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Irish National Lottery

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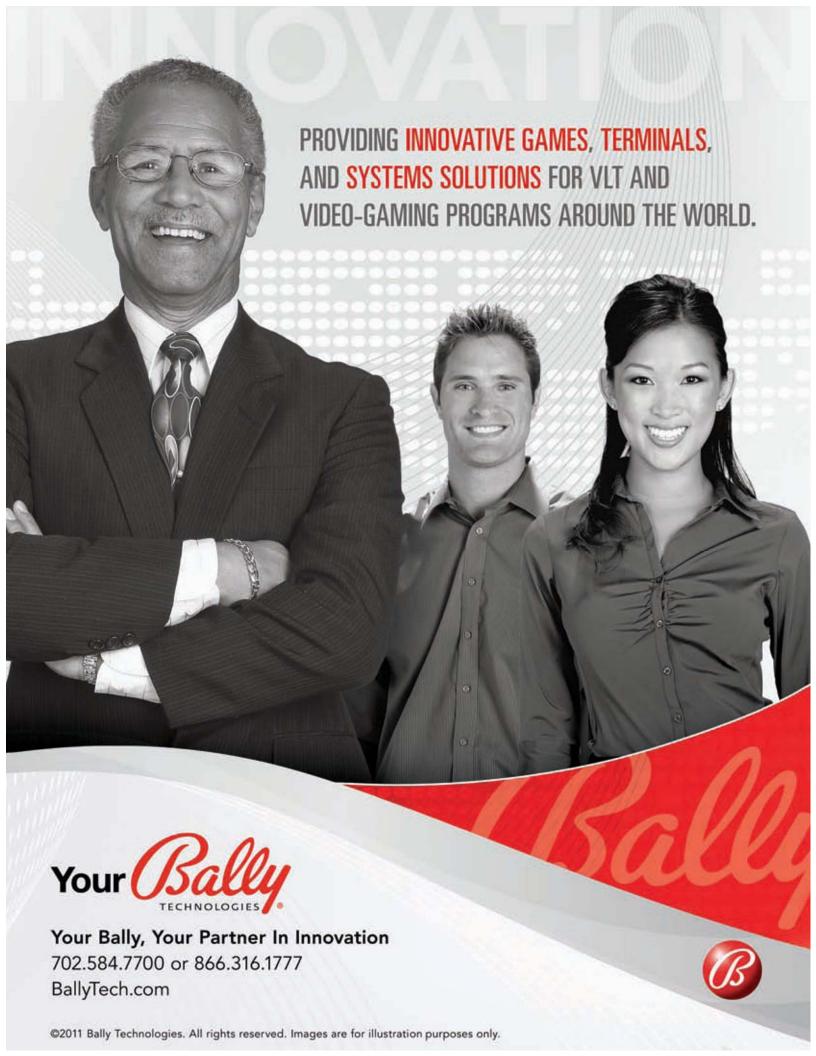(Spanish National Organization
of the Blind)

MAJOR PETER J. O'CONNELL LOTTERY INDUSTRY LIFETIME ACHIEVEMENT AWARD

Margaret
DeFrancisco

President & Chief
Executive Officer of the
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Ed
Trees

Former Executive
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From the Publisher

By Paul Jason, Publisher, Public Gaming International Magazine

COLLABORATION

Lotteries are created to serve the interests of a specific set of stakeholders, most or all of whom reside within their jurisdictional boundaries (state or province in North America and some countries, national constituencies in others). Business strategies and initiatives are therefore assessed on the degree to which they contribute to those jurisdiction-specific interests. So it is a legitimate question to ask: Why collaborate? A bid to collaborate must be consistent with the mission to serve the in-state stakeholders. This is a question we will be exploring in the Weds morning session at SMART-Tech. Moderated by Gordon Medenica (NY); the panelists include Anne Noble (CT), Jeff Anderson (ID), Tom Kitts (CO), May Scheve (MO) and Rebecca Hargrove (TN).

Attention must be given to all aspects of security, public image, social responsibility, and all manner of mitigating factors. For these reasons, lotteries clearly must have a prudent and responsible approach to change and innovation. Even so, the drive to accelerate the rate of innovation has never been more pressing than it is today. The consumer is being treated to an endless onslaught of dramatically exciting new products and services in every area of life. Our players expect nothing less from their trusted source for gaming. And they'll get it. Let's make sure it's Team Lottery that they're getting it from. Unless you're convinced that status quo will get us to where we need to be, then change and innovation on every front is primary to long-term success strategies.

"IT IS NOT NECESSARY TO CHANGE. SURVIVAL IS NOT MANDATORY." W. EDWARDS DENNING

Inertia actually comes quite naturally to all of us, our instinct being to over-estimate the cost and risk of change and to under-estimate the cost and risk of a failure to innovate and progress. The result is a resistance to change. The good news is that Webster's dictionary defines inertia as "the tendency of a body at rest to remain at rest and the tendency of a body in motion to remain in motion". So the trick of it is to get out of a 'body at rest' state of mind and into a Change and Innovate state of mind. The next step is to build enterprise-wide solutions for integrating a process-driven approach that drives innovation into the DNA of the corporate culture. For example, Jean Marc Landry and Michelle Carinci of Atlantic Lottery Corporation explained, at our Lottery Expo conference last year, how they knew that Lotto Max would destabilize the entire category but they also knew two other things going in.

