and downside risks to the outlook. The IMF remarks, "On the upside, better news on vaccines and treatments, and additional policy support can lead to a quicker resumption of economic activity. On the downside, further waves of infections can reverse increased mobility and spending, and rapidly tighten financial conditions, triggering debt distress. Geopolitical and trade tensions could damage fragile global relationships at a time when trade is projected to collapse by around 12%." The negative sentiments are echoed in H2 Global Gaming's total 2020 global gambling forecast, which is now downgraded 24.0% on pre-outbreak estimates (Figure 7). H2's outlook nonetheless testifies to the underlying strength and robustness of the lottery sector, with lottery product-only gross gaming win projected to decline only 14.4% in compari-

son. Commenting on the forecasts, Simon Holliday, Founder of H2 Gambling Capital remarked "Lotteries have done a little better than we expected. They have retained sales offline slightly higher than expected, and converted to online more and where retailers closed they have generally re-opened sooner than other businesses. At -14.4% our downgrade for lotteries is just under 10% less in absolute terms than for the gambling industry as a whole and approximately 50% relative to the combined betting / gaming impact of circa 28%."

For lotteries and sports betting operators, the true cost of the pandemic will only begin to become apparent once Q2 2020 receipts are posted, as the April-June period will be the first quarter to have been fully impacted by the pandemic. While traditional sales through retail have remained comparatively robust in the opening months of the pandemic, there is no guarantee that they will continue to do so going forward. Lotteries have therefore already begun the move towards digitalizing their operations and sales channels in earnest, in recognition of the fact that online avenues promise to act as a buffer or bulwark against further lock-

downs and disruptions to the retail network. Solutions to an absence of sports betting fixtures and the closure of VLT, EGM, and other gaming and entertainment venues that may be occasioned by future lockdowns or other social disruption will require a more creative riposte, one that is still to emerge, any moves to eSports notwithstanding.

Looking forward, in the near term to medium term it is natural to expect the continuing ramp-up of moves to digital, together with efforts to preserve retail networks where possible, for example by instituting and emphasizing strong public health measures for players at bricks and mortar points of sale. It is also natural to anticipate moves to shore up and expand the player base, for example by retaining some of the casino and sports betting player base that has shifted to lotteries in the absence of alternatives. The WLA will report on these and other developments in its continuing coverage of the COVID-19 pandemic in future editions of both the WLA magazine and the WLA Quarterly Lottery Sales Indicator.

Luca Esposito
WLA Executive Director



Brianna Mancini - istockphoto.com

COVID-19: Lotteries in recovery mode

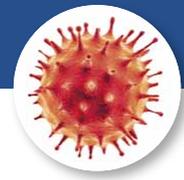
Like the global financial crisis of 2008, or the 9/11 terror attacks, the coronavirus pandemic has proved to be an earth-shaking event. The full magnitude of its consequences will likely be felt for years to come. Now, emerging from the pandemic lockdown, we are faced with many uncertainties. True to its nature, the world lottery community is collectively working to seek clarity in the wake of the crisis.

Governments around the globe have adopted various emergency measures to manage the fallout of the pandemic. It is reasonable to assume that some of these measures will remain in place for the long term, if not permanently.

For the world lottery community, the key to success going forward will be continued global cooperation. Now, more than ever, the sharing of information among our members is paramount. We will do all that we can to disseminate best-practice information,

including sharing the experiences our members have had in dealing with the pandemic crisis throughout the past weeks.

We recently interviewed 10 lottery CEOs from around the globe to get their perspec-



tives on the current and lasting effects of the pandemic. Each of the questionnaire participants was posed the following ten questions:

1. How has the pandemic and the resulting lockdown affected the lottery and sports betting sector?
2. What do you believe will permanently change in the lottery and sports betting sector once the pandemic lockdown has been lifted?
3. How has the pandemic lockdown affected the working environment of your operation? Do you foresee any permanent changes in how staff will work once the lockdown has been lifted?
4. Has the lottery sector's fundamental mission of raising funds for good causes been affected by the lockdown?
5. Lottery retail points of sale have been among those hardest-hit by the lockdown. Even operators with a well-established online presence rely heavily on retail channels to drive sales and acquire new customers. Do lottery leaders need to redefine how their retail points of sale operate?
6. Pan-jurisdictional lottery games such as Powerball and EuroMillions, which were once viewed as robust gaming products, have also suffered as a result of the lockdown. What do lottery leaders around the world need to do to protect pan-jurisdictional games in the event of another lockdown?
7. The cancellation of major sporting events has been devastating for the sports betting sector. Going forward, do you see sports betting operators embracing new products such as eSports or virtual sports to lessen their reliance on live events?
8. Have illegal gaming operators been able to capitalize on the lockdown?
9. What regulatory and contingency measures should be put in place in order to protect the lottery and sports betting sector as a whole in the event of a future crisis?
10. How can the WLA best help its members in the event of a future lockdown?

The lottery CEOs who participated in the questionnaire were:



Rebecca Hargrove,
President and CEO,
Tennessee Education
Lottery Corporation,
USA



Lynne Roiter,
President and CEO
of Loto-Québec,
Canada



Richard Cheung,
Executive Director,
Customer and
Marketing at
Hong Kong Jockey
Club Lotteries Limited



Gordon Medenica,
Director of the
Maryland Lottery
and Gaming
Control Agency,
USA



Stéphane Pallez,
President and CEO
of la Française
des Jeux (FDJ),
France



Younes El Mechrafi,
General Director,
La Marocaine
des Jeux et des
Sports (MDJS),
Morocco



Yaping Feng,
Director General
of China Welfare
Lottery Issuance and
Management Centre



**Dato Lawrence Lim
Swee Lin,**
CEO of
Magnum Corpo-
ration Sdn Bhd,
Malaysia



Nigel Railton,
CEO of
Camelot UK Lotteries
Limited



Jesús Huerta,
President and CEO
of Sociedad Estatal
Loterías y Apuestas
del Estado (SELAE),
Spain



The inquiry had five main objectives:

1. To evaluate what measures have proven successful;
2. What measures were taken to protect lottery employees;
3. What lotteries have done to support their communities;
4. What can be learned from this crisis to better prepare the lottery in the future; and
5. To evaluate what further the WLA can do to help support the world lottery community through this crisis.

Key takeaways from the questionnaire

Accelerating trend towards online

The COVID-19 pandemic has accelerated the trend toward online gaming that has been slowly taking hold in the lottery sector for the past 15 years. Lotteries that already had robust online gaming platforms in place prior to the outbreak of the pandemic were able to better mitigate the effects of the lockdown. For lotteries in countries where online gaming is prohibited by law, it is hoped that, given lessons learned over the course of the lockdown, regulators will be ready to re-examine the laws governing online gaming.

During the lockdown, retail Points of Sale (POS) were completely shut down in some countries. In jurisdictions where POSs were able to stay open, retail revenues were impacted by social distancing measures, limited opening hours, and a decline in foot traffic.

Although a move to strengthening online channels was expressed by questionnaire participants as desirable, it was agreed by most participants that the relationship lotteries have with their retailers is vital and should be protected. A move toward digital solutions that include and enhance the retail experience is preferred; however, online solutions should be able to stand alone in the event of a lockdown.

Sports vs eSports

Esports and virtual sports could partially compensate sports betting operators for losses should a new pandemic lockdown cause the cancellation of major sporting events. As such, they should be seriously

considered as viable alternatives to betting on live sporting events. However, eSports and virtual sports cannot replace the excitement of live sporting events and potentially bring with them a high risk for addiction. Moreover, eSports and virtual sports are games of chance, whereas sports betting games (whether fixed odds or pools) are games of skill.

Community service

Encouragingly, the questionnaire also revealed that lotteries endeavored to support their beneficiaries despite lockdown-imposed austerity. In some cases, participant lotteries additionally donated revenue to help fight the coronavirus and to help protect the most vulnerable during the crisis. Lottery staff also provided valuable community outreach services, as in the case of FDJ employees who donated over 1,400 leave days – the equivalent of EUR 300,000 – in support of medical staff and persons of need afflicted by the crisis.

Likewise, the Hong Kong Jockey Club (HKJC) set up an HKD 100 million emergency fund during the COVID-19 pandemic and donated 100,000 mobile Internet data cards to underprivileged students who may not have Internet access at home.

La Marocaine des Jeux et des Sports (MDJS) also allocated MAD 100 million to a special fund established to support the costs of upgrading medical devices and to help support the national economy weather the impact of the crisis.

And in the UK, the National Lottery directed around GBP 600 million toward charities

and organizations to help mitigate the alleviate the impact of the pandemic.

Safety first

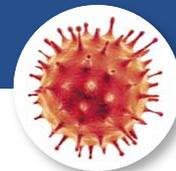
All of the lotteries questioned followed strict measures to protect both their players and staff. In many cases, retail Points of Sale (POS) were closed. In those POSs that were allowed to remain open, social distancing and other hygienic safety measures were implemented and practiced to protect players and retail staff from possible infection. Prize claim centers were either closed completely, or remained open with restricted access. Lottery staff worked from at home wherever possible. Home office helped to mitigate disruption of services and ensure business continuity.

Sharing best practices

Questionnaire participants almost unanimously expressed their appreciation for the WLA for providing information and support throughout the pandemic crisis. They called on the WLA to further strengthen their role as a forum for knowledge sharing, disseminating best practices and lessons learned from countries around the world in order to better withstand a future lockdown.

The individual answers from each of the questionnaire participants can be read on the following pages.

By way of this inquiry, we hope to not only mitigate the impact that the COVID-19 pandemic has had on the lottery sector, but also to turn this crisis into a valuable learning experience for all our members. The individual answers from each of the questionnaire participants can be read on the pages that follow.



Questionnaire answers on the effects of the COVID-19 pandemic lockdown on the lottery and sports betting sectors

1. How has the pandemic and the resulting lockdown affected the lottery and sports betting sector?

Rebecca Hargrove: I think that answer is quite different depending on where in the world you live. Globally, we see that Spain, France and Italy have been impacted far differently than Australia and New Zealand. In the United States, we see that New York is impacted quite differently than Wyoming. The impacts of the virus have differed, and corresponding responses of city, state, and national governments have differed. We know that lottery sales in some US states have increased while many decreased. And while the varying degrees of restrictions impacts sales, the relationship between the severity of the virus, the degree of safer-at-home initiatives, and the sales of lottery tickets is not nearly as consistent as you might think.

In our current circumstances, lotteries are performing better than games-of-chance

sectors like casinos and sports betting, which have been shut down completely. But I would caution us to not make the leap from that happenstance to being overly confident in lotteries' resilience in the face of economic downturn. We want our audiences – the public as well as lottery players and stakeholders – to know that we stand shoulder to shoulder with them because we are all in this together and that lotteries are not somehow immune to the pain of economic recession.

Richard Cheung: The pandemic resulted in the suspension of betting shops which in turn led to our closure of lotto games, as over 65% of our tickets are sold via shops. The stoppage of global football games has also forced us to stop our football lottery.

Our focus has been to sustain racing in a closed-door setting. We have been one of the few globally who are successful. Since over 80% of our racing customers have an online betting account with us, we are able to sustain a very large part of racing income.

Stéphane Pallez: While many economic sectors have slowed down during the lockdown, there were some specific consequences on our lottery activity. First, we stopped our express draw game Amigo early in the lockdown, to avoid point of sale stationing, and as the crisis is evolving, the game is yet to resume. Second, the closure of some points of sale and the decline in customer traffic has led to a decline in sales for scratchcards and other draw games. Third, our online sales experienced extraordinary growth. In this context, we had to adapt our commercial plan, postponing several scratchcard launches, draw games events, and cancelling some promotional campaigns. We focused our efforts on our digital plan to increase subscriptions and retain these new customers.

The sports betting sector was more seriously affected, with up to 95% of competitions cancelled during the lockdown. Despite this very limited offer our teams did their best to make some of the few remaining active leagues available for our retail and online players to



A social-distancing warning sign welcomes visitors to Las Vegas as they enter the city.

bet on. Our regulator also authorized bets on new sports and competitions. The future of sports betting will heavily rely on the recovery of the sports industry as a whole, and considering the impact that this crisis has had on many clubs and athletes, FDJ will more than ever continue its support program for promising professional athletes. There are reasons to be optimistic, as some professional leagues resume and since mid-May we have been able to offer bets on at least one match a day.

Yaping Feng: The COVID-19 pandemic has greatly affected national lottery sales and operation in China. In order to prevent the spread of the virus, we suspended lottery sales and operation for 49 days, including a 10-day shutdown during the Spring Festival holiday. Lottery drawings for national lotto and numbers games didn't resume until 11 March. And our VLT halls have reopened since 11 May.

There are several aspects of the impact. Firstly, our lottery retailers are under more pressure. They lost two months of commission due to 49-day shutdown. Secondly, with the not-yet-lifted ban on Internet lottery and the closed lottery shops, players couldn't continue to play lottery games. We therefore have seen a big decline in our sales, public welfare fund and issuing fees. From January to April 2020, national welfare lottery sales reached 29.978 billion yuan, down 54.1% year-on-year.

Nigel Railton: Like many businesses, we have seen some impact on National Lottery retail sales – in-store sales typically make up around 70% of total UK National Lottery sales – as a result of the ongoing retail disruption caused by COVID-19. It's too early to say what the overall effect will be on National Lottery sales over the medium to longer term, but what is clear right now is that there has definitely been a change in the way people are playing The National Lottery during this period. We've seen a significant increase in downloads of the National Lottery app and traffic to our online channels.

We've introduced a raft of measures to support our employees, players and retailers during this period. As part of these, and in line with government guidance, we've been supporting retailers and players by actively encouraging players to only buy tickets in retail if they're already in-store doing an essential shop – and to play online instead. We've adapted all of our current advertising where we're promoting an upcoming draw or

jackpot to include 'Play online or via the app' messaging. We're also reminding people who have winning retail tickets that they have 180 days from the date of the draw (around six months) to claim a prize, so to keep their tickets safe and not to make a special trip out to claim a National Lottery prize.

Lynne Roiter: Concerning sports betting, it has forced us to adapt our betting offer by adding new leagues and new sports. Since the return of some European football leagues we see our sales increasing. At the worst moment of the situation we were reporting less than 5% of our projections. We are now around 30% of our projections. It is not going to come back to normal until North American sports come back.

A key factor was to be able to maintain the discussion with our players on social networks so even if many of them were not betting, they kept in mind our brand. It was a great adaptation.

As for the lottery, in Quebec retail stores were closed for six weeks (22 March until 4 May). During that period, we shifted our focus to online sales. Since 81% of population plays lottery games in Quebec, and that the jackpot was at its highest level during stores closing, not everyone had a chance to register. But we did increase substantially the number of online registration, active players and online lottery sales.

Gordon Medenica: The pandemic has had a predictable impact on sales, which declined by as much as 30% in the first few weeks of Maryland's stay-at-home directive. We're beginning to see an uptick in sales in recent days, particularly in our daily number games. With an incremental easing of restrictions over time, and people eager for entertainment options, we are cautiously optimistic that sales will continue to recover.

Younes El Mechrafi: Out of responsibility and as a part of its contribution to the national system to control the spread of COVID-19, MDJS chose to suspend all its gaming activities during the lockdown.

Two main reasons explain this situation:

First, since most of sales are concentrated in the points of sales, MDJS wanted to strictly respect contingency measures and not create health risks for customers;

Second, fixed odds betting is the main product of MDJS. Due to the lack of high-level football competitions during the health emergency period, we preferred not to offer risky bets (limited number of bets available every day creating more risk for payout, higher match-fixing risks – regarding secondary championships, and therefore money laundering risks).

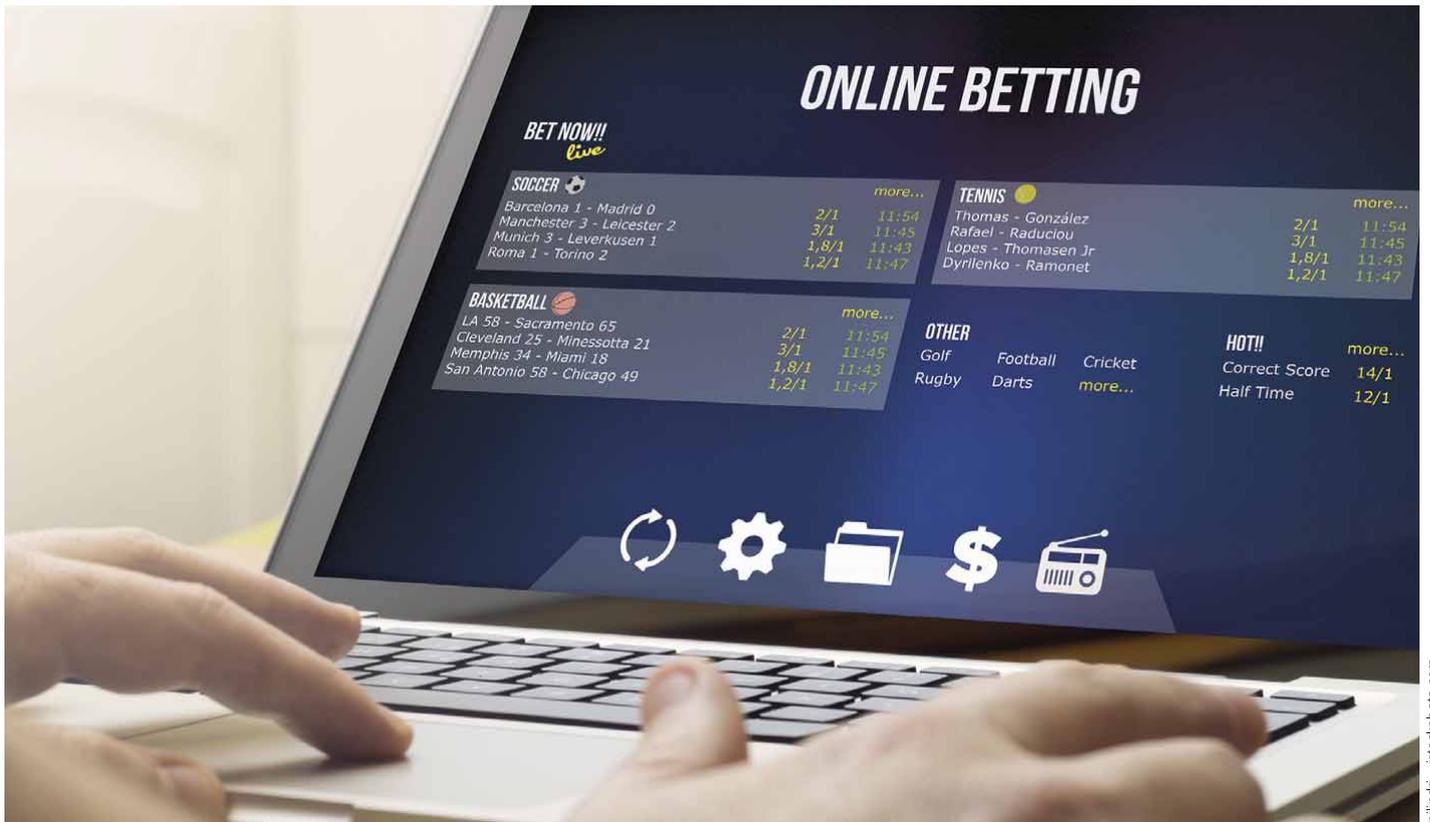
Dato Lawrence Lim Swee Lin: Magnum has been in complete lockdown since March 18, 2020 over a series of six phases, which will only end on June 9. We are unsure if the lockdown will be further extended thereafter. From March 18 to June 9, we would have had to cancel 37 draws with zero revenue from lottery sales for the Company and our retailers during that period.

Jesús Huerta: Regarding the effect that this crisis has had on sports betting, I must point out that SELAE does not currently market counterpart sports betting. The only sports betting product sold by SELAE is La Quiniela, a pari-mutuel betting product.

Regarding the consequences that confinement on the products that SELAE commercializes in general, the immediate consequence has been the closure of its physical and online Points of Sale from March 15 to May 18 with the consequent loss of revenues during this time.

2. What do you believe will permanently change in the lottery and sports betting sector once the pandemic lockdown has been lifted?

Rebecca Hargrove: Two behaviors that affect our industry and will clearly be impacted by the crisis are how we shop and how we gather together. Since the 1990s, purchasing has migrated online. Given the life-altering circumstances of the last three months, I would expect that market-share has increased as consumers minimize the time they spend in public spaces like grocery stores, bars, and restaurants. I'm sure that some people who never ordered online quickly learned how and began making more online purchases. Others, who were already online shoppers, probably increased the number and variety of items they buy online. The longer we are in safer-at-home mode, the more likely it is that activities ad-



As a result of the COVID-19 pandemic lockdown, digital sales channels have gained in importance for the lottery and sports betting sectors.

opted during this crisis will become habits that continue after the crisis abates.

What will the “new normal” look like? That will vary widely. Italy, Spain, together with New York and some other US states have been so severely impacted that the road to recovery will be arduous. Their “new normal” may be quite different than the pre-COVID environment. Social distancing, increased online purchasing and other lifestyle changes may be a bigger part of their new normal than in jurisdictions where the crisis was not so severe.

Richard Cheung: We have always had a 7-step end-to-end digital wagering journey in development from account opening, to online fund transfer, mobile booking, preparing to bet, betting/enjoying, CRM and customer services. We believe that the digitalization of our wagering customer experience has accelerated customer adoption of all these steps. Before the crisis, our average online betting is 73% of turnover and I would expect the number to stay at 80% even after our shops reopen.

Stéphane Pallez: At this time, we have to assess if and how consumption behaviors have changed and we are currently analyzing

how the economic downturn will have a long-term impact on the market. We anticipate many changes, but with no guarantee on the real structural challenges, that is why we are talking about the “next normal” instead of “back to the past”.

On a mid-term vision, our main projects are to: think about the future of express draw games by digitizing the customer journey and challenging the mechanics of the offer, revising the scratchcard journey to modernize it and take into account the lessons from this period, and finally to build on the online sales growth momentum.

Yaping Feng: Globally, the pandemic is not yet under control, nor is it going to disappear soon. On the Chinese mainland, as we resume production and work, we will adhere to regular prevention and control measures against the coronavirus in our work and daily lives. The pandemic will probably reshape people’s consumer behavior and social behavior, including the consumer behavior of lottery players.

Nigel Railton: While nothing is certain at the moment, we have seen more people playing online during this period. It remains to be seen whether some of the players who

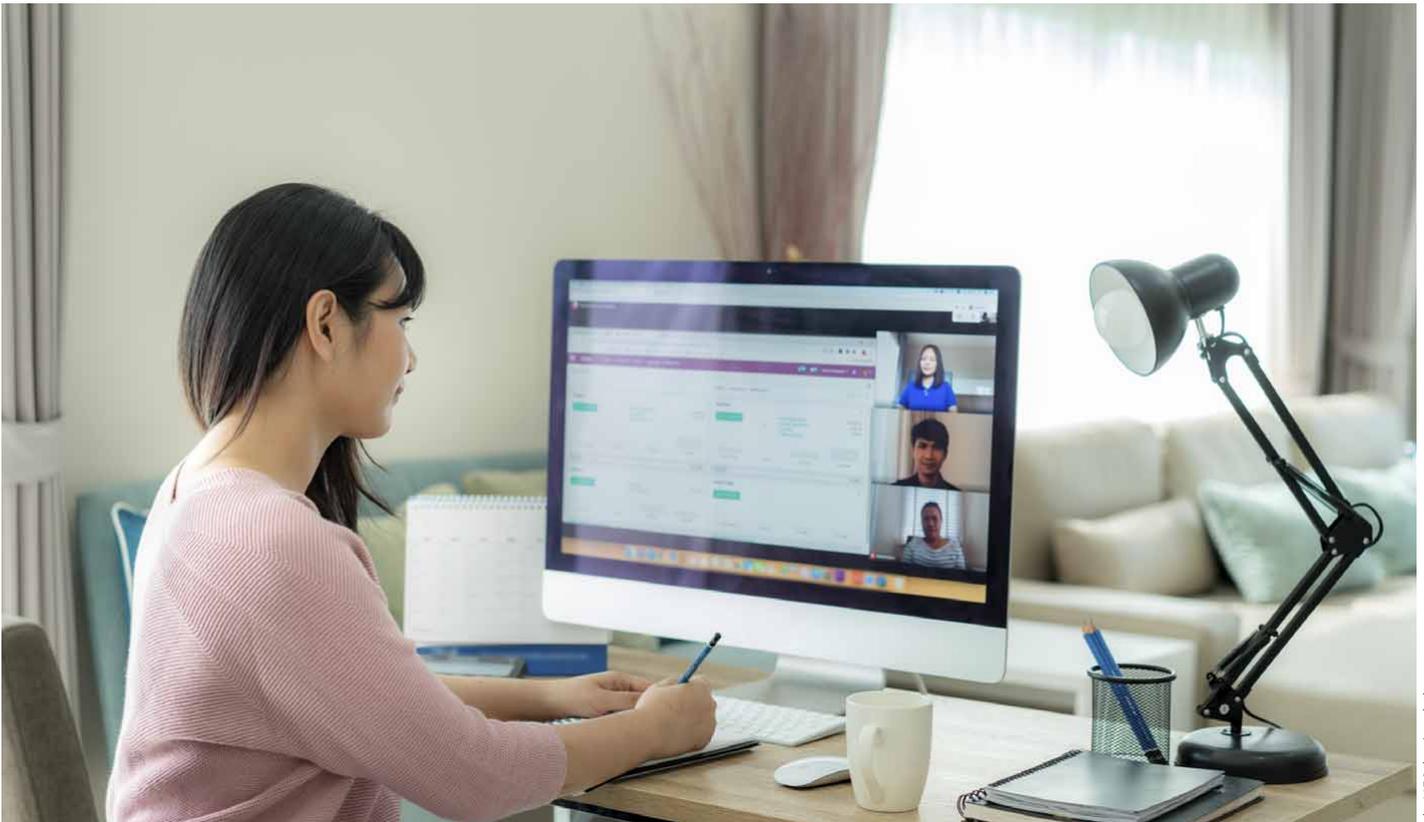
traditionally played in retail will continue to play online – or whether they will return to their old habits when the pandemic is over. Needless to say, we’ll continue to do everything we can to support our 44,000 retail partners – as they are the backbone of The National Lottery here in the UK.

Lynne Roiter: First, the situation may have convinced online reluctant players to convert to this channel.

Second, sports betting operators will make sure not to rely only on a few sports and may expend their offer.

And third, the omnichannel experience will become essential. By connecting the virtual and the brick-and-mortar environment, we will be helping the retailers with online tools for instance (ex. online ticket checker).

Gordon Medenica: The lockdown spurred many questions from our players about online sales. The Maryland General Assembly passed a law in 2017 that specifically prohibits us from selling online, but it’s possible that the loss of revenue during the pandemic will reduce the political resistance from both lawmakers and our retailers, many of whom still believe, against all evidence, that on-line



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The COVID-19 pandemic lockdown made home office the new norm form many companies around the globe.

lottery sales would hurt traditional brick-and-mortar businesses. The average consumer expects to be able to access everything online, especially during times like these when stay-at-home directives have made it difficult for our players to purchase lottery games.

Younes El Mechrafi: It is difficult to assess the future in the current situation owing to the many uncertainties. The duration of the crisis, and the fears of customers are the main factors able to emphasize the situation. Nevertheless, the following factors have to be taken in account: an increased business volume made through digital channels; the potential loss of some gaming habits; lower available income after a huge economic crisis; and better anticipation and preparation in the event of an occurrence of another pandemic in the near future.

Dato Lawrence Lim Swee Lin: Basically the consumers' lifestyle would have changed with many now being more family oriented and home centric in their activities. Their buying habits, including for physical lotteries, would have been altered although we will need until the lockdown is lifted to see if the changes are permanent and the extent of the change.

Jesús Huerta: I think it is too early to reach conclusions. It will be necessary to wait to get out of this situation completely to be able to analyze what happened and the incidents in the development of the business and therefore to obtain the consequences that arise and the resulting measures that would have to be implemented, if necessary.

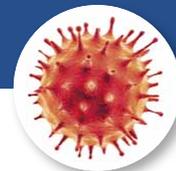
3. How has the pandemic lockdown affected the working environment of your operation? Do you foresee any permanent changes in how staff will work once the lockdown has been lifted?

Rebecca Hargrove: The impetus to change and innovate is lowest when everything is going well. So, a crisis becomes the catalyst to take more aggressive action. We have to figure out how to streamline operations and workflows to adjust to leaner staffs and work-at-home environments. Sales reps may need to service their retailers without visiting the stores or with fewer in-store visits. And who knew that so much work could be done so well from home? One result of these crisis management adjustments is that the freedom – and the requirement – to innovate

unlocks the creative energy that leads to new solutions and more efficient and effective ways to operate. Then, as we return to full-service operations, business processes can be adjusted and fine-tuned, and resources can be re-allocated to deliver a far higher level of quality and service to our retail partners. That leads to more funding for good causes and more value to all our stakeholders.

At the Tennessee Lottery, we have all found ways to be productive while working at home and staggering shifts so that we have a lower number of staff in the building at any one point in time. My team and I miss working together in person-to-person groups, and I suspect everyone feels the same way. We need social interaction, and I think the in-person collaboration contributes to the effectiveness of the enterprise. It is making those adjustments that can help any organization, but especially a lottery, survive during disruptive times.

If the cautious re-opening being pursued in my state of Tennessee goes according to plan, it is my hope we will return to the shopping and lifestyle behaviors of pre-pandemic days. Outside of that hope, I know all of us at the Tennessee Lottery focus on what we can do: making the necessary adjustments and inno-



vations so we continue to fulfill our mission and raise money to support higher education for Tennessee students.

Richard Cheung: The general feeling is that the world will be in a “new normal”. I can imagine many of the crowd control and social distancing measures will continue in our shops and racecourses. The whole operation will place more emphasis on the safety of employees and customers.

In our office, I imagine more of our colleagues will be deploying remote communication like Zoom.

Stéphane Pallez: Severe lockdown restrictions on transport and offices have affected many businesses. FDJ anticipated government measures by extending its remote working policy whenever this was possible. Fortunately, continuous investment in digital tools over the past years have made it possible for 95% of employees to work from home. Remote management of our operations was effective within days, and within weeks we could conduct electronic draws of our games Keno and Joker+.

Full remote working is not foreseen as a long-term dynamic but has proven to be an effective solution in period of crisis, with strong employee engagement delivering good results. Nevertheless, the experience of these new working methods will be beneficial, with the reduction of commuting having a positive impact on quality of life and the environment. Reconsidering the way we travel and work, our society will definitely be more digital than before.

Yaping Feng: When the pandemic peaked in China, we adopted the working arrangements that combined flexible working schedules, working online and working from home. We took various measures, such as disinfecting our offices every day, requiring everyone to keep social distance, wear a mask and conduct body temperature check when entering the office, encouraging video conferencing, and enjoying separately-packed meals in one’s own office.

With work and production resumption, we have returned to normal operations; meanwhile, we still adhere to the prevention and control measures against the virus, including wearing a mask in the office area and social distancing. All provincial welfare lottery

centers implemented similar measures. Now employees are embracing more video conferencing, paying more attention to personal hygiene, wearing masks and washing their hands often. These changes have no big impact on our work.

Nigel Railton: In line with the current Government guidance – which says that people are still able to travel to work where this absolutely cannot be done from home – our sites are accessible to a small number of business-critical employees who need to be at work to carry out their duties. For example, we still need a limited number of people to run the National Lottery draws six nights a week and we have some colleagues in our Distribution Centre packing and sending out deliveries to retailers.

The vast majority of colleagues are working from home and those who are required to be on site are following social distancing recommendations and other guidance (staggered breaks, regular hand-washing, etc.). In addition, when their on-site duties are completed, they are free to return home – so are on the premises for as little time as possible.

It’s too early to say how working will change in the medium to longer term, but the fact that the vast majority of our employees have been successfully working from home since March – paired with the fact that we have already implemented a range of on-site measures to ensure our business-critical employees are protected – means that we are in a good position.

Lynne Roiter: The closure of our establishments for several weeks now has had an obvious effect on our operations. We have already implemented new ways of doing and working. Of course, Loto-Québec will continue to follow the recommendations dictated by Quebec’s Government. To date, it is legitimate to believe that Loto-Québec will have no choice but to continue to encourage teleworking as much as possible, as well as to sensitize people to the respect of the sanitary measures conveyed by adapting its establishments accordingly. Furthermore, rotational work should certainly be expected in the event that a gradual return to the establishments is implemented.

Gordon Medenica: Maryland Lottery Headquarters have been closed since March 30, in accordance with a state-of-emergency di-

rective from our governor. Since that time, the MLGCA has had to adapt to a new way of doing business, with the majority of our employees teleworking. Sales reps stay in touch with their retailers via phone, email and online webinars. Teleconferencing, virtual meetings and other distance-communications tools have been used with much success. While there have been many adjustments during this new normal, critical work has continued without interruption. Moving forward, we may find that aspects of our work can be done just as efficiently, if not more so, through teleworking and other alternative work styles.

Younes El Mechrafi: Teleworking has been adopted by all the employees. Operations have been fully suspended during the lockdown, but it would have been difficult anyway – for instance traffic between cities during the lockdown is strictly controlled, making the dispatch of the programs nationwide very difficult. Challenges are yet to come after the resumption date with a socio-economic environment that may present difficulties for recovering from the crisis.

Dato Lawrence Lim Swee Lin: It has certainly accelerated the Work From Home (“WFH”) trend. It has given positive proof that it is possible to incorporate WFH, though perhaps not wholly or completely, as part of a more flexible work culture going forward.

Jesús Huerta: During the alarm state, health has been the fundamental objective and to which all the activities of SELAE have been subordinated. However, remote working was prioritized over on-site work except in those operations where it was essential the physical presence of the workers.

Thanks to the effort of all the workers and their adaptation to the special circumstances, we managed to maintain vital operations and to be able to restart our draws and daily activities on May 18 at the beginning of the de-escalation period.

4. Has the lottery sector's fundamental mission of raising funds for good causes been affected by the lockdown?

Rebecca Hargrove: I don’t see how it couldn’t be affected, but I think every market

is different. Some may be significantly impacted by the pandemic while others may see only a minimal impact. There are multiple factors outside of our control that may affect our abilities to fulfill our missions.

Richard Cheung: Even this is a short-term reduction in betting duty this year – I firmly believe that our mission of lottery for good cause will remain the same. In fact, during this COVID-19 outbreak, we have set up a HKD 100 m emergency fund as well as made various charity donations. One of the donations is giving out mobile internet data cards to 100,000 underprivileged students who may not have internet access at home and need data bandwidth for their remote learning.

Stéphane Pallez: The lottery industry, particularly in times of crisis, is expected to uphold its solidarity commitments regardless of commercial performance. FDJ has naturally continued to support its main stakeholders affected by the pandemic. Masks were purchased for nursing homes run by veteran associations, our historical shareholders which initiated the national lottery 90 years ago. Protections were also distributed to retailers, and they received a financial boost with the suspension or scalability of financial levies on points of sale, depending on their capacity to stay open.

Given the sanitary and social emergency facing many communities, FDJ dedicated EUR 1 million to a nationwide initiative “United against the virus” to support health workers, research, but also those hardest hit by the crisis. The FDJ Corporate Foundation donated EUR 200,000 to the French “Secours Populaire” in a vast campaign to provide assistance to the most vulnerable. Employees also demonstrated their sense of solidarity, after an agreement with social partners paved the way for voluntary donations of leave days to help finance health and social actions. They donated over 1,400 leave days, which correspond to an amount of EUR 300,000, in favor of the medical staff and those in need.

In addition to these initiatives implemented as a response to the emergency situation, FDJ is mobilized to safely resume all its gaming activities which contribute to raise funds for the benefit of society. The next edition of our games in favor of the renovation of national heritage sites will be particularly

important to raise some much needed funds for a sector which has been hardly hit by the lockdown.

Yaping Feng: No. Our fundamental mission has not been affected at all by the lockdown. On the contrary, the role that lottery sector plays in raising funds for good causes is becoming more important and prominent. We believe that more lottery funds may be allocated to public health and disease prevention and control.

Nigel Railton: The current situation has emphasized the importance of the work The National Lottery does in raising over GBP 30 million every week for Good Causes around the UK. That’s because National Lottery distributors continue to fund vital work in communities (including meal delivery services for the elderly, food banks and projects that help overcome loneliness and isolation) and these funds will become even more essential in the coming months.