First, they pointed out how the 'riskiest' option would be to not change. Staying the course is always going to be the expedient thing to do to optimize performance for the next quarter or two. But the customers and markets are changing and new gaming options and media channels are creating a newly competitive environment for lottery operators. It may seem that a conservative approach is the safe approach, assuming that change and innovation puts the brand or revenue streams at risk. And it's true that failure to act now will likely not hurt us next quarter or perhaps even this year. But a failure to innovate now, to begin now the process that will produce the necessary changes to compete in a changed marketplace, will imperil the brand and revenue streams down the road and then it will be too late to catch up. A failure to take decisive action to evolve our businesses and assure the long-term health of our brands and revenue streams – that would be a disservice to our stakeholders. Second, our Canadian colleagues point out that uncertainty cuts both ways. No matter how much research and surveys are done, business decisions are always made with incomplete information. We do what we can to minimize uncertainty because we assume that the unanticipated event

will not be positive. The other side of the coin is that the breakthrough insights that will carry us forward to success will never be revealed in a state of rest (also referred to as staying the course), and they will never be revealed by research and surveys. The launch of Lotto Max in Canada resulted in more severe instability to the product category than was predicted, but also resulted in even more significant opportunities and insights that would not otherwise have been revealed.

COLLECTIVE ACTION

The debate over how to regulate Internet gaming is reaching a fevered pitch and it's all happening with little or no consideration for lotteries. Well-connected lobbyists representing the interests of offshore operators like Pokerstars and 888 are putting the pedal to the metal and expect things to open up soon. Casino industry behemoth Caesars/Harrah's Entertainment has been given the green light by the Nevada Gaming Control Board to partner with these offshore operators and the Nevada legislature is assessing three different approaches to legalizing their launch. Caesars/Harrah's (the largest casino operator in thez world), Poker Players' Alliance and other i-gaming associations and PAC's, and the offshore operators are all agitating for a national regulatory framework, one which would open the market up to multiple operators. Indian Gaming interests are also lobbying to have the right to export i-gaming to residents outside of the boundaries of Tribal lands. The result of these well-funded efforts will likely be a low tax / high prize-payout business model that benefits private operators but completely eviscerates the ability of government-sponsored gaming to channel some of the benefits back to Good Causes and the general public. What can be done to get the attention of legislators for our side of the story?

SMART-TECH 2011

Welcome to what promises to be a most exciting conference experience. Take a look at the Program on pages 35 to 39 and you'll see what I mean. SMART-Tech has become the venue to wrestle down the trickiest issues that challenge the leadership of the government-gaming industry. Or at least talk about the provocative issues in a straightforward way that moves the dialogue forward and hopefully unlocks our ability to take decisive action.

Congratulations to the 2011 recipients of the Lottery Industry Lifetime Achievement Award: Margaret DeFrancisco (President & CEO of the Georgia Lottery), and Ed Trees (Former Executive Director of the Pennsylvania Lottery and immediate past president of NASPL). Join us to honor Margaret and Ed at 1:30 pm. on Weds. March 23 at the Helmsley Park Lane in NYC.

You'll find the profiles of our corporate sponsors on pages 30 to 34. This provides an easy thumbnail synopsis of the leading commercial suppliers in the lottery industry. The conference program is on pages 35 to 39. It was final as of print time but is subject to change. Thank you all for participating in SMART-Tech!! You can view conference presentations and other news and updates at our special conference website www.PGRItalks.com.

For future conference updates, check in at www.PublicGaming.org.
And for the best industry news website, go to www.PublicGaming.com.

And please feel free to email me at pjason@PublicGaming.com with feedback. ◆

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capture — the value of their lottery purchases on their own cash register. Now our agents have a clear and integrated view of their sales by product line, and The Lottery retains full visibility of lottery product sales."

Jim O'Connor, *Key Account Manager, The National Lottery, Ireland*

For more about this story and others like it, visit us at gtech.com/testimonials.

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Major Peter J. O'Connell
Lottery Industry
Lifetime Achievement Award

Margaret R. DeFrancisco

President and Chief Execuitve Officer of the Georgia Lottery Corporation

Former President of the National Association of State and Provincial Lotteries (NASPL)

Margaret DeFrancisco was selected in December 2003 as the President/CEO of the Georgia Lottery Corporation following ten years in public service in state and county government in New York. Margaret was the Director of the New York Lottery, the largest in North America from 1999 to 2003. Since coming to Georgia, her focus has been on growing the sales of a very successful lottery, whose profits have supported the HOPE Scholarship and Pre-Kindergarten programs, directly impacting over 2 million students in Georgia.

Her overall business goal is to maximize revenues efficiently and improve the public's understanding of why lotteries were created. During her tenure, the Georgia Lottery Corporation has achieved both record sales and profit numbers, with 2009-2010 fiscal year sales in excess of $3.6 billion and profit to education of $884 million, taking the total raised since the lottery's inception to over $12 billion.

Holding both undergraduate and graduate degrees from the State University of New York, Margaret is a firm believer in community service and is a member of the Rotary Club of Atlanta. She recently served as the president of the international industry association of state and provincial lotteries (NASPL), is active on the board of the Georgia Chamber of Commerce, is on the board of visitors at the University of Georgia's School of Public and International Affairs, and served as a trustee on the board of St. John Fisher College in Rochester for nine years.

She has been named to the "Most Influential" lists by Georgia Trend, the Atlanta Business Chronicle and James magazine. She has been honored with the Big Brothers Big Sisters Legacy Award, the Chauncey Davis Foundation as a Champion for the Cause, and as a Friend of Radio by the March of Dimes. And now we can add the Major Peter O'Connell Lottery Industry Lifetime Achievement Award.

Margaret was president of the National Association of State and Provincial Lotteries (NASPL) from September of 2009 to September of 2010. That was a seminal year for the U.S. lottery industry as they forged additional collaborative initiatives, the most important of which is the cross-selling of both multi-jurisdictional. Margaret continues to be a firm believer in the power of collaboration and works to engender that spirit in the industry. When Georgia Governor Perdue appointed Margaret to lead the lottery, he commented that Margaret is "a can-do person who will take our lottery to a new level." Thankfully, she has found the time to contribute to the growth of the national industry as well.