In total, up to GBP 600 million of National Lottery funding is being directed towards UK charities and organizations to help tackle the impact of COVID-19. For example, the National Lottery Community Fund recently announced that up to GBP 300 million will be used to support the most vulnerable in communities across the UK as part of this wider package.

Lynne Roiter: The lockdown has not changed the fact that we continue to remit 100% of our revenues to the government. Loto-Québec maintained 100% of its commitments towards sponsorships to support festivals and gatherings that have been canceled, as well as to support scholarships for sports athletes. In addition, it is important to note that since the lockdown, Loto-Québec donated CAD 1 million to the food bank Moisson Québec, which was distributed equitably among its 19 organizations. Also, the kitchens of the Casino de Montréal and the Casino du Lac-Leamy have been reactivated to produce, each week, more than 50,000 meals to support the most vulnerable people during the pandemic. Loto-Québec also donated various types of products to the Ministère de la Santé et des Services sociaux, including more than 30,000 N95 masks.

Gordon Medenica: Of course we’ve been affected by the lockdown, but our commitment to responsibly generate revenue for Maryland’s good causes remains unchanged.

That said, we did suspend all of our advertising beginning in mid-March and continuing through the end of May. It would have appeared “tone-deaf” to be advertising our products and promotions during a public health crisis. In its place, we created messaging to encourage safe play. The messaging was displayed on in-store video monitors to encourage social distancing and safety. We also published a list of steps that players could take to reduce the duration and frequency of their lottery transactions. These include advance-play options; filling out playslips in advance; using the quick-pick option instead of taking the time to select specific numbers; and subscriptions that can be purchased from home.

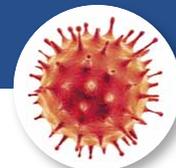
Younes El Mechrafi: Sales will be strongly affected by the COVID-19 crisis. They might be lower than 30% of what was budgeted. This means that money for sports – MDJS finances Moroccan sports – might be affected in the same way. Nevertheless, MDJS is currently putting together an action plan with changes able to rectify the situation and limit the losses for Moroccan sports.

Also, MDJS mobilized and allocated DHS 100 million to the Special Fund for the management of the COVID-19 pandemic. This fund has been set up to support the costs of upgrading medical devices, support the national economy in coping with the shock induced by the pandemic, and preserving jobs and limiting the social impact.

Dato Lawrence Lim Swee Lin: The regulators have been more focused on combating COVID-19 and saving lives than addressing the fund raising issue. That, I believe, will take on greater prominence once the extent of the damage to public finances due to the pandemic is recognized.

Jesús Huerta: Not especially. SELAE, in normal conditions, already contributes with a considerable economic contribution, according to a percentage of the annual income set by law, also with different organizations and NGOs of social, cultural, and sports character.

During this crisis we have focused more on directing our aid to the health field, providing, for example, a large amount of health material and covering the basic needs of many families, helping to alleviate the negative effects of this lock-down.



5. Lottery retail points of sale have been among those hardest hit by the lockdown. Even operators with a well-established online presence rely heavily on retail channels to drive sales and acquire new customers. Do lottery leaders need to redefine how their retail points of sale operate?

Rebecca Hargrove: We can be confident that brick-and-mortar retail is not going to sit idly as customers spend more online. Since their survival depends on an effective response to this competitive threat from the online marketplace, we can expect the rate of retail modernization, digitization, and innovation in general to increase. That's a great opportunity for lotteries to carve out a role for itself as trusted partners and resourceful innovators who provide solutions and help them serve and retain their customers.

Richard Cheung: I personally see online wagering share will go up after the crisis despite retail has their role. However, operators have to think hard about the value of retail point of sales on top of transactions. The directions would be more around education, responsible gambling and customer acquisition.

Stéphane Pallez: Even if bars and restaurants were forced to close, many distributors who sell our games such as news agents and tobacconists were considered as essential economic sectors and allowed to pursue their activity. This highlights the relevance of our distribution network, the largest in France, as a proximity network. Distributors' revenue was impacted by limited opening hours and the decline in foot traffic and consumption, and as customers are coming back to the stores, they are facing new challenges to enforce new hygiene and social distancing rules. As a long-standing partner, FDJ will continue to adapt its games and services to ensure a sustainable business in this particular location that is the point of sale, distributing games to a wide public with the highest level of safety for both the distributor and customers. Digital tools will become essential in the distributor's relationship with customers, but also with the lottery sales force to enable a more interactive cooperation. Our instore digital screens and dedicated distributors' website have been very helpful during this crisis to provide information to both our players and distributors.

Yaping Feng: The COVID-19 pandemic has affected our business greatly. However, we believe that retail points of sales will remain an important channel for lotteries over

a period of time, under the influence of multiples factors like development history, playing behavior, policies and employment.

Retailers are vital to our business. The lottery regulator, operator, and sales organizations did everything we could in different ways to help them mitigate the economic effect of the pandemic and to stabilize the retail channel. The Ministry of Finance, the regulator, allocated a total of 200 million yuan of special funding to support lottery retailers across the country to fight against the pandemic. As a lottery operator, we decided to increase the commission for our retailers from January through April 2020 (January through June in Hubei province) based on the type of games sold. The money comes from the operating fees of each type of games. For instant tickets, we cut the operating fees from 2% to 1% and the 1% goes to the retailer commission. For lotto, numbers, Keno and VLTs, during the four months, all operating fees go to retailer commission. Provincial welfare lotteries also implemented similar measures and allocated special funds to provide local retailers with one-time subsidies or supplies like masks, hand sanitizers, disinfectants, etc.

In the long term, while tapping the potential of the existing sales channels, we will explore



Since lottery points of sale in China have re-opened, punters are subject to strict safety measures when entering shops.

different types of channels and seek cross-industry cooperation.

Nigel Railton: Thanks to our continued innovation and investment in The National Lottery's digital channels, we've been able to meet the requirements of greater numbers of players playing online – whether that be on their smartphone or tablet via the National Lottery app, or their desktop on the recently refreshed National Lottery website.

We've also been looking closely at any adjustment, no matter how great or small, we can make to accommodate players moving from retail to playing online. For instance, with so many new online account registrations, we made it easier for these players – some of whom will have traditionally only played in retail – by implementing a number of measures, including lowering our minimum online deposit limit from GBP 10 to GBP 5. This has ensured that people who just want to buy a ticket or two play online instead of going out to a shop unnecessarily to do so.

Our retail partners have been under a lot of pressure in the current situation, so we've been doing everything we can to support them – namely actively encouraging players to only buy tickets in retail if they're already in-store doing an essential shop and waiving any fees if they have had to close their store as a result of COVID-19. And we'll continue to do everything we can to support them in the future too.

Lynne Roiter: The shopping experience has changed a lot. Retailers are promoting security and hygiene measures. Plexiglas is now installed everywhere near the cashier, so the lottery products are harder to see. Retailers are also reluctant to manipulate money to pay cash prizes or to verify the lottery tickets. We definitely need to monitor the changes and adapt to this new reality.

Gordon Medenica: The pandemic may have accelerated the trend away from retail for certain products, but brick-and-mortar retailers will survive this crisis and continue to play a critical role in lottery sales. Even if lotteries are allowed to sell more broadly through online as well, retail will remain dominant for the foreseeable future.

Younes El Mechrafi: The COVID-19 crisis happened in a period where there is a need to redefine the links between the points of

sale and the digital networks. MDJS is currently planning several options in this way (e.g. a mobile app).

A physical network must be involved in the digital transformation of lotteries; the aim being to create as many bridges as possible between the physical and the digital channels. Traditional points of sale should be able to remain digitally active in the event of another lockdown.

Dato Lawrence Lim Swee Lin: Social distancing and tracking measures will have very adverse implications on the operations of our retail channels. It will be especially challenging for stand-alone, lotteries only outlets whose viability may be called into question if physical volumes decline significantly and permanently.

Jesús Huerta: The products SELAE markets are products that are highly based on tradition and on the physical contact between seller and buyer. Therefore, the physical Points of Sale continues to be the main commercial agent of SELAE.

For this reason, SELAE's commercial policy is aimed, above all, at trying to retain those weekly buyers, such as those at La Quiniela, so that they may also participate in the rest of SELAE portfolio, such as traditional Lotteries and Lottos and promote others, such as horse racing, supporting a wider divulgation through the media to increase their popularity.

6. Pan-jurisdictional lottery games such as Powerball and EuroMillions, which were once viewed as robust gaming products, have also suffered as a result of the lockdown. What do lottery leaders around the world need to do to protect pan-jurisdictional games in the event of another lockdown?

Rebecca Hargrove: A global pandemic is going to affect any game and its performance no matter what. The most powerful protection we can offer pan-jurisdictional games is really the most powerful protection we can offer any game: making the product and its brand the strongest they can possibly be for players. Any downturn is going to expose

weaknesses, but as I mentioned earlier, it's also a time for innovation and creativity.

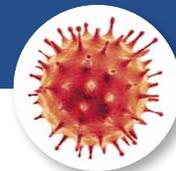
However, we also have to be creative and innovative during good economic times. I think Powerball and EuroMillions serve as a reminder to all of us to look around corners during good and bad times and make the necessary adjustments.

Stéphane Pallez: Looking at our experience with EuroMillions, we can say that pan-jurisdictional games were particularly challenged during the lockdown, as all participating countries were impacted by this pandemic, and it was impossible to predict the intensity and duration of the lockdown in a given territory. Nevertheless, the game was maintained without amending its prize structure and the draws were all carried-on without downgrading any integrity requirement. This illustrates the robustness of the game and a collective effort and engagement of all partner lotteries. It was also an opportunity to test and improve contingency procedures with the help of digital solutions. I am convinced that these learnings will reinforce our operations and cooperation in the future. Moreover, pan-jurisdictional games are important driver towards our digital platforms, and have contributed to the extraordinary rise in online stakes during the lockdown.

Yaping Feng: We have Union Lotto, quite similar to Powerball and EuroMillions. In the event of another lockdown, on the one hand, we need to improve our capacity of providing online training and services. We offered disease prevention and control guidance and online training via an online service platform towards points of sales nationwide. On the other hand, we suggest adding online betting or betting via phones.

Nigel Railton: In light of the various measures to combat coronavirus that were introduced in some of the nine countries in which EuroMillions operates and the potential impact that these could have on the operation of the game, we temporarily changed how advance play worked on both EuroMillions and its spin-off game EuroMillions HotPicks.

Previously, players could buy tickets for EuroMillions and EuroMillions HotPicks for four weeks in advance (eight draws). However, in March, before the UK officially announced its lockdown, we implemented



The pre-pandemic photo shows players standing in line to buy tickets for the famous Spanish Christmas Lottery, “El Gordo”. As SELAE’s products are steeped in tradition and rely on contact between buyer and seller, retail points of sale will continue to be their main sales channel, post-pandemic.

a four-week countdown to advance play on these games. This meant that each week the amount of weeks that could be played in advance went down by one week, until players were only able to play for one week in advance (two draws). Players were still able to buy tickets on a draw-by-draw basis and the draws themselves still took place as planned.

This limited advance play option stayed in place for a number of weeks while we, and the other EuroMillions operators, continued to closely monitor developments. Fortunately, we are now in a position where we’ve been able to return the game back to four-week advance play. However, we believe that this temporary change was in players’ best interests given the uncertainty caused by the unprecedented and fast-changing situation that was unfolding across the EuroMillions community.

Lynne Roiter: This is a difficult question to answer. These games are based on a high volume of sales to be profitable. Being too conservative on the prize structure would make the games less appealing and we cannot hold funds in case a situation like this happen again.

The key is a close monitoring of the games. Some small adjustments to the games’ features and structure can be made, but if the sales are close to the break even, an interruption of the game could be considered.

Gordon Medenica: The slowdown in sales that we have seen with Mega Millions and Powerball began well before the pandemic. As an industry, we have been grappling with the long-term impact of jackpot fatigue for years. An important aspect of jackpot fatigue may well be media fatigue, as the games receive much less free media coverage at lower jackpot levels than before. We are learning the importance of marketing and advertising to the continued success of the games. Nevertheless, we know the games attract infrequent players who seem to need ever-higher jackpots to excite people to play. And while we are experiencing softness in sales right now, the next huge jackpot is sure to bring players back.

Younes El Mechrafi: The success of pan-jurisdictional lottery games success is based on high volumes and the highest possible number of players. In such a crisis, there are less players and therefore less “natural” jack-

pots. To make sure that customers are not disappointed about the level of jackpots, it is necessary to plan for similar situations in the future (possibly with an important reserve fund).

Dato Lawrence Lim Swee Lin: If, as expected, the average spend per lottery customer falls: the jurisdiction will need to expand to cover a larger potential customer base; a merger of a number of such pan-jurisdictional games may need to be seriously considered; and a drastic redesign of the game and/or prize structure to reduce the headline top Jackpot amount while expanding the number of smaller subsidiary prizes to increase the total number of winners and bring back excitement to the game by increasing the winning experience.

Jesús Huerta: During this crisis, Euromillions has demonstrated its robustness and implantation in the countries participating in this game, resisting the situation posed by letting some of these countries participate in these draws, causing a reduction in revenues and jackpots. Even at that point, the game remained competitive and little by little it is recovering its place in the market at the levels prior to lockdown.

7. The cancellation of major sporting events has been devastating for the sports betting sector. Going forward, do you see sports betting operators embracing new products such as eSports or virtual sports to lessen their reliance on live events?

Rebecca Hargrove: I think this disruption has made everyone evaluate their products and look at potential new products. It will be interesting to see how the sector responds.

Richard Cheung: eSports or virtual sports is not on HKJC's plan for now.

Yaping Feng: At the moment, we don't offer any sports betting products.

Lynne Roiter: Yes. Operators need to think about how to survive in such situation. Esports and virtual sports are among the options to look at if it was not already part of their offer. The ability to quickly add new competitions, new sports, and novelties if possible is also part of it. Most important, it all has to be done keeping in mind the importance of sports integrity and risk man-

agement. But whatever addition an operator makes, it won't compensate for the lack of major live sports events.

Gordon Medenica: Not at all; when real sports return, so will the sports-betting sector. In fact, if future live events have fewer in-stadium spectators, broadcast and streaming coverage will become more important than ever. And with so much of sports betting taking place via mobile devices, watching and betting on sports will thrive. As for smaller, even fringe sports (drone racing?), they will take some market share of betting activity in line with their interest level among fans.

Younes El Mechrafi: Of course, virtual games can compensate losses generated by classical sports betting games, but virtual sports games are games of chance and fixed odds betting or sports pools games are games of expertise. Moreover, virtual games are less exciting than sports betting and might create higher addiction risks.

ESports betting can also be a very good solution as eSports has a large fanbase and is getting more and more popular over the years, but then with a close monitoring on match-fixing issues, especially if the eSport tourna-

ment is online and not an event that takes place in a dedicated space.

Dato Lawrence Lim Swee Lin: ESports will gain further traction. Physical games may have to be played in front of an empty stadium with simultaneous broadcast and streaming the preferred way to entertain and engage with fans.

Jesús Huerta: As I said earlier, sports betting is not part of the SELAE portfolio except for our La Quiniela, which has little to do with sports betting.

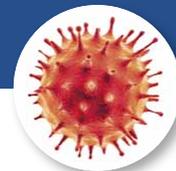
La Quiniela is based on a tradition of many years that has passed from parents to children and football supporters. Both groups are the ones that maintain this product based more on entertainment and tradition than on its profitability.

8. Have illegal gaming operators been able to capitalize on the lockdown?

Rebecca Hargrove: Because of the lack of transparency and reporting, there's no way to know for sure. However, we can assume that they've tried.



The cancellation of sporting events was a major disruption for sports betting operators across the globe.



Richard Cheung: The offerings by illegal gaming operators on Hong Kong races have been evidentially growing during the lockdown, when Hong Kong remains as one of the few jurisdictions that sustain racing.

Stéphane Pallez: Everyone has been able to note that all the online gambling sectors have actually been taking advantage of the lockdown which took place to the detriment of the retail activities. The pandemic may in this respect entail important changes in the players' habits and consumption patterns that will probably not spare the gambling sector, and of which we should all take stock. Those evolutions are still ongoing, and they can end up in opportunities for both the illegal and the legal online gambling operators. By the way, we are monitoring whether illegal operators have gained particular advantages during this period.

For these very reasons, it is crucial that the legal ones, and notably lotteries, are given the possibility and the conditions to develop their online offerings and to promote them in a responsible way, in accordance with their common values. This is the precondition for the achievement of the primary mission lotteries are entrusted with, which consists in channeling the demand for gambling towards a regulated and controlled offer.

On the other hand, it is of the utmost importance, now more than ever given the particular context, that national authorities take efficient enforcement measures against illegal online gambling offerings, with the aim not only to protect consumers but also to ensure a level-playing field for lotteries. Lotteries should act in this respect and aim to raise awareness about the threats and the unfair competition arising from illegal operators, and I have no doubt the WLA taskforce can assist them in doing so.

Yaping Feng: Yes. Illegal gaming, especially illegal online gaming, may increase taking advantage of the pandemic. We suggest that relevant government agencies collaborate in cracking down on illegal gaming.

Lynne Roiter: We observed that illegal online gaming operators have intensify their advertising and communications. On the other hand, unlike Loto-Québec, we also noticed that some of them seemed to have disabled phone customer service support due to the crisis to focus only on chat and e-mail. As in-

indicated above, Loto-Québec saw online gaming on lotoquebec.com increase significantly, presumably as a reason of the retailer's shutdown. We expect future market study to further understand the impact of the lockdown.

Gordon Medenica: I doubt very much that the illegal operators have had any better experience during the pandemic. There is simply no product to bet on, whether legally or illegally.

Younes El Mechrafi: Pure players (100% online) have been able to capitalize on the lockdown. Illegal gaming operators have been in a much better situation than other operators. They offer a higher payout and don't have to be challenged with retail costs. Their competitive edge has been three times increased: More winnings, no taxes, and no retail issues.

Dato Lawrence Lim Swee Lin: Being unregulated, illegals are not limited to the same extent in their operations during lockdown. They have also been able to innovate using new technologies in the new normal including following draw results of other legalized lotteries when their "home" lottery is not permitted to operate.

Jesús Huerta: At SELAE we do not have outstanding references to illegal operators that directly affect our products.

9. What regulatory and contingency measures should be put in place in order to protect the lottery and sports betting sector as a whole in the event of a future crisis?

Rebecca Hargrove: I think you have to go back and look at the enabling legislation in each jurisdiction. The legislation may lay out a structure to give regulators and operators more flexibility to adapt to a changing economic environment. Some entities have to budget even detailed line items two years out and are not allowed to adjust when the whole world is sick. Others have an overly politicized management structure that changes too frequently. Multiple factors drive success and even more impede progress and positive action.

The enabling legislation that prescribes the terms and conditions under which a lottery or regulatory body operates can have a pro-

found effect on the agency's ability to pivot in times of crisis.

Stéphane Pallez: I would like to focus on the sports betting sector, as the suspension of many sports competitions has made it more important than ever to take the right measures to protect the integrity of both remaining sport events and of our betting activity. In this context, the Global Lottery Monitoring System (GLMS) enabled an international cooperation which has been very helpful for its members. GLMS knowledge and expertise can actually help us all to secure our betting activity and we must continue to support this very operational sport integrity association. It will be even more important when our activities will soon resume as Interpol is already sending warnings about the risks associated with sports organizations that were financially fragilized by the pandemic.

Yaping Feng: On the Chinese mainland, the ban on Internet lottery is not yet lifted. However, we think it's important to explore the Internet business model to improve sales capacity. For instant tickets, players may order tickets online and have them delivered home. For lotto and numbers games, players may bet via phones or online platforms, and have their slips typed from offline channels. Efforts could also be made in facilitating the approval of new games, accelerating the launching process into the market, establishing online training system and improving service.

Nigel Railton: The implications of the global pandemic, and ensuing lockdowns, have thrown up many new challenges for businesses – and that hasn't been any different for Camelot. We've had to move quickly and adapt to an ever-changing situation, while continuing to meet our license and integrity obligations. Of course, we already had extensive contingency measures in place, by way of our Business Continuity Plan. However, we had to adapt our plan to the actual situation and to bring it in line with the Government guidance being issued.

Throughout this period, we've implemented a range of measures – for example, our Contact Centre can now work from home, we've updated our advertising to encourage people to play online, we've lowered our minimum online deposit limit from GBP 10 to GBP 5, etc. – which have enabled us to



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"The enabling legislation that prescribes the terms and conditions under which a lottery or regulatory body operates can have a profound effect on the agency's ability to pivot in times of crisis." – Rebecca Hargrove, President and CEO of the Tennessee Education Lottery Corporation, USA

continue running The National Lottery as safely and responsibly as we can. This is because we know the importance of the work it does in raising GBP 30 million every week for Good Causes around the UK.

Lynne Roiter: For sports betting, we don't see regulatory measures or contingencies, other than those mentioned in my previous answers, to be put in place for a future crisis.

For the lottery, online gaming and betting and the omnichannel experience should be developed as much as possible.

Gordon Medenica: Depending on the nature of future crises, the industry has learned much during the current pandemic on how to react to constraints on sales channels and product distribution. Also, casinos, when they reopen, will have much different operating protocols that will continue for some time. But sports betting is fundamentally linked to the underlying sports, and will rise and fall along with sporting activity.

Younes El Mechrafi: It is almost impossible to protect the responsible business of a lottery in such a crisis. But these measures may be able to help: the promotion of online betting;

monitoring of the offer (avoiding offering betting on risky events – money laundering and match fixing); monitoring the strict application of measures in terms of responsible gaming; detection and alerts on anti-competitive practices.

Dato Lawrence Lim Swee Lin: To permit and encourage contactless transactions at outlets; and more customer friendly online purchases for lotteries and sports betting.

Jesús Huerta: We are currently putting all our effort into the process of emerging from the current crisis and therefore need to complete this process in order to have time to study the consequences and possible measures to adopt in the event of a possible new crisis. There will be time for that.

10. How can the WLA best help its members in the event of a future lockdown?

Rebecca Hargrove: Our WLA and regional association conferences are sorely missed. Zoom or Microsoft Meetings or conference calls are incredibly helpful, but I still believe that working together in-person provides us

with the most meaningful platform to share ideas, learn from each other and come up with the best solutions.

I think during a future lockdown the WLA's primary role will be lifting up and sharing best practices from around the world. While certain tactics or practices may not translate exactly from one jurisdiction to another, exchanging ideas of what worked and what didn't is always valuable, especially during times of crisis and afterward.

Richard Cheung: WLA may encourage members to share their experience in tackling the lockdown and impact from the epidemic. Members may also mutually update the latest local measures for a better flow of information.

Stéphane Pallez: The WLA has an important role to play in such situations, where its members across all continents face simultaneous sanitary and economic challenges and can learn from each other's experience. In this specific situation the WLA made a lot, sharing a dedicated COVID-19 newsletter, regularly taking care of its members and exceptionally reducing its membership fees by 50% as a gesture of solidarity. Moreover,



the WLA acting as a forum for exchange is very appreciated and should continue even if physical meetings are not possible in a near future. As the global gambling market will continue to evolve, it is important that WLA members defend their values and vision of the industry. Compliance with the highest standards and adoption of best practices are essential to meet the expectations of modern customers looking for a safe and sustainable gaming environment. Finally, WLA support to the operational development and broadening of the membership base of GLMS will also be key to secure the sports betting operations of its members.

Yaping Feng: We think the WLA could first summarize the experience, measures and information regarding pandemic prevention and control, lottery sales resumption, and how to encourage players to purchase again etc. Then the WLA could strengthen sharing and enlarge exchanges through e-conference or network database or other means to help the lottery community guard against risks.

Nigel Railton: We appreciate the WLA continuing to provide ongoing updates about how other operators are responding to the crisis.

Lynne Roiter: In light of all the information received by its members, it could certainly be helpful for WLA to provide them with the best practices which emerged from this study, in particular, which could give support to its members in the event another situation like this one would arise in the future.

Gordon Medenica: The WLA has done an excellent job in re-aligning its activities in response to the pandemic. Its fundamental mission of informing and communicating critical insights and best practices for its membership remains highly relevant.

Younes El Mechrafi: The WLA could help by providing some benchmarks about lotteries like the status of each member (full lockdown for the physical network or not, online sports book with the available tournaments

open for sports betting) and WLA could also send a report / update on the cancellations and resumptions of championships and tournaments (for sports betting).

A practical handbook about best practices (after the crisis) might also be very helpful for the future.

Dato Lawrence Lim Swee Lin: To create a section on the WLA website to post best practices and lessons learnt (including unintended horror stories) from around the world during the COVID-19 pandemic.

Jesús Huerta: Once this crisis is over, the WLA should analyze – through the different working groups and with the collaboration of all its members – the incidents that this crisis has caused in the different areas of the gaming business.

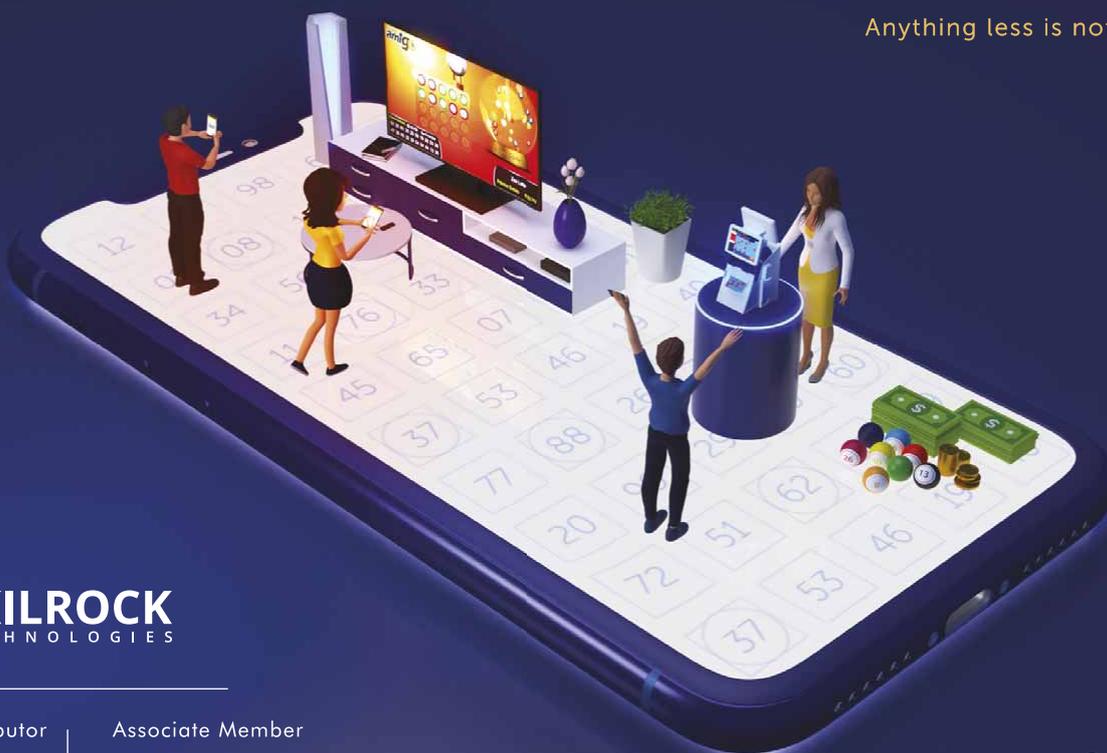
Once conclusions are reached, disseminate those measures that are applicable to a crisis such as the one we are currently suffering.

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GLMS: Maintaining sports integrity during a global crisis

On the heels of GLMS' latest intelligence and monitoring report showcasing the monitoring services that the team has provided to its stakeholders in the first half of this year, we reflect on a modern era that has drastically changed for sports betting, both on and off the sports field. Through its operational activities, strategic contributions, and engagement with the public, GLMS has endeavored, to adapt and to serve its members in the "new normal" brought on by the COVID-19 pandemic crisis.

The first half of 2020 has been interesting for GLMS, representing a shift from expected activity, to the unprecedented effects of the COVID-19 pandemic. Nevertheless, since the start of the year, the proactive efforts of GLMS Members have added significant value to outputs. The monthly operational reports sent to members continuously highlighted suspicious competitions and the GLMS team provided concrete advice on protective measures. These included operational recommendations such as reducing bet stakes, increasing limit thresholds, and changing prices drastically in a timely manner. In addition, GLMS itself expanded, opening a North American monitoring hub and also engaged

in multi-stakeholder exchange, co-organizing a sports integrity webinar, together with World Lottery Association and European Lotteries Association.

The second quarter and ghost matches

During the second quarter in the height of the pandemic, many major sporting events were postponed. Smaller sporting events kept going for longer, and less-well-known competitions rose to the forefront in terms of sports betting offering.

GLMS' monitoring and intelligence activities detected an unusually large number

of "ghost" friendly matches taking place in this period of uncertainty, with a substantial amount of irregular and suspicious trading patterns. A ghost match – familiar in football, although not exclusively – is a fictitious game designed to defraud bookmakers and con honest customers. They are usually created by criminal organizations in order to appear on bookmakers' sportsbooks, allowing for betting on these fake "matches". Ghost matches are promoted online with the goal of profiting at the expense of the unsuspecting public and betting operators. Innocent individuals bet on these games, having seen them offered by licensed betting operators. Criminals realize that it is far

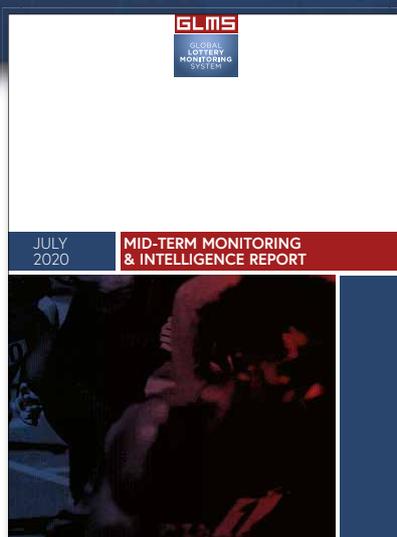


easier to create a corrupt fixture that doesn't exist than it is to pay athletes to fix a result.

While ghost matches are not a new trend, they are a trend that has grown over the last few months because of the scarcity of sporting events taking place. Friendlies by teams looking to get back into shape, for instance, were considerably more commonplace than is usual for this period, and fixers capitalized on this to “create” friendly matches solely for betting purposes. The lack of competitions on which to bet, and the willingness of consumers to bet on almost any competition, has led to this phenomenon becoming particularly common during the pandemic.

GLMS has continuously advised members and partners, including national betting regulatory authorities, INTERPOL and the International Olympic Committee, on activities and offers during this period, notably in relation to the integrity grade. This advice includes recommendations, such as reducing bet stakes, increasing limit thresholds, drastically changing prices, and acting quickly to close betting on a given market or on the whole event.

Towards the end of May 2020, major sporting events were slowly starting to resume, creating a climate of lower-profile events that



In early July, GLMS Published its 2020 mid-term Monitoring & Intelligence Report featuring key facts and figures from the first six months of 2020.

had taken the front stage, together with larger competitions emerging. In June 2020, we saw many sports and their respective leagues returning to action. GLMS observed an increase in suspicious trading patterns, therefore also leading to an increase in red alerts to members and partners. Teams might be playing in empty stadiums, but fans, as well as organized crime syndicates and other fraudsters, have become more attentive to matches than usual.

52 matches alerted to members and partners

During the first half of the year, as presented in the mid-term intelligence and monitoring report¹, GLMS alerted members and partners of 52 matches. While this figure seems low, once it is placed in the context of low sporting activity, and compared to almost 300 individual alerts being generated, it illustrates the amount of activity still taking place.

It is a sign of the need for human-led intelligence gathering and risk analysis, that over 20 detailed monitoring reports were requested from and delivered by the GLMS team during this period of the pandemic.

The human factor plays an important role, because while alerts are generated automatically, operational team members conduct an additional risk analysis of each detected game and modify the level of alerts if necessary. As a result, members and partners have been, and still are, receiving the most accurate information possible. Out of 269 alerts, 37 were red alerts and 10 were generated pre-match or during play.

¹ **GLMS monitoring and intelligence 2020 mid-term report**
<https://mailchi.mp/glms-sport.org/glms-mid-term-monitoring-intelligence-report2020>



Clarity amid confusion

The COVID-19 pandemic initially created – predictably – an overwhelming situation. At first, in an attempt to feed the market promptly, bets were offered on unusual competitions. In some cases, this led to issues such as offers on suspicious games. GLMS endeavored as fast as possible to ensure that members could follow a planned, strategic, and comprehensive strategy that deploys regular touchpoints on relevant topics at the right time to targeted audiences, whether internal or external. Thus, a stronger monitoring procedure was implemented, and the operational teams strived to be extremely reactive to the needs of their members and partners.

Furthermore, some confusion had been generated due to a lack of information, and countless media reports offering different perspectives and advice on the pandemic. Consequently, establishing clarity and security for lotteries, employees, and business partners has been absolutely key, when the situation and the available information have been constantly changing.

Areas that have emerged as a main focus for many lottery organizations include employee wellbeing; effective and transparent communications; business continuity; cost management and planning; and fiscal/financial

assistance. Jens Nielsen, sports betting director, Danske Spil – GLMS member and host of one of GLMS’ monitoring hubs – confirms: “We have been very happy with the support from the GLMS team during the tough period in which the break-out of COVID-19 left us. With so many leagues being suspended, we were left with a very low number of sports betting events to offer our customers. And those leagues that were still ongoing were largely unknown territory. GLMS supported us by analyzing the available events and elaborating risk assessments. This helped us navigate through an unprecedented and surreal period to secure a safer product for our customers, the athletes and our business.”

Addressing the issues head-on

In the midst of intense information exchanges, requests for analyses, and concerns on proceeding over the next few months, GLMS teamed up with its collective founding members, the European Lotteries Association (EL) and the World Lottery Association (WLA) to organize a webinar² dedicated to addressing the issues of sports integrity over the last few months from various perspectives, and the new challenges in the “new normal”.

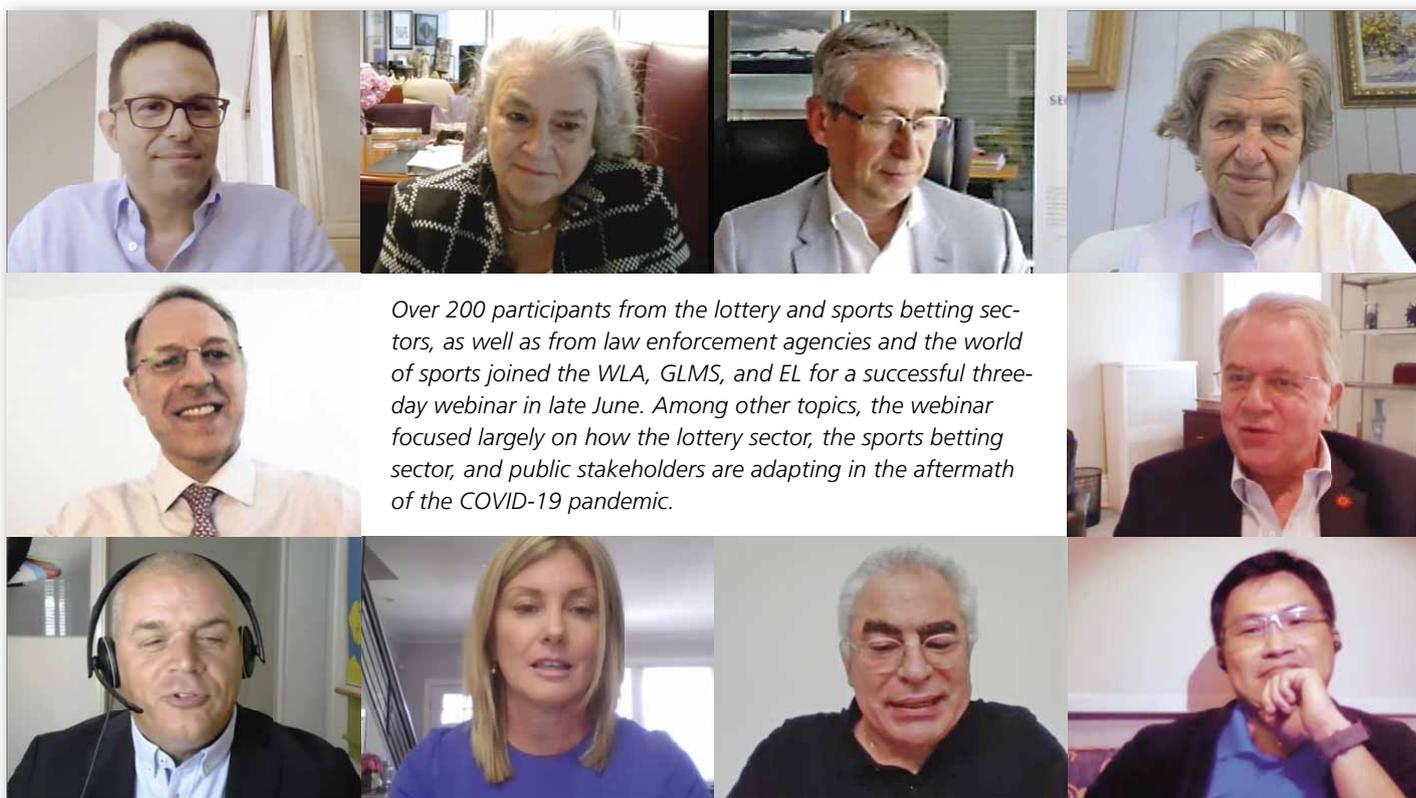
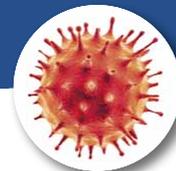
Over the three-day webinar, panels and presentations³ focused on topics such as: moni-

toring activities and trends over the last three months; and how to prepare for an increased threat to sports integrity in a new normal. It was also the opportunity for GLMS to announce the launch of its latest operational hub in North America⁴.