A direct Huguenot descendant from 17th century New York, her interest in family history has also made her a student of the Civil War since age 12. She enjoys reading about and researching both topics. ◆

Ed Trees

Former Executive Director of the Pennsylvania Lottery

Former President of the National Association of State and Provincial Lotteries (NASPL)

Ed Trees is a veteran of the Lottery industry, having worked with the Pennsylvania Lottery for 35 years in numerous positions of various responsibilities. He has spent the last 18 years in senior-level management positions.

In 1999, Ed was named Lottery's Deputy Executive Director for Marketing, overseeing marketing efforts and game development for the Pennsylvania Lottery. Over a five year period beginning in 2001 and ending in 2006, Pennsylvania Lottery annual sales grew by $1.16 billion, or 59.7 percent. Growing sales by $1 billion previously took 19 years to accomplish.

In March 2007, Governor Rendell appointed him Lottery's Executive Director. Ed served on the Board of Directors and Executive Committee for the Multi-State Lottery Association (MUSL) and as President of the National Association of State and Provincial Lotteries (NASPL).

After starting with the agency as a clerk in 1976, he moved through positions of increasing responsibility in the administrative, drawings, marketing, sales and field operations areas of the Lottery before being named executive director in 2006. Ed led the Pennsylvania Lottery to win numerous national advertising and marketing honors, and he solidified his long-time role as a leader in the lottery industry in 2010 when he was named president of the North American Association of State and Provincial Lotteries (NASPL). Ed was one of only two lottery directors from Pennsylvania to lead NASPL, an association representing 52 lottery organizations from the U.S. and Canada, and he was the first to do so since the early 1980s.

In January of 2011, Ed Trees retired from the Pennsylvania Lottery. "I have known Ed Trees for more than 20 years, and his wealth of knowledge, along with his genuine concern for others, has served those around him well," said David Gale, executive director of NASPL. "Ed has been a true leader within the lottery industry, as well as a friend to many who have crossed his path. His contributions will be long-lasting, though his sincere compassion will be missed." Secretary of Revenue C. Daniel Hassell commended Ed as well, saying, "We're sad to see Ed move on and take with him the institutional knowledge and experience he's gained nearly since the Lottery's inception".

Ed holds a Master's Degree in Public Administration from the Pennsylvania State University. He and his wife, Joan, have two children and three grandchildren. Ed plans to enjoy retirement spending time with his family and exploring the next phase of his life. ◆

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2001

With the *ELVIS*™ services. The **Hoosier Lottery**

GOOD LUCK CHARM 3RD CHANCE SWEEPSTAKES, **New Jersey Lottery** becomes **MDI's** first customer for internet LOTTERY BONUS ZONE® becomes (and still remains!) the cornerstone of **New Jersey's** successful **VIP CLUB.** and **Kentucky Lottery** also serve up **MDI** entry promotions to players on the net.

2002

Idaho Lottery brings players the first chance to win *HARLEY-DAVIDSON*® motorcycles with internet entries. 19 more promotions across the US will follow. **Virginia Lottery** also enables its first entry websites, managed by **MDI.**

HARLEY web

2003

The **Hoosiers** launch one of the first *NBA* 2nd chance games with internet entry, while service customer. **MDI** web services have supported over 60 professional sports-related *& NHL*®.

California Lottery also becomes an **MDI** internet lottery promotions, including *MLB*®*, NASCAR*®

2004

Player response to **MDI** build and manage its **Washington**.

internet promotions like *WHEEL OF FORTUNE*® create the impetus for the **Michigan Lottery** to choose us to highly successful **PLAYER CITY**™ **INTERNET VIP CLUB**. Lottery web services expand to include **New Mexico** and

2005

MDI brings lottery internet 2nd chance to **Arizona** with *PAC-MAN*™ and extends similar service to **South Carolina** and **Ohio. Ohio** becomes the first lottery to use our proprietary **EASY ENTRY**™ ticket validation process. The **PLAYER CITY**™ loyalty club launches in **Michigan** with the industry's first managed social media program for lottery players. Members there rank 2nd chance entry as the most entertaining and most useful club service.

2006

MDI develops customized web applications in support of promotions like **Ohio's** the first lottery internet entry promotions to **Delaware, Minnesota** and **Tennessee**.

World Poker Tour® 2nd chance website. And we bring

2007

With over 100 single-game entry sites in **MDI's** portfolio, we launch **Tennessee's** *PLAY IT AGAIN!,*™ the industry's first multiple-game internet entry program. The Lottery has conducted "Last Top Prize" drawings for 104 games, awarding over $4.8 million in cash prizes. Our internet service extends to lotteries in **Colorado, Florida, New York, North Carolina, Rhode Island, Texas and Wisconsin**, and we build sites for **13 lotteries coast-to-coast** to support **MDI's** first linked-game promotion – *DEAL OR NO DEAL*™.

2008

We bring internet entry capability to the **D.C. Lottery New York Lottery** becomes the first to integrate an 50% of the websites launched in support of **MDI**

and **Massachusetts Lottery**. Interactive lottery fun takes a giant step forward when the animated Flash game into its *MONOPOLY*™ 2nd Chance Sweepstakes. Today, over licensed promotions include these interactive 2nd Chance Promotional Games.

2009

When the **Arkansas Scholarship Lottery** sells its first tickets on September 28, players are introduced to internet loyalty site where they can get information, play games, enter tickets and earn points to spend on *FOR PRIZES*™ program. **Points for Prizes**™ is a key component of the multi-faceted bundle of services program which was also implemented this year in **Minnesota**. We launch the **Massachusetts Lottery Michigan Lottery** version of **PLAY IT AGAIN**™, and we initiated lottery web entry service for **Maine,**

THE CLUB – a comprehensive merchandise through the *POINTS* called *PROPERTIES PLUS*™ **RED CARPET VIP CLUB** and the **Oklahoma** and **Pennsylvania.**

2010
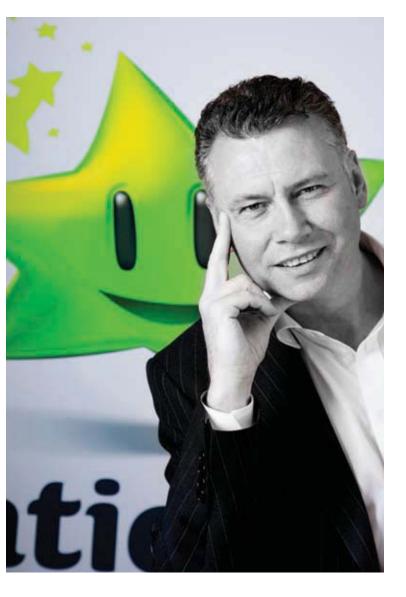
Our quest to acquisition of library of **Tennessee**. of lotteries

remain the industry's premier supplier of fun, internet-based lottery entertainment takes a giant leap toward the future with the *GAMELOGIC*®. The **Montana Lottery PLAYER'S CLUB** becomes the first **MDI** - managed web portal built around their rich interactive games, and the **GAMELOGIC**® platform also debuts in **Arkansas**. We build and launch the **VIP PLAYERS SUITE** in Lottery web entry services are introduced in **Connecticut, Vermont, West Virginia** and **Puerto Rico**, bringing to 34 the number who have benefited from our internet mission over the last *10 years.*

Dermot Griffin
Chief Executive Officer of the Irish National Lottery

INTRODUCTION BY PAUL JASON: The Irish National Lottery was founded in 1986 to support initiatives in the areas of sport and recreation, health and welfare, national heritage and the arts, and the Irish language. Since gaming operations began on March 23, 1987, over €3.4 billion has been raised for these causes. Two-thirds of Irish adults regularly play National Lottery games. Lottery spending per capita in 2009 was €183, putting it into the top 20 lotteries in world. The National Lottery is operated by the An Post National Lottery Company, a subsidiary of Ireland's postal services provider An Post.

Dermot Griffin was appointed Chief Executive of the National Lottery Company in 2006. Previous to this appointment, Mr. Griffin served as Commercial Director, and Finance Director at Vodafone Ireland.

Mr. Griffin and I attended a presentation at the WLA Brisbane that inspired us to explore the ways that game content is developed, and compare how it's done in the gaming industry versus how it's done in other industries. The iPhone, for instance, has over 300,000 applications. What did Apple Computer do to unleash this incredible explosion of content development and are there things that gaming solution providers could do to foster that kind of creativity, or to encourage a more prolific game content development environment? Of course, there are many constraints in the gaming industry that don't apply to other industries. Software that processes millions of financial transactions, guarantees the integrity of a highly dynamic betting system or even just the sale of lottery tickets, and operates under a politically charged media microscope as does gaming, would certainly need to meet a different level of security than the applications implemented for the iPhone. And as a matter of public policy, it isn't necessarily the goal to overwhelm the market with exciting content. Even so, the mission of Team Lottery should include being the leader in technology and forward-looking game content.

Paul Jason, Public Gaming: *Apple creates software application development kits that make it super-easy for developers to create content. How is this done in the gaming industry? Are platforms and protocols built to make it easy for third-party game content and software application developers to create product for the lottery and gaming industry?*

Dermot Griffin: Look at the way the mobile phone industry evolved. Nokia, Nortel, Vodafone, Ericsson and others all had 3G technology years before Apple even thought about getting into the mobile phone business. Then the iPhone comes in and takes over the market. The mistake that was made by the originators of 3G technology is to over-control the different revenue streams. They thought of the users of mobile phones as their customers. Those customers bought the phone from them. They bought telephony services from them. And so why shouldn't they buy the content accessed via the new 3G technology from them? They recognized that 3G technology would be key to turning the mobile phone into a truly smart phone that would deliver much more value than just telephony. Since they controlled the phone itself, why shouldn't they control the profit from the sale of the content and applications? It was called a 'walled garden' approach in which the seller of the handset and telecom service would control everything that came into their garden. Apple, of course, chose a different strategy, essentially tearing down the walls of the garden. They made it super easy and economical for anyone to build and implement new applications over their system. So developers built literally hundreds of thousands of applications that the customer could buy for practically nothing. I know that the success of the iPhone is partly attributed to its graphical user interface. But what really unlocked the value of the new technology was the explosion of great content. Apple shrewdly realized that their core expertise was in hardware technology and that becoming the platform for a universe of third party content developers would increase the value of their product to the

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consumer, which is what ultimately drives sales. Even Apple probably did not appreciate the amount of content that would result. There is an incredible wealth of talent that's just waiting for the opportunity to build great content. Content development never took off, even though the 3G technology was there to support it, until the proprietors of the hardware and systems technology made it possible for the third party developers to enter the business.

How does it work in the gaming industry? Do manufacturers of hardware and systems provide open platforms that make it easy for third part developers to build content?