The sessions were vivid, fluid, and engaging, with presentations of prominent industry leaders from Africa, Asia, the Americas, and Europe. Information was shared on how lotteries, the sport movement, law enforcement, sports betting suppliers and public authorities, as well as GLMS, the WLA, and EL have worked together to conduct investigations and awareness raising activities.

The underlying theme of most sessions was digital transformation and understanding the climate from the perspective of each stakeholder. Speakers looked concretely at how lotteries and GLMS dealt with the threats to sport integrity during the pandemic, debunking the myth that no sport equals no threat. Lotteries found new sources to offer sports betting in eSports, and started going digital, while still understanding that consumers continue to appreciate the social aspects of sports betting.

Law enforcement continues to develop its targeted understanding of the sports bet-



Over 200 participants from the lottery and sports betting sectors, as well as from law enforcement agencies and the world of sports joined the WLA, GLMS, and EL for a successful three-day webinar in late June. Among other topics, the webinar focused largely on how the lottery sector, the sports betting sector, and public stakeholders are adapting in the aftermath of the COVID-19 pandemic.

ting world, as a key factor in the wider context of identifying and capturing criminals. This highlights the importance of raising awareness in both law enforcement and the betting sector on each other's needs. Speakers across panels agreed that a legislative and structured framework, such as the Macolin Convention and its national platforms, would facilitate an understanding of the whole context of a manipulation.

The webinar also addressed the rise of sports betting in the USA and Canada, especially as US states increasingly legalize sports betting, including mobile betting. It revealed the wide-ranging approaches in various North American jurisdictions introducing sports wagering tailored to different state-level cultural preferences and economic conditions. Finally, the webinar discussed the digitalization of sports betting and products, and identified strategies to face new and unprecedented challenges.

The new normal

Since the outbreak of COVID-19, the World Health Organization has encouraged governments to incentivize cashless transactions and operations, as banknotes may increase the spread of the virus. As a result, one of the most striking elements during the pandemic was the exponential growth of mobile and

digital gaming as consumers' habits evolved. eSports emerged as a major catalyst, not only because of the digital nature of the activity itself, but also as a viable betting option on various eSports events with in-play mode and virtual games. This will open up a plethora of new opportunities and – as always – associated risks, and it will be important for GLMS to continue working to protect the sports movement, members, and partners. This endeavor will be facilitated with the opening – also during the pandemic – of GLMS' third monitoring hub, this time in North America, hosted by member, Loto-Québec.

The summer of 2020 will prove to be unique. Had all gone according to plan, we would have experienced, among others, the first European football championships to take place in 12 countries. At the summer Olympic Games in Tokyo, GLMS was slated to play a key role partnering with the International Olympic Committee to detect suspicious activity. What we have now is different, but no

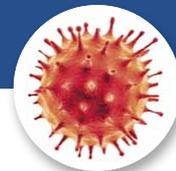
less intense. As suspended leagues re-start and are coming to their end two months later than planned, there is plenty of work to do. The concern is that there will be more suspicious matches than one would normally witness at the end of a regular sporting season, as teams may lack motivation and their respective matches become viable targets for manipulations by unscrupulous operators.

The world of sports, post COVID-19, will be full of unanswered questions and economic instability for some time, placing unprecedented pressure on revenues, cost management, and financial offsets.

The best we can do is remain strong, collaborative, open to exchange, and ensure that our members not only have the support they need, but that they understand that they are not alone in this strange period.

Cassandra Matilde Fernandes
Legal and Projects Manager, GLMS

- 2 **Report on the first joint GLMS-EL-WLA Webinar on Sports Integrity**
<https://glms-sport.org/news/first-joint-glms-el-wla-webinar-on-sports-integrity-a-success/>
- 3 **GLMS-EL-WLA Webinar on Sports Integrity, 23-25 June 2020 – Overview of sessions**
<https://glms-sport.org/wp-content/uploads/2020/06/GLMS-EL-WLA-WEBINAR-ON-SPORTS-INTEGRITY-23-25-JUNE-2020-Overview-of-sessions.pdf>
- 4 **GLMS' North American Hub becomes operational with two Analysts**
<https://glms-sport.org/non-classe/glms-north-american-hub-becomes-operational-with-two-analysts/>



WLS 2020 becomes WLS 2022

In the wake of the COVID-19 pandemic crisis, the WLA, NASPL, and the British Columbia Lottery Corporation (BCLC) have agreed to postpone the World Lottery Summit, which was to be held in Vancouver, Canada, this coming October. The event will now be held in 2022, with the venue remaining unchanged.



**WORLD LOTTERY
SUMMIT 2020
VANCOUVER**



**WORLD LOTTERY
SUMMIT 2022
VANCOUVER**

There's no denying that 2020 has been a year filled with challenges, many brought about by the COVID-19 pandemic. Among the many things impacted by the resulting quarantines and national lockdowns have been various conferences and seminars, some of which have been postponed, and some cancelled entirely.

The World Lottery Summit, usually held every two years, is the World Lottery Association's flagship event – an opportunity for leaders from global lotteries and lottery suppliers to interact and do business. The event comprises presentations from keynote speakers, panel discussions on various topics, as well as a comprehensive trade show during which WLA Associate Members and other lottery industry suppliers can showcase their latest developments.

Unfortunately, due to the COVID-19 pandemic, it became clear that it would not be viable to hold the summit as planned. Therefore, the WLA, alongside BCLC and NASPL, co-hosts of this year's intended event, agreed on a postponement. Rather than defer it by a few months or a year, however, it was decided to shift WLS 2020 two years into the future, effectively making it WLS 2022.

As the preparations for WLS 2020 in Vancouver were already well under way, and owing to the positive response to the choice

of host city, the host organizations elected to retain Vancouver as the venue for WLS 2022.

The pandemic has had a significant impact on the global lottery community, with outcomes varying based on the level of lockdowns, the infection rates, relevant legislation, and other factors. Many WLA Member Lotteries, however, continued to operate through the pandemic, especially those with robust online platforms. WLS 2022 will serve as a valuable platform for presenting the best practices and innovations that helped the global lottery community weather the pandemic, which is why this will be one of the most important events in the history of the WLA.

The World Lottery Summit was designed to facilitate the exchange of ideas, experiences, and knowledge in order to enhance the strength and success of the global lottery industry as a whole. Video conferencing and webinars have dominated in the past weeks. But the World Lottery Summit lives from relationships built through the personal contact of lottery professionals from around the globe and the WLA hopes to keep this tradition alive for years to come.

Although the summit will not be taking place during 2020, this delay will not negatively affect the motivation and progress made during the last two years. Rather, it is anticipated that the upcoming WLS 2022

will instead be an even larger-than-anticipated event, showcasing greater innovations and propagating considerably more lottery knowledge. By continuing to collaborate and share best practices with members, the WLA plans to keep helping the lottery industry move forward during these challenging times and beyond into the future.

The decision to postpone the event was not one taken lightly, particularly considering the contribution it makes to the lottery industry. However, the health and safety of all attendees and contributors was the primary concern when discussing alternatives, and it was clear that deferment of the summit was the only viable choice.

Both the WLA and NASPL expressed their regret at having to take such a decision, but both organizations agreed that this would be the best choice. BCLC, as host lottery for the summit to be held in their province, have been in agreement and have provided invaluable support throughout. The WLA would like to thank BCLC and NASPL for their collaboration on the WLS to date, especially under such trying circumstances, and look forward to continued cooperation and collaboration on WLS 2022.

It is not too early to mark your calendars now for the next World Lottery Summit, to be held from October 16–20, 2022 in Vancouver, Canada. We hope to see you there!



**WORLD LOTTERY
SUMMIT 2022
VANCOUVER**

**LEADING THE
JOURNEY
INSPIRING THE
FUTURE.**

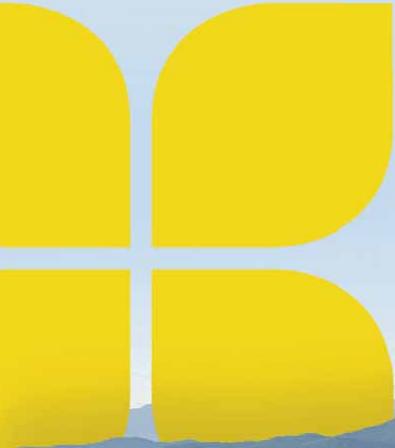
To be safe, we're putting a little distance in our schedule.

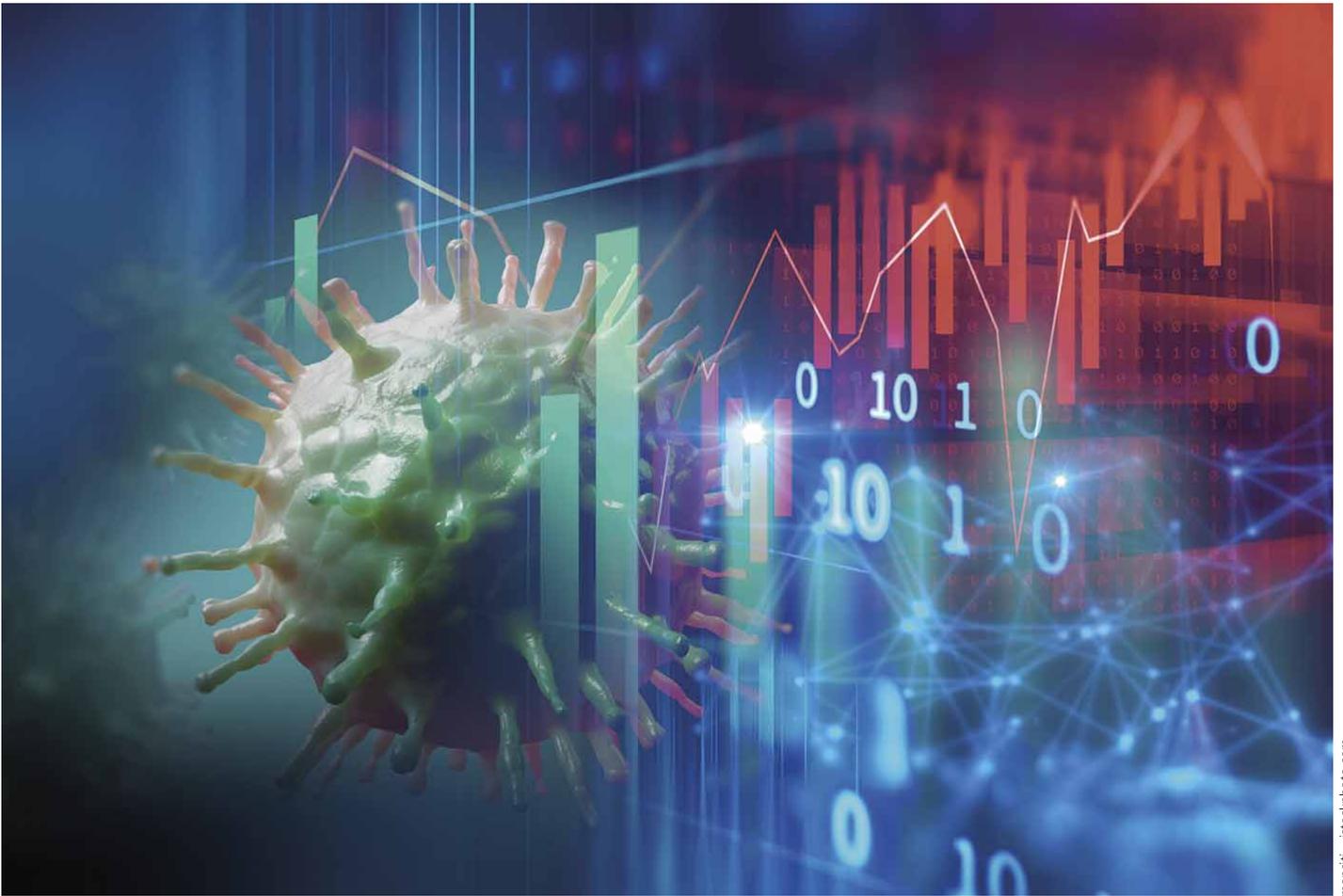
The World Lottery Summit is an opportunity to learn, engage and, most importantly, connect as an industry. And we want to keep it that way.

To ensure we can safely deliver a world-class event and give you the opportunity to experience the beauty and excitement (and restaurants!) of Vancouver, we've decided to postpone WLS 2020 to 2022 due to concerns with COVID-19.

We'll keep you informed as we continue to plan and adapt, and we look forward to seeing you in Vancouver for WLS 2022.

Save the date: Oct 16-20, 2022





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Digital transformation in the time of COVID-19

The COVID-19 pandemic lockdown has forced us to adapt many aspects of our daily lives. Prolonged indoor stays are accelerating the evolution of eCommerce, have made home office the current standard working model for many, and have brought the classrooms of our school children into our homes. But what will remain of this adaptive behavior once the lockdown has been lifted?

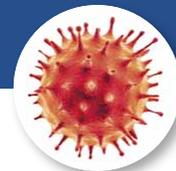
By Luca Esposito
WLA Executive Director

Although many of us have had access for more than a decade now to enough online services to let us live almost without leaving the house, very few people have taken this state of affairs to its logical conclusion. However, owing to the current COVID-19 pandemic, what was once seen largely as a luxury of convenience has now become an indispensable way of life. It remains to be seen how this digital transformation

has permanently impressed itself upon our lives, and how much of it will remain post-crisis.

The power of eCommerce

My father lives in Valle Fiorita, Italy; a small town in southern Italy, with a population of less than 2,000. He is 85 years old and accustomed to buying his weekly needs down at the corner grocery store. Now, with the



coronavirus lurking about the streets, he is precluded from practicing this weekly ritual.

Owing to my father's age, he belongs to the high-risk group most endangered by SARS-CoV-2, the novel coronavirus, and consequently is among those most affected by the lockdown. The support mechanisms that make up the social fabric of his village have been immobilized, as everyone is forced to stay home.

In line with the ancient adage, "necessity is the mother of invention", his corner store in Valle Fiorita has set up a WhatsApp group for its customers. Now my father, and others like him, can instant message their grocery orders to the store via WhatsApp. The grocer then delivers food and other household items to his local patrons, and payment is made upon delivery. What my father once would have considered an extravagant convenience has now become his lifeline. This is a simple example, but it underscores the conclusion that retailers will eventually have to setup viable online alternatives to their brick-and-mortar stores as consumers around the globe begin to see the true value of eCommerce. This is a *bone fide* transformative moment: there will be no going back to "business as usual".

To emphasize the point: older generations are indeed beginning to see online shop-

"Retailers will eventually have to setup viable online alternatives to their brick-and-mortar stores as consumers around the globe begin to see the true value of eCommerce."

ping as a valid option to obtain groceries and daily necessities. Recently Alibaba reported that in China, online grocery orders placed by people born in the 1960s were four times higher than normal during the Spring Festival – when the country was suffering hundreds of new SARS-CoV-2 infections each day.¹ Hema, Alibaba's online supermarket, reported that orders were up 220% year-over-year during this time. Competing online grocery platforms *Miss Fresh* and *JD.com* announced that sales were up 350% and 470% respectively. New business from elderly users was largely responsible for these increases. Having recognized the ease and convenience of online shopping, many older people are set to continue ordering groceries online after the pandemic has ceased.

Even as traditional brick-and-mortar businesses have suffered through the pandemic, online business have flourished. In the U.S., online sales represented about 16% of retail sales in 2019. With many physical stores closing due to the pandemic, it is going to

be imperative for businesses across the U.S. to establish and grow viable eCommerce strategies. The current heavy dependence on businesses with online stores will firmly establish eCommerce as a vital sales channel and will motivate retail businesses that until now did not have online channels to rethink their sales strategies. Although brick-and-mortar retailers will still have their place in the world, they will have to adapt to a more omni-channel approach. The pandemic has shown this more clearly than ever.

For the past two decades, highly successful business giants such as Amazon and Alibaba have built upon the paradigm of emerging consumer demand for online services. Planning strategically for the time after the pandemic, many businesses are beginning to view the move to online by many sections of the population as largely permanent, and the elderly as a major growth market. Perhaps it is time for us to stop courting the millennials and start looking toward the older generation?

School on the home front

Education is another area that has had to adapt owing to the COVID-19 pandemic. As the father of school-aged twin boys, I have witnessed their school struggle to cope with the situation. Initially, their school was caught off guard and was ill prepared to deal with the lockdown. In time, however, they were able to put together a set of assignments and conduct online school sessions for all students. If the lockdown continues, schools will have to find ways to provide students with online teaching solutions that are yet more permanent and professional. Once these solutions are in place, it is unknown if they will remain beyond the pandemic lockdown. I would nonetheless venture to guess that many students will expect to continue



Owing to the lockdown, consumers have begun to see the value of eCommerce as online shopping and home delivery have become the norm.