D. Griffin: We'll have to see what they do. All of the main systems, terminals, and technology providers appear to be assembling a stable of content development companies that augment their own core competencies. That does not need to be thought of as a bad thing, unless their intention is to be the provider of all products and services to the exclusion of others. For instance, if the system provider acquires a content provider, won't the systems provider make more money on the content sold by their own subsidiary? And if they make more money when the customer buys content from their own in-house content provider, won't they be tempted to do things that make it easier and more cost-effective for the customer to do that, to buy from their in-house content provider and not from a third part content provider? So the truth will be in the pudding. Most lotteries have great relationships with their main systems providers. I know we do. And so we will be perfectly happy to buy content from them as well as hardware and systems and service. But hopefully, they will not make the mistake that so many businesses have made and attempt to over-control the customer. They need to make it super-easy for third party content providers to implement their products over their systems. They need to provide effective software development tool kits that enable those third party developers to build and implement their game content. They need to create open platforms with standard protocols so that content can be readily launched with minimal modification. And importantly, they need to make it as cost efficient as possible for content providers to provide their games on the Lottery platforms.

The thing that was revealed over the past couple of years with the iPhone phenomenon is that nobody controls creativity. Nobody has any kind of proprietary ability to control creative talent. Almost by definition, the creative talent that drives content development cannot be bought and put into a lab' and told to unleash the magic that produces the great products that will transform the industry. That creative talent

emerges from all manner of unpredictable and uncontrollable sources. Which means that there is no alternative to opening the systems up to engage the talent of tens of thousands of game developers from all across the world. Maybe you can buy a company to fill certain gaps in your technological and infrastructure capabilities. But you'll never own the engine of creative content development in that way. Let's do the smart thing and position lotteries to become the purveyor of the most fantastic game content in the gaming industry. Let's position lotteries to do for the gaming and wagering industry what Apple did for the smart-phone industry.

That's quite a vision. And I don't see any reason why it can't and shouldn't happen. Who else has the connection to millions of consumers to convert added value into increased market share?

D. Griffin: Exactly. Working smart is what will benefit all of us. Apple actually needed a cash infusion from Microsoft to just stay alive less than a decade ago. And now I read that Apple has a market capitalization that is second only to Exxon Mobile. It's higher than Microsoft, IBM, GE, and Google. Why can't we do what Apple did and unlock the creative talent of everyone to drive Team Lottery to be the Apple of the gaming industry? We've got the technological infrastructure, the brand equity, the distribution, the trust of consumers, and the thousands of consumer touch-points to make it all happen. And the purpose of everything we do is to serve Good Causes. With all those assets and the mission to serve the public good, there's no reason we should not lead this industry; and not just the lottery business, but the wider gaming and wagering business and even take a chunk out of the broader entertainment industry.

It's all about doing everything we can to add value for the benefit of the consumer. We need to tear down the garden wall, allow others to pour in the talent and resources to maximize value to the consumer and grow the overall market. Let's do what Apple did and invite content developers to create the breakthrough innovations and new game concepts that will grow this market.

Any notion about what those new game concepts might look like?

D. Griffin: Sure. Just look at all the entertainment-only non-money games that are taking the world by storm. Start by looking at what others with far fewer resources and who can't even offer prizes and rewards are doing to engage the players' interest. Look at the popularity of massively multiplayer online role-playing games like World of Warcraft and social games like Farmville and countless video-games. Drill down to figure out exactly what makes a game popular and fun for

the consumer. The first thing that many people would say is, well, we can't do this or that. My point is two-fold. First, even without knowing how it can possibly apply to the lottery business, we should engage with creative content developers to understand the underlying dynamics that make their games so popular. Even though the principles and structures that govern the lottery business may not allow us to do some of the things they do, we still want to understand why their games are so appealing to players. Maybe with some creative thinking and ingenuity we would find that there are some things they do that we could integrate into our own game development. Second, while it's true that we can't do some of the things that other purveyors of games can do, it's also the case that we can do something that they can't do. Our ability to offer prizes and rewards is a huge competitive advantage. What if we could combine that entertainment value, or even some part of that value, with the ability to win prizes? Combining the ability to win prizes should enable content developers to create game concepts that are way better than Farmville and give lottery a significant competitive advantage. Prizes could really bring these games to life. Combine the ability to hope and dream with exciting entertainment.

Why isn't it happening now?

D. Griffin: I think it is starting to happen but very slowly, we need a more conscious effort to open the garden to content developers from outside the lottery business, to attract them in and start building momentum.

Aren't development costs another barrier? How can developers predict a sufficient ROI to support the cost of creating the great content? After all, the cost of developing game content is far higher, isn't it, than the cost of developing applications for mobile phones.

D. Griffin: That brings us to another issue that is holding this industry back. It is the lack of standardisation in our entire technical infrastructure. Referring again to the telecom industry: Look at the great lengths they go to create standard platforms and protocols that all suppliers across all geographical locations conform to. In the lottery industry, technology and infrastructure differ from country to country. That requires there to be a country-specific approach to content development. As you point out, the need to customize and adapt content for each market increases costs. Without coordinated trans-national marketing and distributional efforts, you have lower revenue potential. Higher costs and lower revenue potential means lower development budgets. It all adds up to a lack of momentum driving content development and the kinds of games that will transform the

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industry. And it does not make sense because the worldwide lottery industry is a massive business, with an established player base that would likely be responsive to exciting games offered by their lottery operator. And one of the key factors in games of the future is the social multi-player platform. We have a great opportunity if we can leverage our existing player base. Yet another reason for lotteries and their commercial partners to figure out how to standardize technological and infrastructure platforms and build a multi-jurisdictional approach to all aspects of the business. If we're not the ones to produce the next Farmville phenomenon, it's because all of our efforts to create content are so focused on small initiatives to meet the needs of individual markets.

It doesn't have to be that way. The bloc games like Mega Millions, PowerBall and EuroMillions are tremendously successful and demonstrate the capability of what can be accomplished if we think bigger and work together to create common platforms, global branding, and a master marketing plan. It will need Lottery operators to compromise on some of their specific requirements but the benefits make this worth it. Why can't the next bloc game be something completely different – something that integrates all the appeal of the mega-successful social and multi-player games with the prize structure of lottery? It will take people with vision who can find a way to channel development funding towards an objective that would have the potential to be a new phase of growth for Lottery operators, providing existing players with exciting new games and attracting in a new younger generation of players.

As a practical matter, how does that get accomplished? You referred to the bloc games. Is that a model for how commercial partners and lottery operators can all work together to accomplish a bigger objective?

D. Griffin: It's a matter of looking beyond our immediate challenges and envisioning what we could accomplish down the road. Don't try to wrestle down all the specific impediments that appear in front of us right now. Instead, imagine what we could accomplish under different conditions and then work to create those conditions. First, recognize the power of standardization to create economies of scale which reduce costs as a percentage of revenues while increasing overall development budgets. The ability of the entire industry to grow will be greatly enhanced by adopting a standard set of protocols that enables interoperability between games and platforms. Other more mature industries have standardised in this way. Our commercial partners need to take the lead on this as they operate across many markets. They need to attract/encourage/incentivize content providers in the gaming space to adopt games for the lottery business.

What about security? Non-money entertainment-only games do not need to comply with the same levels of security that lottery games do, with millions of financial transactions.

D. Griffin: There are many mobile phone applications for banking and e-commerce that require equal levels of financial security. The technology is there and its application is widespread and proven. It's true that security is a critical issue and the highest standards of quality and control must be adhered to. But there's no question that it can all be done.

EXAMPLE: We have a number of instant games up on our website. And we also have a TV show called Winning Streak which is one of the top TV programs in Ireland. We wanted to replicate something like the TV show on the internet. We commissioned a third party to develop the game. They developed the game, and then worked with GTECH to implement it online. The end result is an online game that replicates what happens on our popular TV and game show. It's by far our best online performing game. GTECH does have a library of games to sell, but as our commercial partner they want to help us deliver the very best product to the consumer. If an outside developer figures out a way to combine some of the popular elements of Farmville with lottery, then GTECH will want to help us make that available to the consumer. The Apple strategy worked because they did everything they could to enlist the active support of the worldwide community of developers. That's what we want to see in the lottery business.

You began a rebranding campaign in 2008. I would think that the increasing complexity of product portfolio management will call for a reassessment of brand strategy.

D. Griffin: We did not initially plan to change the brand, and certainly not to rebrand everything. Our initial goal was simply to link all of our products together in some way without actually rebranding. This is a relatively very young industry. Many of us started less than 30 years ago. We started small and evolved the brand to integrate additional products as they came along. That was fine when we just sold Scratch cards and Lotto. Then we brought in TellyBingo, then Winning Streak, EuroMillions and more games followed. A strategic review of where we were and where we're going revealed that while lots of games had been added, our strongest brand continued to be Lotto. It was even stronger than our corporate brand. And EuroMillions was seen by our players as a totally different company competing with Lotto. We originally tried to link them in some way together without changing the different branding elements more than necessary. But the more we looked at the issue, the more we felt that a total rebranding was necessary and that we should have an umbrella brand. We would tie everything into the National Lottery with our Masterbrand logo.

Everything is consistent now. We may add a symbol to our corporate logo to promote specific games and seasonal themes but it always remains consistent with our Masterbrand. We feel that this combines a feeling of freshness and newness while also sticking to a consistent program of building the brand. So now, every new game launch leverages equity we've built into our Masterbrand logo. And every new game launch also adds to that brand equity so it is a continually self-reinforcing feedback cycle. For the first time ever, we now have a master brand advertising campaign that systematically integrates our product portfolio to make it easy for the consumer to know that it is all a part of the National Lottery.

Do you anticipate changes to the product mix in the future? Are there any interesting trend lines in player game preferences?

D. Griffin: In the short term I don't expect our product mix to change much. Our players tell us that they love playing Lotto and so Lotto will always be the main game. We'll certainly look for ways to reinforce the excitement of the game. Likewise with EuroMillions and scratch cards, both of which we consider to be core games. One of the elements of our current strategy is to consolidate and grow our core games. We brought in a number of new games over the last few years and now feel a need to refocus and promote some of our established games. We think some of the attributes that made the core games so popular with previous generations will also appeal to the next generation. Our impulse to update the products does not need to completely supplant the core games that players of all generations seem to like.

What is your most important merchandising initiative in 2011?

D. Griffin: One of our projects this year is to update our in-store Digital signage. The plan is for us to install digital screens into 1,000 of our 3,800 stores. Effective signage has become more important as the number of games and price points and jackpots increases. This signage will ensure that we always are getting the right jackpot messages to the players, the right mixture of games being promoted on the correct days, and enable us to easily switch our game focus from one day to the next, keeping everything more dynamic and exciting for the customer. It also allows us to add in other messaging like respon-

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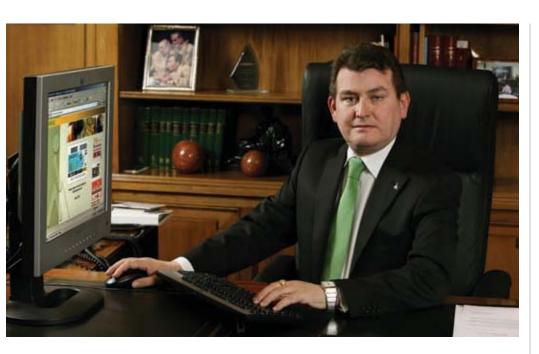
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ARISTOCRAT LOTTERIES

Ángel Sánchez Cánovas

General Director

Organización Nacional de Ciegos Españoles – ONCE (Spanish National Organization of the Blind)

INTRODUCTION BY PAUL JASON: The ONCE is a unique organization, quite different from any other in the lottery industry. Like almost all government lotteries, its mission includes raising funds to support a very Good Cause. ONCE's beneficiaries are the visually-impaired and other disabled groups in Spain. But in addition to that fundamental mission, ONCE also provides employment to over 20,000 Spaniards with visual impairment and other disabilities who operate kiosks and sell lottery tickets. Employing persons with disabilities is so primary to its mission that in conjunction with its affiliate Spanish organizations, ONCE directly or indirectly employs over 130,000 people, with over 100,000 of those having a disability.