¹ How COVID-19 Sparked a Silver Tech Revolution in China, *Sixth Tone*, 12 March 2020. Available via <http://www.sixthtone.com/news/1005303/how-covid-19-sparked-a-silver-tech-revolution-in-china> (accessed 20 March 2020).

“WLA members with iGaming platforms have reported 10%–30% increases in online sales since the lockdown.”

at least a portion of their schooling online from the comfort of their own homes.

For working parents with school-aged children, home office and home schooling are forced to exist side by side. Families around the world are struggling to do their best with makeshift offices, with classrooms and offices moved into living rooms and spare bedrooms. As countless families adjust to the new norm of parents and children alike working and studying from home, this is having a profound impact on online activity and how we use the Internet. Leisure and entertainment activities like shopping and media streaming are being rapidly upstaged and in part displaced by altogether more serious scholastic and business endeavors, with school assignments being handed out on Google Classroom, and work meetings taking place over platforms like Zoom, Google Hangouts, and Microsoft Teams.

New Zealand’s Prime Minister Jacinda Ardern almost perfectly encapsulates the *Zeitgeist* with her Facebook Live “fireside chats” to the nation, appearing on one occasion in a well-worn sweatshirt having just put her young child to bed, and on another occasion with a child’s toy visible just behind her desk: apt scenes for an era in which work-life balance has been completely upended.

Home office

Working from at home was once viewed as a privilege or perquisite reserved for top-level managers. Now, social distancing measures to curb the pandemic have made home office an absolute necessity for all but essential workers. Remote working and the social distancing it entails is easily one of the most impactful things we can do as individuals today to address the current public health and economic crisis. Again, the question remains how this will affect our working patterns once SARS-CoV-2 has been contained and lockdown measures have been lifted. Many employees that have now effectively established their home-working patterns to great effect will be questioning why they had to go to the office in the first place. It is conceivable that this will be the dawn of a great reset in terms of how we work going forward.

Such a reset can only be aided and abetted by the continuing advances in information technology. Already in the past two decades Internet technology has advanced to such a degree that current pandemic-induced business continuity efforts through home-office arrangements have been for the most part seamless. Not only has the home-office environment served the needs of individual workers in the past few weeks, it has also proved to be a great asset for employers by strengthening organizational resilience in the face of this crisis. Going forward, it is only natural to anticipate that the rush toward remote working environments occasioned by the COVID-19 pandemic will become ever more entrenched.

That this is the case is already being borne out in real time. In a March 17, 2020 survey of 800 global HR executives conducted by Gartner, Inc., a leading global research and advisory firm, it was revealed that 88% of the organizations surveyed have encouraged or required employees to work from home, regardless of whether or not they showed coronavirus-related symptoms.² Similarly, in a related Gartner survey of 317 CFOs and fi-

nance leaders conducted on March 30, 2020, it was revealed that 74% of those surveyed will move at least 5% of their previously on-site workforce to permanently remote positions post-pandemic. Nearly a quarter of the respondents said they will move at least 20% of their on-site employees to permanent remote positions. One of the main reasons given by CFOs for this move was to find new ways to manage costs, another advantage that speaks in favor of the home office.³

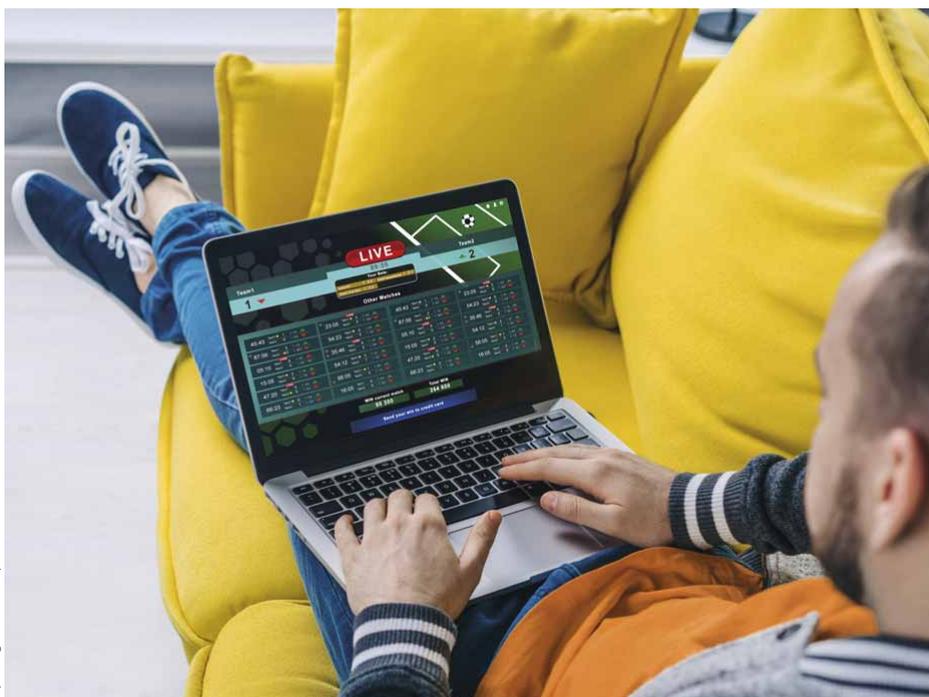
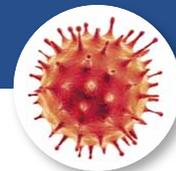
These surveys illustrate how the current COVID-19 crisis could very well have a lasting impact on the way companies will manage their businesses once the pandemic is over.

iGaming: The future of lotteries?

As the novel coronavirus has spread, we have seen a growing impact on the lottery and betting sector. But whereas other industry segments – in particular, sports betting – have seen strong contractions in growth owing to the pandemic, iGaming has been positively impacted. Even as most state lotteries have been forced to curtail retail sales until the outbreak lessens, WLA members with iGaming platforms have reported 10%–30% increases in online sales since the lockdown. The emerging evidence suggests that online gaming solutions can provide a robust means of mitigating the shutdown of retail lottery sales as a result of a pandemic.



For working parents with school-aged children, home office and home schooling are forced to exist side by side.



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Lotteries with iGaming platforms have reported a 10%-30% sales increase in online sales since the lockdown.

While digital transformation has been a priority in many other business sectors for the past few years, state lottery regulators have been slow to understand and embrace its benefits. These extraordinary times have revealed the limits of certain business models as lockdowns have gone on and physical lottery tickets have become harder for players to obtain. The need for lotteries to embrace online and omni-channel solutions, as demonstrated by the growth in iGaming sales, is now more evident than ever.

Illegal lottery and sports betting operators are quick to fill in the online gap when state lotteries are unable to serve their players on these platforms. In the midst of the lockdown, there have even been some unscrupulous operators that have been offering punters bets on new COVID-19 cases.⁴ Betting fraud has also not been hindered by the lockdown as cases of so-called 'ghost'

games, originating out of Ukraine, were reported in late March. Ghost games are football matches that never took place but are faked and supported with fraudulent data that is sold on to bookmakers who offer betting markets to their punters.⁵

There is no end to which illegal gambling operators will go to lure new punters. Exploiting online technology, crooks poach our players and prey upon those that suffer from gaming addiction. But we can meet these criminals head on by ensuring our players have access to secure and responsible gaming products online. The funds that state lotteries raise go to support good causes in their respective communities. It is vital for all WLA members to be able continue this noble service, even in the event of a lockdown.

If lottery organizations are to withstand levels of disruption like those wrought by COVID-19

and continue to meet customer expectations even in the event of a crisis, it is essential that their sales teams be supported by digital marketing with effective and efficient customer relationship management systems. In particular, lotteries must be able to continually gather data and analyze business patterns in order to continuously improve their gaming products; and they must provide their players with online gaming platforms that parallel, complement, and extend their retail offerings. They should never rest on their laurels. Attracting new players is one thing, but maintaining customer loyalty requires a deep understanding of their needs and habits as well as a good dose of forward-looking planning and a firm dedication to your company's objectives.

A new paradigm

The COVID-19 pandemic is a once-in-a-lifetime Black Swan event, the likes of which have not been seen in more than a century, not since the Spanish influenza pandemic cut a swath of destruction across the globe from 1918 through 1920. Coming on top of the First World War, the global economy was ravaged by the Spanish influenza pandemic. We can only hope that world leaders will do all they can to mitigate the negative and lasting impacts that the COVID-19 pandemic will have on today's economy.

Technology is indeed proving to be vital in getting us through this crisis, from allowing us to work from home and to homeschool through to enabling us to map the SARS-CoV-2 genome. Nonetheless, in the end, the evolving digital transformation is proving to be as much about a change in our culture, habits, and outlook as it is about advances in technology. Indeed, the biggest part of the digital transformation lies in changing the way we think about the world we live in. The pandemic has forced upon us a profound change in the way in which we understand the world. Let's hope that it is a lasting change for the better.

² Gartner HR Survey Reveals 88% of Organizations Have Encouraged or Required Employees to Work From Home Due to Coronavirus, Gartner, 19 March 2020. Available via www.gartner.com/en/newsroom/press-releases/2020-03-19-gartner-hr-survey-reveals-88-of-organizations-have-e (accessed 20 April 2020).

³ Gartner CFO Survey Reveals 74% Intend to Shift Some Employees to Remote Work Permanently, Gartner, 3 April 2020. Available via www.gartner.com/en/newsroom/press-releases/2020-04-03-gartner-cfo-surey-reveals-74-percent-of-organizations-to-shift-some-employees-to-remote-work-permanently2 (accessed 20 April 2020).

⁴ Illegal gambling sites lure punters with bets on new Covid-19 cases in S'pore, Malaysia, Thailand. Available via <https://www.straitstimes.com/singapore/courts-crime/illegal-gambling-sites-tout-bets-on-number-of-covid-19-cases-here> (accessed 22 April 2020).

⁵ Ukraine 'ghost' games fool bookies and punters as criminals pull off perfect crime. Available via <http://www.insideworldfootball.com/2020/03/31/ukraine-ghost-games-fool-bookies-punters-data-firm-criminals-pull-off-perfect-crime/> (accessed 22 April 2020).



香港賽馬會
The Hong Kong Jockey Club



Hong Kong Jockey Club: Global is the future of horse racing pools

The Hong Kong Jockey Club has been pioneering something of a revolution in pool betting. The WLA Magazine explains the pros and cons of the World Pool.

The World Pool was pioneered at Royal Ascot in 2019 and reprised for the 2020 edition as horse racing came back to UK racecourses, albeit behind closed doors.

The recently relaunched UK Tote has high hopes for the World Pool, which builds on the pioneering work that the Hong Kong Jockey Club (HKJC) has done in promoting the commingling of pools across the world.

“International commingling between pool betting operators are one of our core ambitions for the UK Tote,” says Director of Communications and Corporate Affairs Susannah Gill. “It creates bigger pools, which gets people excited and in turn will generate bigger returns to racing.”

The World Pool is a joint venture between the UK Tote, Ascot Racecourse and The Hong Kong Jockey Club. For instance, in its

2019 inaugural edition, the overall turnover in Hong Kong reached HKD 1B with the addition of international partners, representing a 70 percent growth. With the 2020 edition of the World Pool successfully concluded, the overall turnover surpassed the HKD 1B mark reaching HKD 1.4B.

The World Pool uses HKJC’s in-house technology in Hong Kong and Sportech’s technology in the UK to make a virtual pool

that gives bettors the impression that they are betting into a bigger pool but no money actually crosses borders.

This means that there are no regulatory hurdles or tricky taxation issues to deal with. However, in creating a larger World Pool, each operator should be creating a bigger pool in their own country too. This means bigger prizes, which should be more attractive to more bettors.

Bigger pools also mean that odds become more stable. In smaller pools, one large bet can shift the odds dramatically. So, a bettor might bet at one price but finds the odds slashed at the end of the race when he or she goes to collect his or her winnings.

It will produce more cosmopolitan odds too. While races are increasingly global affairs with horses and jockeys from all over the world, bettors tend to bet on local favorites. So, UK bettors, for example, will bet on any horse that Frankie Dettori is riding. If Hong Kong bettors are betting on other horses then there will be less regional anomalies.

Nine countries bet into the Ascot World Pool: Hong Kong, Australia, Canada, Ireland, New Zealand, Singapore, South Africa, the United Kingdom, and the United States.

The HKJC believes that having the same odds across countries also eliminates arbitrage opportunities which exist in pools hosted by illegal bookmakers.

According to figures from the UK Tote, horses that are 12-1 or more pay out more than fixed odds bookmakers two-thirds of the time. This is because fixed odds bookmakers can get a bit lazy when pricing horses with higher odds than 20-1. So, a horse that really should be 50-1 is priced as 20-1.

In a pool betting operation, the odds are determined by the bets being laid by the bettors. So, better odds from pool betting operators eliminates the advantages that might be offered by the black market, (or in the UK market, by licensed fixed odds betting operators).

The UK Tote's determination to offer the best odds has seen it introduce a new "Tote Guarantee", in which it will match the industry starting price on all winning bets or

pay the pool price if the pool price is bigger than the industry starting price.

Critics highlight some problems with the World Pool. Firstly, is the appeal for punters. They argue that horse racing fans in the UK generally want to watch horse races in the UK. They might be interested in some of the big races: the Melbourne Cup in Australia, the Breeders Cup in the US, or the Arc de Triomphe in France, but that is about it. The Tote has struck a deal with the government-owned the Swedish Horse Racing Totalisator Board (ATG) but do British punters want to bet on Swedish trotting, a sport so very different from UK racing.

The HKJC and the Tote would argue that times are changing. People want well-known horses and famous jockeys. The racing world is becoming more and more international. There was a Japanese winner at Goodwood, for example, when Deidre won the Qatar Nassau Stakes.

The second issue is time zone differences. Bettors typically like to watch the race they are betting on. It is different to the lottery, where customers might find out the winning numbers later in the day. Hong Kong races start at lunchtime in the UK for meetings on a Wednesday, but from 6am for meetings at the weekend. You could argue that anyone rising at 6am to place a bet should not be betting.

But Hong Kong Jockey Club has been pioneering the commingling concept since

2014, when it struck a deal with Flutter's TVG in the US. Bearing in mind time differences, Hong Kong's Wednesday races start at 7am Eastern Time in the US, while the Sunday card starts at 1am Eastern Time. But that has not deterred HKJC from pursuing more deals.

During 2015 it extended its commingling to 11 international partners, including Australia, New Zealand, Macau and Singapore. And the UK Tote was not the only operator to sign an agreement last year. After HKJC joined PMU's pool for L'Arc de Triomphe in 2019, PMU joined HKJC's pool for its weekly races. Now HKJC has over 60 international partners from 27 jurisdictions.

"These are hugely challenging times for the sport," says Gill at the UK Tote. "There are financial pressures everywhere. The more we can all work together as operators to showcase the sport and deepen the pools, that will only deepen our relationships and strengthen the sport globally."

The Hong Kong Jockey Club's Executive Director, Customer and International Business Development Richard Cheung agrees: "We remain optimistic towards the development of the World Pool with hope of the time of coronavirus over soon. There are still many possibilities in growing the World Pool for the benefit of global punters and a healthy sports industry development."

The World Pool and global commingled pools like it are here to stay.



Susannah Gill, Director of Communications and Corporate Affairs, UK Tote



Richard Cheung, Executive Director, Customer and International Business Development, HKJC

Florida Lottery elevates the player experience



THE PLAYER'S **GUIDE**

Play RESPONSIBLY

Playing responsibly is all about knowing your limits and playing within your means.

Our games are intended to be a fun, low-cost form of entertainment. Plus, you get the added benefit of helping fund Florida education. We know that most of our players enjoy playing our games for the fun and excitement of it, but for others, gaming of any kind can create a problem. We aim to help those players, too.



[Read Transcript](#)



PLAY RESPONSIBLY TIPS

Check out our helpful tips for safer gaming to make sure you're always playing responsibly.

Don't play when you are upset or depressed.

You should avoid doing many things if you are upset or depressed. Playing the Lottery is one of those things. Keep the fun in playing.

Know when to ask for help.

Resources are available if you are struggling with an addiction. More information about some of the organizations that may be able to help can be found below.

Don't think of the Lottery as a way to make money.

All of our tickets are intended to be fun games, not a source of income.

Set a dollar limit and stick to it.

It's important to set a budget for what you can afford to spend on the Lottery, using your discretionary income. Don't spend more money than you initially intended or can afford.

Never chase your losses.

Not winning is part of playing the Lottery. Don't assume that you can earn back the money you have already lost. Know when to stop.



A new online Player's Guide is a fun way to provide information so consumers can make thoughtful decisions about playing, and winning, the Lottery responsibly.

The customer is king. The long-held axiom of business is still as important as ever, and in January the Florida Lottery took a big step towards providing its customers with an experience that ensures that they play – and win – responsibly.

Encouraging responsible play has long been a basic tenet of lottery operations everywhere, but few lotteries combine the “play” with the “win” under the same banner. Florida's new online Player's Guide does just that, designed to help lottery players every step along the way. After all, it's also important to be responsible with winnings of any amount, but especially if those winnings are astronomical – like those often produced by America's big jackpot games Powerball and Mega Millions.

“We wanted to think about the end-to-end customer experience, from when you even start to think about playing the Lottery, all the way through to when you win, whether it's USD 5 or USD 5 million,” explained Amber Seale, the Lottery's Chief of Brand Management. “We want you to have fun doing it, and we want you to know how to do it in the best way for you, all the way through the process.”

After all, playing the Lottery should be fun! The interactive Player's Guide serves as an engaging one-stop-shop for the latest tips, resources, documents and how-to information for every Florida Lottery player – from beginners to experienced players.

The Guide, available in English, Spanish, and ADA-accessible versions, was created

as a micro-site, promoted on flalottery.com and through the Lottery's social media channels. Launched on January 6, it has received good media coverage throughout Florida.

Assembling the content

Seale credits the entire leadership of the Florida Lottery with making responsible play a high priority and enabling this important project to come from her Brand Management team. “At the Florida Lottery, playing responsibly has been core to our business, so the idea is nothing new for us.”