ONCE is the acronym that stands for Organización Nacional de Ciegos Españoles (Spanish National Organization of the Blind). ONCE was founded in 1938 to raise funds to provide services for the blind and people with severe partial sight. Although it is overseen by a board of patrons made up of representatives from various Spanish ministries, ONCE's general council is democratically elected from among its members, and it has some flexibility to manage its operation to deliver the most benefits to its members. The General Directorate is responsible for the day-to-day running of the organization and its social and cultural work. Through its general council, ONCE maintains institutional relations with local, regional and national government bodies, as well as representation on international bodies such as the World Blind Union, European Blind Union and IBSA, the International Blind Sports Federation. Through CERMI, the Spanish umbrella organization for persons with disabilities, ONCE is also present internationally in the European Disability Forum and the International Disability Alliance, among others.

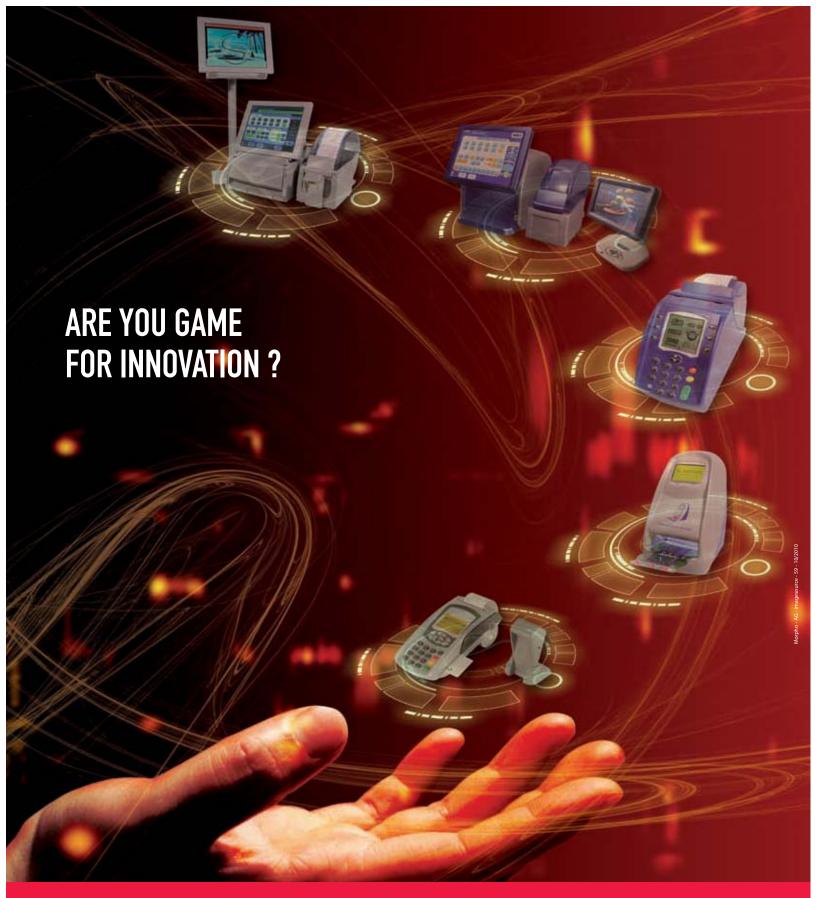Although ONCE now has several gaming products available, their traditional product and one of the most visible aspects of ONCE is the lottery ticket known throughout Spain as the Cupón. Sales of this lottery product are the main source of income for ONCE. The draw has different tickets for different days of the week, a special weekend ticket as well as special tickets with higher prizes, usually by season. The basic graphic designs on the Cupón stay the same on each day, but the theme changes to correspond to current events, or cultural references such as national or local monuments, etc. Collecting old issues of the Cupón has thus become a hobby for many Cupón buyers in Spain.

ONCE kiosks are clearly identified by the word "ONCE" and can be found along the streets, at airports, and in shopping malls. These points of sales provide employment to people who are blind or partially-sighted, which is one of the main goals of ONCE, although by agreement with Fundación ONCE, over the last few years some have become available to persons with other disabilities.

Paul Jason, Public Gaming: *It's such an interesting mission to combine the business of raising funds for a Good Cause but also providing employment to a disadvantaged group. It's really doubling the benefits to society.*

Ángel Sánchez Cánovas: It was 72 years ago that our blind people came together with the ambition to use their talents and hard work to support themselves. They did not want to live off of disability and government pensions. They didn't want to be passive members of society living off charity and public support. They wanted to be employed; they wanted to earn a living through their own efforts, through their own work. It's a question of human dignity. They didn't want to be a burden on Spanish society. They wanted to contribute to society and so they were given permission to start selling their lottery, their Cupón. This was in the late 1930's, immediately after the end of the Spanish Civil War.

Selling lottery tickets is both a means for employment for the visually impaired and also a way to create funding to help this disadvantaged group. The funds provide education for young blind and partially sighted people. They also provide rehabilitation services to help improve the condition. The funds also help the elderly who acquire a visual impairment later in life. They help provide guide dogs and assistive devices for blind and partially sighted people. They fund the production of tools to make books available in the form of digital audio-books and Braille.