Still, there was a desire to do more, to provide players with tools on how to make thoughtful decisions not only about how they play, but also what to do if they win. Lotteries always talk about their games and how much fun they can be, but “we want to be good stewards of our players and elevate the idea of responsible play.”

The team drew on all the work being done by the World Lottery Association (WLA), the North American Association of State and Provincial Lotteries (NASPL), and the National Council on Problem Gambling (NCPG) – all of which have generated a better understanding of consumer habits and behaviors, and created numerous responsible gaming initiatives across the lottery industry.

They pulled from the Lottery's own work in the responsible gaming arena, including certification by the WLA and verification in the program offered by NASPL in partnership with the NCPG. Ideas were also borrowed from other lotteries. “Many of our peer lotteries have resources similar to this,” explained Seale. “It's been very helpful to see and learn from each other all the things that work.”

Also closely examined was the British Columbia Lottery Corp.'s GameSense responsible gaming program and the way it creates content. GameSense is very successful in taking complex topics and presenting them in a

very simple way, Seale noted. “They do a really excellent job with that, and that is something we wanted to mirror in the Player's Guide, while keeping to the Florida Lottery brand.” That was important to Florida, to keep its hard-earned brand front and center. “We take a lot of pride in everything living within our brand and our tone. Our execution looks and feels like the Florida Lottery.”

The desire to create that bite-sized, relatable content in the Player's Guide was also communicated to PPK, the Lottery's advertising agency. “They helped us design the site to make it something that feels interactive and engaging, for people to follow through,” said Seale.

That engagement comes in each of the Guide's two sections, one about playing and one about winning.

Responsible playing

The Play Responsibly section includes a variety of playing tips, information and resources, presented in an interactive way complete with videos, including:

- Information about budgeting, discretionary income and other financial tools from the Florida Department of Financial Services.
- Tips for players on how to play responsibly, such as never borrow money to play the Lottery; always play with money you can afford to lose; don't think of Lottery as a way to make money; set a dollar limit and never chase losses; and don't play when you are depressed or upset.
- Understanding game odds.
- Quizzes on playing responsibly and debunking common myths about lotteries.
- Resources for problem gambling, such as Florida and national gambling helplines – help is always available.

“We wanted to think about the end-to-end customer experience, from when you even start to think about playing the Lottery, all the way through to when you win, whether it's USD 5 or USD 5 million”

*Amber Seale,
Florida Lottery's Chief of Brand Management*



ADDICTION RESOURCES



Help is available if you need it.

We want our games to remain fun for our players at all times. But we recognize that some people can develop a problem. If you or a loved one are struggling with a gambling addiction, we encourage you to seek help by contacting one of the organizations below.

These organizations provide all kinds of resources to those who may have a gambling problem, some of which include support group meetings, treatment with a certified counselor, and self-help recovery workbooks. The selected organization(s) will work with you or your loved one to determine the resources best suited to their needs.

DISCRETIONARY INCOME



Only use discretionary income to play.

A big part of being a responsible lottery player is only using discretionary income, or **money you can afford to lose**, to play. Discretionary income is the amount of money you have left to spend, invest or save after you have paid for necessities such as food, shelter and clothing. Some other things you could buy with discretionary income are new shoes, movie tickets or that new best-selling book.

To determine your discretionary income, the Florida Department of Financial Services created the **Your Money Matter\$ tool**. This website aims to provide you with resources for creating personal budgets and spending plans so you can manage your money wisely.

[View other financial resources provided by the Department of Financial Services](#)

KNOW THE ODDS BEFORE YOU PLAY THEM



What are the odds?

No, really, it's very important that you understand the odds associated with each game. While the odds vary from game to game, the odds of winning all work the same way. We want our players to have fun when playing, so remember, it only takes one ticket to win.

MUST BE 18+ TO PLAY

Our games aren't child's play.

We are committed to preventing underage gaming. Lottery games are designed to be a fun, low-cost form of entertainment for those over the age of 18. Sure, Lottery tickets can make a great gift for birthdays, holidays, or other special events, but please remember they should only be given to, or played by, adults.



THE PLAYER'S GUIDE

When you play responsibly, everyone wins.

DOWNLOAD NOW

The Florida Lottery's new online Player's Guide provides its customers with an experience that ensures they play – and win – responsibly.

Responsible winning

To meet Florida's desire to provide the best end-to-end player experience, it was important to provide similarly easy-to-understand information about what happens with a prize win of any amount. Included in the Win Responsibly section of the Guide are things such as:

- Tips if you have a winning ticket, such as signing the ticket, keeping it in a safe and secure place, claiming before the prize expires, and validating it at any Florida Lottery retailer.
- Information on the entire claims process, such as where to claim a prize based on the prize values, how to claim by mail, what documents/information, if any, will be needed to claim, and when tickets expire.
- Tips on protecting winnings from scam artists.
- Resources on how to manage winnings, such as tax information and links to advice on finding financial planners, attorneys and accountants.

The next steps

Seale and her team are tracking how people are accessing the Guide and how they are using it, and that information will drive potential content changes and how it will ultimately live on the Lottery's website. How people perform on the quizzes will also be monitored, to see if answers to quiz questions signal the need to create new content or provide additional links to further educate players. "We're very open to optimization, and the sky's the limit. Digital is a very nimble space in which to update and add content."

The entire Florida Lottery team is excited about the Player's Guide and the way it brings together two critical aspects of the player journey, and they have more plans to elevate the winner experience in the coming months. "This could be very stale, cumbersome and complicated content, and I think we've spent the time and put in the work to really be thoughtful about how to present it to show we care about our players," said Seale. "We are really excited about this."

You can visit the Florida Lottery's Player's Guide at <https://playersguide.flalottery.com/>



Bridging the gap between retail and digital

The lottery sector has built its success in partnership with its extensive and established retail network that acts as its trusted resellers. As the world has become more digital, lotteries have had to adapt and change their approach to stay relevant to a new generation of players. During the COVID-19 outbreak, having an online presence has never been more important as many retailers were forced to temporarily close. In a three-way dialogue, Dan Beebe, Director of Lottery Strategic Development at BCLC; Stuart Godfree, Managing Director of mkodo; and Jennifer Westbury, Executive Vice President, Sales & Customer Development at Pollard Banknote, examine the link between retail and online sales platforms, how lotteries can best integrate their retail and online offering as well as protect the relationship with their retailers in the wake of an increased digital offering.

How can lotteries initiate and grow their online presence, while still reinforcing their existing brick-and-mortar business model?

Jennifer Westbury (JW): “We have seen that lotteries can successfully increase their online presence and still continue to grow brick-and-mortar sales. Lotteries can begin by complementing existing instant tickets with digital game enhancements as well as leveraging their second chance and loyalty platforms to drive players back to retail. Our digital enhancements and player engagement platforms are designed to effectively bridge the gap between an internet gaming experience and traditional scratch play, while maintaining the lottery’s critical retail network as central to the transaction. Our approach to these products is built on the premise that the entire experience begins and ends at retail.”

Stuart Godfree (SG): “Lottery retailers are still the gateway into the product for the majority of people, but as a new generation of players emerge, there has to be a merger of the retail and digital purchasing experience. One way to do this is to build a digital fingerprint of the player from the retail point of sale to slowly integrate digital elements. By, for example, allowing players to pick their lucky numbers on their phone and scanning a QR code at a terminal at the till, lottery operators can start digitally tracking the player and start offering information about relevant products and services. This way, the retailers remain an important part of the lottery eco-system in the shift to digital.”

Dan Beebe (DB): “The growth of our online products highlights that, more so



“With an increased online focus and a shift in consumer behavior, lotteries are seeing the importance of having more integration between online and retail initiatives.”

*Jennifer Westbury,
Executive Vice President, Sales & Customer
Development at Pollard Banknote*



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*Stuart Godfree,
Managing Director of mkodo*

than ever before, it's time to accelerate our focus on a seamless, omni-channel player experience that converges digital and retail. The key is to offer players a customized, cross-channel journey whether they are playing games online, at land-based facilities or at retail. We are also exploring the adoption of greater digital integration within our bricks-and-mortar retailers, including tests to support our partners' 'Buy Online, Pick Up In-Store' and online home delivery as the market adjusts to a post-COVID world."

How can lotteries best maintain their relationship with retailers while increasing the digital offering?

SG: "One thing that lotteries are currently looking into is the concept of association. This is similar to the affiliate programs that are very common in the

gambling industry were a financial reward could be given to a retailer if it successfully gathers data from a player which moves online to play. Another option would be to introduce virtual coupons offered after an online transaction that could be used with the retailer to ensure that the revenue generated from other goods associated with a lottery purchase (e.g. a can of soda and a chocolate bar) is not lost."

DB: "While we continue to grow our digital offering, our lottery network includes 3,500 retailers that are extremely important business partners who build brand loyalty with our players through exceptional, personalized and responsive customer service. The COVID-19 pandemic has underscored the importance of our retail network more so than ever before.

Despite an increase in online shopping overall as the public follows social-distancing recommendations, our research indicates that many players still prefer the experience of visiting their retailer to purchase lottery tickets. We remain focused on supporting the evolving needs of our retail partners, including changes to our compensation structure that address realities like rising labor costs and working to increase engagement through performance-based incentives."

Have traditional lotteries been slow in embracing and adapting to digital?

SG: "The lotteries themselves do look to innovate within the legislative and infrastructure constraints in which they operate. It can be slow-going as the infrastructure that supports lotteries is huge, bulky and expensive and cannot be eas-



“The key is to offer players a customized, cross-channel journey whether they are playing games online, at land-based facilities or at retail.”

*Dan Beebe,
Director of Lottery Strategic Development
at BCLC*

ily changed. Current platform incumbents also don't have much incentive to innovate as they are running a profitable business model. However, since many long-running contracts between lotteries and suppliers are soon expiring, operators are currently exploring future options to become more digitally focused.”

DB: “We have tried to react to market changes as quickly as possible and launched our free Lotto! app in 2016 to support players in checking their physical tickets on mobile devices. We enhanced the app in 2019 to enable players to purchase tickets on our online gambling site PlayNow.com. PlayNow.com, is the only regulated online gambling site in British Columbia and is now the fastest growing channel of our business,

with growth of almost 25% in the last fiscal year.”

How do you help your lottery clients in their journey to become more digitalized?

JW: “We have developed a suite of digital engagement products, the Space Between™, that sits in the space that exists between the brick-and-mortar retail activity and the purchase of lottery products over the internet. Our playON™ Loyalty Program Solution and gameON™ Second Chance Solution help lotteries begin to learn more about their players at any stage of their digital journey to be able to customize exclusive offers or rewards which can be collected at retail.”

SG: “At mkodo, we deliver the digital customer experience and integration piece. We design and build web and mo-

bile app products that integrate into the lottery back office and also into the retail environment using the best technologies available. From the retail lottery purchase point of view, we can be that interface connecting the two separate worlds, and we do so by using the mobile phone as a conduit.”

How can online and retail integration increase the player experience?

SG: “Integrating digital is vital to engaging a new generation of players that expects to do everything with a mobile phone. By merging the two worlds, operators will be able to introduce new and exciting products that will improve engagement and retention. A digital offering will also increase accessibility for people living in remote places or that find it hard to leave their homes to buy a ticket.”

JW: “With an increased online focus and a shift in consumer behavior, lotteries are seeing the importance of having more integration between online and retail initiatives. It is increasingly vital for lotteries to give players what they want – where and when they want it. As mentioned above, we have developed the Space Between™ suite of digital engagement products, playON™ Loyalty Program Solution and gameON™ Second Chance Solution with the ultimate goal of supporting the online-retail relationship. These products not only help generate data every time a player interacts with them, they also offer players a fun and engaging way to extend the life of instant tickets and expands their interaction with lotteries. In turn, the intelligence lotteries gain through these digital offerings is crucial to allowing them to communicate to their players in a personalized, timely, and relevant way – ultimately elevating the player experience.”

DB: “As we continue to bridge digital and bricks-and-mortar player experiences seamlessly, account-based play is one way that we will reposition our business to become more player-centric across all channels. By prioritizing entertainment, convenience and how-to-play information, we can offer our customers more options to play with BCLC through digital integration within retail environments.”



Powering the USD 1 billion Pennsylvania iLottery program

Great content, digital experts, CRM and responsible gaming tools help protect vital lottery funding.

Just days before the two-year anniversary of the Pennsylvania iLottery program launch, sales for the popular digital lottery games hit the USD 1 billion mark in the Northeastern U.S. state – officially making it the most successful iLottery launch in the industry to date by any measure. The program is now tracking to top USD 1 billion in sales annually, gaining more players both new and loyal to lottery games daily.

In May 2018, the No. 14 ranked lottery in the world’s long-awaited iLottery program lit up the market, growing from 1,100 online/mobile depositors the first month to more

than 150,000 today. And it continues to set records. *(Ranking based on FY2019 total per capita sales, La Fleur’s 2020 Almanac.)*

“The iLottery launch was a collaborative effort. Our teams worked very closely with Scientific Games teams to launch in less than six months, which was incredible,” says Drew Svitko, Executive Director, Pennsylvania Lottery. “We set up work streams to tackle all areas of the project and prioritized the must-haves from the nice-to-haves, all while continuing to focus on growing traditional lottery sales. The teams worked a lot of long hours and weekends, but it all paid off.”



During its first full fiscal year of iLottery, Pennsylvania traditional lottery sales grew 7.2% over the prior fiscal year and Scratch-Offs alone grew 5.9%.

The iLottery program recently hit a record USD 4.2 million in online/mobile sales in a single day and is currently averaging over USD 3 million per day. The Pennsylvania Lottery has experienced eight consecutive years of more than USD 1 billion in returns to the Commonwealth.

What's behind the magic?

“Player reaction to iLottery has been strong and positive, especially with our holiday-themed and Pennsylvania-themed online games. Adding iLottery to our games has allowed us to meet our players where they already are – online – drive new players to our brick-and-mortar Lottery retailers, and generate new funds to benefit older Pennsylvanians,” shares Svitko, who was recognized internationally with a 2020 HOT50 award by *Gaming Intelligence* for his innovative vision.

Svitko says that the iLottery program has helped protect vital funding for state programs benefitting older Pennsylvanians.

“What’s encouraging to states looking to launch online/mobile lottery sales is that when the COVID crisis happened, Pennsylvania had a partnership and program in place to protect vital funding – including effective management of the combined retail and digital game portfolio, an iLottery platform and services to attract and retain players,” says Amy Bergette, VP Digital Content Studio Scientific Games. “The iLottery program is integrated to support lottery retailers while continuing the strategic management of traditional lottery products sold in stores.”

Pennsylvania, which already had the highest performing combined retail and digital instant lottery program in North America, continues to break records with an 80% jump in iLottery revenues (current weeks vs. pre-COVID weeks) and a 200% uptick in first time players. Pre-COVID in the U.S., daily average iLottery sales were up 20% January to February. That’s massive growth for a lottery.

“You can’t compare Pennsylvania to an established iLottery program’s vol-

ume of sales. In under two years, Pennsylvania’s iLottery growth far surpasses any other program globally,” she explains.

Both the Pennsylvania Lottery and iLottery partner Scientific Games attribute month-to-month growth to entertaining digital content and effective marketing, or what is called retention marketing. This takes a team of digital experts experienced in effectively reaching and engaging players utilizing powerful CRM and promotional tools.

Success strategies

Bergette, who helped lead the Pennsylvania iLottery launch for Scientific Games, describes several strategies that led Pennsylvania to this record level of success.

“The foundation of any iLottery program is effectively acquiring both traditional and new players and retaining them,” she says. “In addition to offering players exciting bonus opportunities for registering to play games online and mobile, the Pennsylvania Lottery has a highly effective affiliate program. Paid online affiliates (lead generation companies) are incentivized to sign up new players through their distribution chan-

nels, and Lottery retailers are incentivized to participate in the affiliate program.”

From the beginning, the Lottery understood that including its retailers, which now total more than 9,800, in the iLottery program would ensure their support, so the affiliate program was developed to offer retailers incentives to register their customers for online/mobile play.

“Our cross-promotions give players incentives to play both online/mobile and retail games, Pennsylvania’s iLottery program was embraced by players and continues to thrive,” shares Bergette.

To keep registered players engaged, Scientific Games uses powerful tools and technology to continuously launch new games and deliver bonus play and promotions. All of this is managed by the company’s dedicated team of digital marketing experts who are highly experienced in CRM, growth marketing and retention marketing. Each time a new game launches, an incentive is offered.



As example, when the popular *Magnifying Money* game launched, players received a text message or email offering a USD 2 bonus to sample the new game. There are also cashback and deposit match promotions. One promotion for new players offered a 200% match on first deposits up to USD 100. Everything is backed up by an analytics team that tracks the big picture and nuances.

Keep the entertainment coming

“Unlike a traditional lottery business that’s like a cruise ship you turn slowly, iLottery is a speedboat. You have to be able to react quickly and turn quickly,” says Svitko.

The Pennsylvania Lottery’s portfolio of iLottery content began with eInstant games from Scientific Games and third-party providers. *Monster Wins*® has generated more sales than any other game in the portfolio – at press time a total of USD 87,234,0663, which is USD 25 million more than the second most popular game measured by total sales. Other player favorites include *JAMES BOND 007™*, *Cats, Hats & Bats*®, *Snow Me the Money*, and the above-mentioned *Magnifying Money* game. *Double Your Luck* is a new 4x4 grid reveal game that allows you to play one or two boards at once. Two weeks post launch, the game was averaging USD 270,000 in wagers a day.

“We consistently look for opportunities to create and promote games that are timely, relevant and special throughout the year. The Pennsylvania Lottery’s mission is to generate funds for older Pennsylvanians in a socially responsible way,” says Svitko. “Our games and promotions are part of a much larger effort to maximize profits for senior programs in the Commonwealth.”

Draw games and promotions

Bergette says there was a spike in new players when *Powerball* and *Mega Millions* were added to Pennsylvania’s online/mobile program in January. With this new convenience for players, the Lottery is adding more players at a faster rate, and particularly when jackpots are high, more players are registering to play online. With effective marketing, the new players are retained to participate in other games.

“Around this same time, we also enhanced the bonus program to include draw games and continued offering players targeted bonuses each time a new eInstant game was launched. We continue to provide themed promotion days such as Mega Monday where players receive a USD 2 bonus for playing USD 2 in Mega Millions.,” explains Bergette.

She says that active players notably increased their participation with the addition

of draw games and associated promotions. New players registered and kept playing.

Protecting the Lottery’s business

“iLottery allows us to better protect our business and meet players where they already are, which is online,” reiterates Svitko.

Currently, 13 of 46 U.S. lotteries allow lottery games to be purchased online, but only seven of those, including Pennsylvania, offer eInstant games. The Pennsylvania Lottery currently offers players 70 different eInstant games, including third-party content.

From pre-launch to post-launch, from marketing strategy to game implementation, the Pennsylvania iLottery program was created with a partnership approach across all facets of the business, including product management and implementing growth marketing strategies.

“Many states will look to Pennsylvania’s program to modernize lottery products online and at retail. It’s been a true partnership in every sense, with the Lottery’s team working with Scientific Games. The result is together we launched a program that entertains players, benefits retailers, and drives maximum returns for the Pennsylvania Lottery and older Pennsylvanians in the state,” shares Bergette.



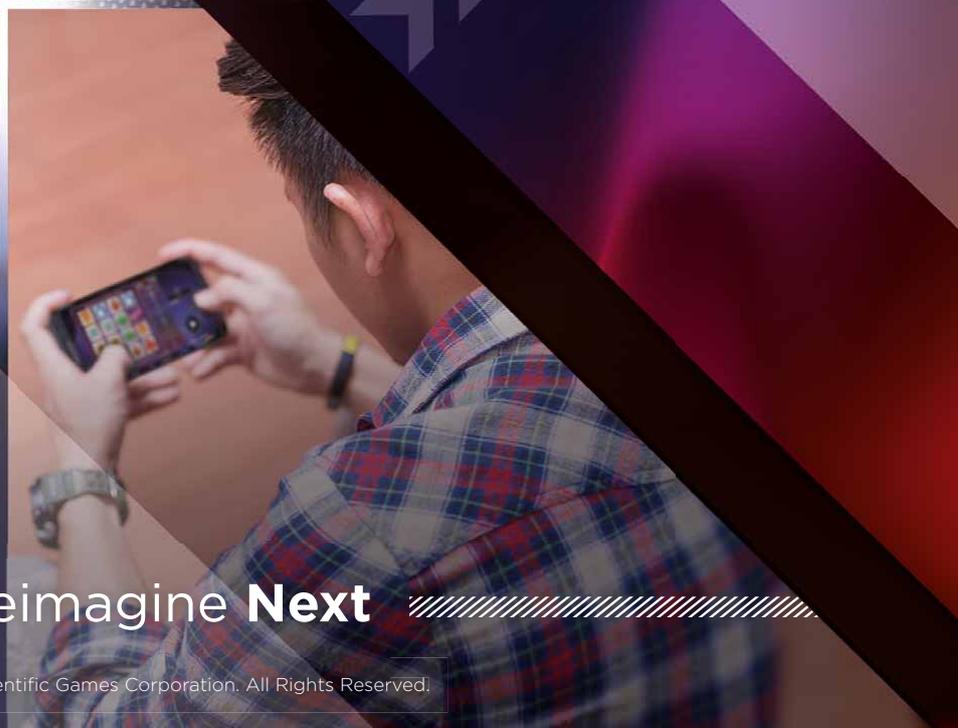
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iLottery

Now is the Time to Stay Connected

Today more than ever, it's vital to be where your players are, wherever they are.

Scientific Games' portfolio of iLottery products lets your players stay connected to each other and to the games they love.



Reimagine
Next

Reimagine **Next**

Facing the challenge – Innovation for unprecedented times

The ability to not only innovate, but easily adapt to changing circumstances is critical to any company's success in times of crisis. When the crisis is a global pandemic, and the respective company serves the global lottery industry, the challenges are even greater, requiring decisive action. INTRALOT demonstrates how they have adapted to the Covid-19 crisis, and how they've been assisting global lotteries to keep operating.

Advancing technology during challenging times

During the past few months, the Covid-19 pandemic spread rapidly across the globe, leading half of the earth's population to isolate at home, making businesses switch to hibernation mode, and forcing large retail networks to suspend operations. In our industry, even lotteries with online networks saw their revenues shrink at first, as the initial shock had a powerful psychological impact on players.

Although still far from a full recovery, things have recently started to gradually return to normal. This favorable development was mainly due to the fact that retail players were offered a new, alternative "point-of-sale" that provided the same sense of security, and delivered the best experience possible under the circumstances.

INTRALOT responded promptly to protect our people and safeguard the interests of all stakeholders. With safety measures in place, the next priority was to find ways to support our customers and offer ideas and solutions that could ease the burden of retail network suspensions, travel restrictions, and day-to-day drops in lottery gaming revenues. Mustering forces from all quarters, including operations, we closely examined all options and features offered by INTRALOT's Lottery Solution that could be quickly adapted to meet the requirements imposed by the worldwide health crisis.

INTRALOT's Lottery Solution

INTRALOT's new Lottery Solution went live in 2019 in two major jurisdictions, with four more launches planned in the near future. Using microservices-based technology, our Lottery Solution delivers a best-of-breed eco-

system featuring fast setup times and significantly simpler integrations. Most importantly, it enables operators to centrally configure any game, share it across retail and online channels, and then further customize it to address each touchpoint's unique business needs.

INTRALOT's Lottery Solution is modular, flexible, expandable, and future-proof, allowing fast API integrations, and ensuring optimum omni-channel deployment of content and services. This new solution is also infrastructure-agnostic, allowing operators to choose among full-cloud, on-premises, or hybrid infrastructures, so they can optimize their systems based on their particular needs.

With its advanced omni-channel capabilities, our Lottery Solution brings together the best from all distribution channels in one unified gaming experience, featuring parametriza-

Lottery Solution

Player-centric technology that shapes the future of gaming.



tion capabilities for all touchpoints, and offering a wide range of participation methods.

Moreover, the recently introduced Lotos X enables the operator to define and offer subscriptions for any available game and manage its content, allowing full localization and parametrization of the user interface. Characterized by an omni-channel philosophy and offering a wide range of innovative and engaging games, along with player experience personalization through data analytics, it creates value both for the operator and the player.

How does it work?

Our Lottery Solution consists of four main components that connect and communicate with each other through an orchestrator (utilizing a set of independent services to ensure fast and easy integration):

- **Lotos X:** The industry's most advanced games and draw management parametrical Lottery platform. Fully compliant and certified, Lotos X is the core of our Lottery Solution, enabling lottery operators to design, configure and fully implement their entire games portfolio. It features easy configuration and real-time parametrization of any Lottery game across the solution in a simplified, wizard-like manner, using ready-to-launch, preset game templates to significantly reduce time-to-market.
- **Enablers:** A set of platforms that address all other Lottery operational issues, including **Canvas**, our Content Management System (CMS) across multiple touchpoints, **Pulse Retailer**, our end-to-end solution that handles retail network information, ordering, ticketing, and inven-

tory management, **Pulse Player**, our CRM platform that manages identifiable players in both retail and online domains, our **DMS** that centrally manages all retail network peripherals and **Game Aggregator**, which enables seamless integration with third party gaming providers.

- **Customer touchpoints:** All touchpoints retailers and/or players interact with, including **retailer terminals, self-service terminals, vending machines, portal websites and mobile applications, digital signage**, etc.
- **Governance:** Our advanced governance model safeguards end-to-end security and integrity, through its authentication/authorization, centralized auditing and logging, and real-time monitoring capabilities, which can significantly lower operational costs and overhead.

Resembling a Lego-brick assembly, our fully integrated modular solution can be easily adjusted on a per-case basis to promptly meet any operation's particular needs, even during crisis situations like the current one.

INTRALOT's Lottery Solution offers new opportunities

Modularity: Featuring a truly decoupled and modular architecture, our Lottery Solution enables operators to easily and rapidly add or remove components and features, especially in times like these, when speed is of the essence. Within the first few days following the suspension of retail operations, we offered our customers a subscription-based participation model that could go live in less than one month. This website-based option did not fall under traditional

Intralot

online gaming and could serve operations that by law or choice did not support real-money gaming online. Furthermore, being compatible with all versions of INTRALOT's Lottery Solution, it was available to all operations with up-and-running legacy systems.

Numerous pre-integrations: The more pre-integrations with third parties available, the faster the implementation, should an operator decide to interact with one of them. In the subscription-based participation model mentioned above, the fact that INTRALOT's Lottery Solution was pre-integrated with several payment providers and KYC management allowed customers to take advantage of this opportunity in no time. Operators bundled lottery products into packages that players could easily check out via a traditional e-shop cart functionality, thus minimizing the offering's time-to-market.

True omni-channel: Utilizing a centralized management platform, INTRALOT's flexible, omni-channel Lottery Solution enables organizations whose retail operations were suspended to customize additional parameters per channel based on local circumstances and launch online operations almost immediately.

Bundling possibilities: When product offerings experience difficulties – for example, sports events suspension – INTRALOT's Lottery Solution offers operators the opportunity to easily develop more appealing product packages in a parametric manner. Bundles created in Lotos X can be offered across channels, along with promotional discounts and other customized features.

A defining moment in our product evolution

The 2019 launch in two jurisdictions was a significant milestone for INTRALOT's next-generation lottery ecosystem, marking the achievement of one of the company's strategic objectives, namely the development of an unmatched line of products that comprise a truly configurable, turn-key solution for lotteries. The upcoming launches, scheduled for the next quarters, will give us the opportunity to extensively stress-test our new Lottery Solution and further enhance its localization capabilities.

INTRALOT's Lottery Solution is the choice you make for a modern Lottery operation and an amazing player experience.





Using AI to deliver a better player experience

Now more than ever, lotteries can put data to powerful use in reinvigorating and growing the player base.

As the lottery industry looks ahead to recovery from recent global events, there are untapped opportunities that can help to restore and grow playership along with much-needed revenues to beneficiaries. Since the stay-at-home and social distancing restrictions have been implemented across many jurisdictions globally as a result of the COVID-19 pandemic, lotteries that offer products digitally are experiencing significant growth in this area. It is expected that the implications from the pandemic will result in true digitization across the channels of consumer interaction. Digitization would mean more data, and using Artificial Intelligence (AI) capabilities, lotteries can harness their data to better understand individual player needs and requirements. Armed with those insights, operators are better equipped to make decisions and take actions to attract, engage and retain players.

By Srinu Nedunuri,
Vice President IGT PlayDigital™ Lottery

Personalization is everything

Data without insights is meaningless.
Insights without action are pointless.

Across industries, “data” has been hailed as a great game-changer that gives rise to invaluable products, services, and progress. This may be true, but even with the ability to

crunch huge amounts of data, often we still need human expertise to translate that data into insights – and a willingness to act on those insights.

With the right data in the right format, lotteries can harness AI to enhance many aspects of the player experience, from purchasing and marketing, to game and customer service optimization. And, as in other industries, personalization is the key.

Research published on Forbes.com shows that 74 percent of consumers get frustrated when the content they are offered has nothing to do with what they like.¹

Moreover, a research survey from Accenture Interactive found “nearly all consumers (91 percent) are still more likely to shop with brands who recognize, remember, and provide them with relevant offers and recommendations.”²



Today, countless companies around the globe have generated billions in revenue through customer retention by using data to continually refine user profiles and offer seamless personalization and recommendations.³

Here is where AI can help lottery operators excel. Using captured data, AI can create a player profile that is continually refined over time.

Starting with the first tracked transactions, which might identify basic benchmarks such as the date and time of play, to detail about what kind of games a player chooses, AI can review and organize mountains of data.

And, by sorting and matching this data, AI software produces a useful profile that lotteries can use to make decisions and take actions, often in real time, to improve the player experience. Even AI is not perfect, and every responsible system includes monitoring and constant evaluation to ensure AI decisions and the underlying data are inclusive and do not carry forward human bias.

For AI to impact the consumer experience, insights need to be conveyed in the moment through the individual's chosen touchpoint. This means that lottery's ability to integrate with player touchpoints is the key to personalization and in-the-moment engagement.

The benefits of AI to players and lotteries

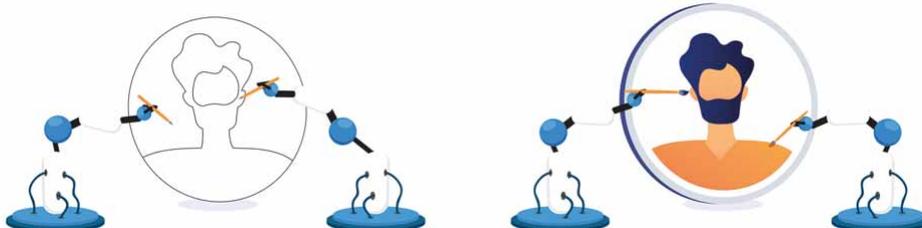
Both players and lotteries stand to benefit significantly from the use of AI to improve the player experience.

For players

- Personalized content that is truly interesting to them
- Offered relevant promotions at the right time
- Prioritized app and site information based on history
- Seamless and helpful service based on needs and preferences
- Accessible responsible gaming tools to personally manage their gaming

For lotteries

- Increased customer loyalty and advocacy
- Improved responsible gaming efforts
- Keep players engaged with relevant, customized content
- More effective and personalized customer communication
- Valuable customer insights generate increased upsell and cross-sell opportunity
- Increased customer lifetime value



¹ <https://www.forbes.com/sites/blakemorgan/2020/02/18/50-stats-showing-the-power-of-personalization/#2456f5a42a94>

² https://www.accenture.com/_acnmedia/PDF-77/Accenture-Pulse-Survey.pdf

³ <https://seleritysas.com/blog/2019/04/05/how-netflix-used-big-data-and-analytics-to-generate-billions/>



Innovation and sustainable development for lotteries in Africa

Coinciding with the fiftieth anniversary of the establishment of the National Lottery of Côte d'Ivoire (LONACI) members of the African Lottery Association (ALA) came together to discuss innovation and sustainable development in an Africa lottery context in Abidjan on March 4 and 5, 2020.

March 4–5, 2020
Innovation and Responsible Gaming seminar
 Joint seminar with the African Lottery Association (ALA) hosted by National Lottery of Côte d'Ivoire, LONACI

Innovation and sustainability are on the minds of lottery operators and their suppliers worldwide. In a rapidly changing context, where technology-based disruption takes place almost daily, it behooves lotteries to stay ahead of the game, develop new ways to stay relevant and interesting to players, and, of course, to do so sustainably. This is especially true in Africa, where lotteries' development and growth is often closely linked to societal and economic development for these emerging markets.

This year, the National Lottery of Côte d'Ivoire, LONACI, celebrates its fiftieth anniversary and, to coincide with these celebrations, the lottery, in conjunction with ALA and WLA, hosted a seminar to focus on developing the African Lottery Association's 2020 action plan for sustainable development. The theme of the seminar, held at the

General Confederation of Enterprises of Côte d'Ivoire in Abidjan on March 4 and 5, was "Innovation and Sustainable Development". Topics under discussion included the development of the ALA's 2020 Action Plan.

Dramane Coulibaly, Director General of LONACI, said: "This high-level meeting takes place in an important context for us, being LONACI's fiftieth anniversary," during the opening of the seminar. "The digitalization of games and payments, diversification of product portfolios, and reinforcement of governance through modern management and planning tools are among the topics that we will focus on."

He went on to add that LONACI and its co-hosts would share their expertise and experience in various social responsibility matters during the two-day seminar. This

social mission, as he termed it, included responsible gaming, social responsibility, and environmental preservation.

According to ALA, lotteries worldwide are experiencing rapid changes, especially in the behavior of consumers, due to disruptive business models and technological innovation. Creating a framework for responsible and collaborative innovation allows ALA members to expand their activities, offer new value-added products, and establish sustainable development principles. To ensure a sustainable future, lotteries must remain attentive to consumers, be at the forefront of trends in human behavior and technology, and be able to adapt quickly and effectively.

Malick M'Baye, Special Advisor to the Director General of the Senegalese National Lottery (LONASE), said that the themes chosen were of paramount importance for a gaming industry that is experiencing major changes on a global scale. "In recent years, our profession has been increasingly confronted with problems of addiction and underage gambling" he said. "To sustain our industry, we must take bold measures against phenomena which could compromise the stability of our industry", concluded M'Baye.

Younes El Mechrafi, Secretary General of the ALA and representing the President of the WLA, Rebecca Hargrove, welcomed the proactive approach this seminar took. He mentioned that the questions raised will help African lotteries offer their existing customers and young people alike new options that will help the industry grow.

Panel discussions included, among others, promoting the industry through social responsibility, and innovative and impactful start-ups. A panel was held around the promotion of women in leadership positions in African lotteries, with a specific focus on the Women in Lottery Leadership initiative, founded by WLA President, Rebecca Hargrove. In addition, attendees discussed the roles and responsibilities of lotteries to the communities in which they operate, and the good causes, including sport, education, culture and health, they support.

Following the panel discussions, ALA members pledged to support the UN Sustainable Development Goals on environmental issues, through the creation of an environ-

mental charter. With this charter, the ALA is adopting a voluntary eco-responsible approach, with the aim of reducing lotteries' environmental impact, raising awareness among members, and finding simple but effective means to respect the environment. The five primary goals of this charter are:

1. Limiting the carbon footprint of transporting participants to ALA events.
2. Focusing on using reusable and recyclable products.
3. Reducing, sorting, and valuing waste.
4. Offering sustainable restoration.

5. Setting up eco-responsible communication and raising awareness of the principles of sustainable development.

Outside of the seminar itself, attendees took part in a tree-planting at the National Agricultural Research Center in Bingerville, handing over a check for EUR 3,000 at the same time. This planting was held to offset the carbon impact of the seminar's travellers.

LONACI's fiftieth anniversary celebration festivities were launched on February 6, 2020, by Prime Minister Amadou Gon Coulibaly, around the theme: "Meeting the challenges of innovation and social responsibility together".



During the seminar ALA members pledged to support UN Sustainable Development Goals on environmental issues, through the creation of an environmental charter. After the seminar, attendees took part in a tree-planting ceremony at the National Agricultural Research Center in Bingerville, Ivory Coast, where a EUR 3,000 donation was made in support of environmental sustainability.



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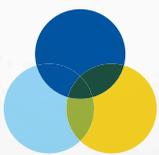
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