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Spain is also very progressive in its attitude towards sports for the visually impaired, achieving some outstanding results in Paralympic Games, in world championships, and sports for the blind. In short, ONCE provides services to blind and partially sighted people through a personal, tailor-made plan for each individual with a visual impairment. They also provide social service activities to create solidarity with other disadvantaged groups. In 1988 ONCE set up the ONCE Foundation whose mission is to seek employment and support for people with other disabilities.

The vendors of the lottery products are all visually impaired?

Á. Cánovas: We are unique in that respect. We have a sales force of over 20,000 people selling our lottery products. All of them are employees with the full rights and each and every one of them has a disability. 6.5% of our gross income from sales of our lottery product, which represents 55% of the profit margin, goes directly to help people with visual disabilities. 3% of the gross sales goes to the ONCE Foundation, which in turn is an organization that exists to serve people with other disabilities.

Have you recently expanded the distribution with your commercial partner to increase sales?

Á. Cánovas: Our ONCE operations and games are all based on technology from GTECH, the most important company in our industry. We have our sales force, but most everything else comes from GTECH. We have now introduced what we call a complementary or additional physical network to market our products. These are installed in places such as petrol stations, newsstands, and tobacconists, where we are marketing and selling our products. GTECH got together in a temporary joint venture with another company called Logistica to develop everything needed to establish this new network.

GTECH is in charge of technology and marketing, while Logistica is in charge of everything to do with the logistics and distribution of the product. We have right now over 7,000 points of sale. So the partnership now is even greater and deeper. And through this new complementary additional network which we have set up, ONCE products have even greater exposure throughout the Spanish market.

So it complements the distribution system that you have with your sales force of 20,000 + people with disabilities?

Á. Cánovas: That's correct. This creates two complementary networks, supporting two separate channels of distribution, and hopefully giving two separate consumer groups access to our products. Our employees continue to serve the consumers they have always had access to. This new GTECH / Logistica initiative simply opens up new markets, expanding the market and not competing with our own employees more than necessary. These are intended to be complementary channels with minimal overlap. Protecting the livelihood of our direct employees is of paramount importance. Providing the dignity and sense of purpose to this large number of people is fundamental to ONCE's mission. We started with 7,000 people in 1938 and have grown to over 100,000. This is, I think, the unique aspect to ONCE and our model.

What's next – how can you grow even further and use this model to help even more people?

Á. Cánovas: Looking to the future, our aim is to continue working with GTECH and Logistica and with other partners to try to continue to improve the products and services which we offer to our clients, attempt to generate higher levels of income for the benefit of people with disabilities, and to further enhance their employment opportunities. I think the Spanish consumer is more and more aware that when they go up to one of our sales persons to buy a ticket, that they are buying the hope and dream of winning the lottery. But they also know that as a result of their support and their solidarity with ONCE, someone will be able to study, someone will be able to gain employment. They know that they are helping disadvantaged people who might not otherwise have employment or have access to the services that ONCE provides. We think of the players as a vital part of the overall mission that we call ONCE, and we want them to feel good about the higher purpose that their support enables.

Do you have any projection as to the impact on growth of sales revenues as a result of the GTECH / Logistica initiative?

Á. Cánovas: Our goal is to win back some of the market share which ONCE has lost over the last few years as a result of some very, very strong products which have come out in the Spanish market, and also because of the impact of illegal gaming products in Spain. So our goal is to win back that market share which we have lost. It's a big task, a big challenge, but I am confident that we are on the right track.

Do you agree with or support the draft bill regarding the regulation of internet gaming that the government may soon adopt?

Á. Cánovas: We are currently in the process of reviewing the act. As with most bills, they help some people more than others and we are trying to improve the text, trying to protect the ONCE model in the face of changes in the market and the likelihood that the rate of change is just going to increase. There is room for improvement in the parts of the bill which affect ONCE. And we have offered our services and support to improve those parts which affect ONCE.

What other significant initiatives do you plan over the next 12 to 18 months? New games, or new initiatives, or new ways to distribute, or new ways to market?

Á. Cánovas: I might emphasize that ONCE is always looking to build on or create new partnerships. We're always keen to develop partnerships we can find with other lottery operators, in Spain and other parts of Europe and even world-wide. We want to improve the possibilities we have to market new and better products. First and foremost, we always want to defend the social aspect of our operations and our activities. But at the same time we respect that each operator has the liberty and freedom to work within their own markets and public policy environments. We do have an outlook towards collaborating and partnering internationally.

We will be enhancing our internet marketing efforts, improving the distribution and the games themselves to takee full advantage of the internet. We have been working on this but there is more work to do. There are also some very interesting innovations in our instant gaming products, in our scratch cards.

We have talked about what makes ONCE unique. Is it possible that other organizations in other countries could replicate the ONCE model? Do they talk to you about that as a possibility?

Á. Cánovas: ONCE works with many organizations of blind people all around the world. They are mainly interested in how we set up employment programs. Their interest is not so much in the area of gaming specifically. That is a very difficult model to follow or to transfer to other countries. There are so many social aspects to consider along with public policy agendas and regulations. These all vary greatly from one country to another, making it very complicated. We do work with many organizations, though, to help them identify some niche employment opportunities, assist them with their business development plans and so on, and help other countries give blind people the same opportunities they have here in Spain. We collaborate with other organizations in Europe and especially in Latin America, but not specifically in the gaming sector. It's really mostly about providing the opportunity to work and to contribute and be active. We welcome the opportunity to support and help our colleagues - wherever they may be - to provide services to blind and partially-sighted people and people with other disabilities. ◆

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Lorne Weil
Chief Executive Officer of Scientific Games Corporation

INTRODUCTION BY PAUL JASON: Some of us perceive the gaming industry to be poised for an era of unprecedented growth. The economic climate is improving but that's only a part of it. Governments everywhere are taking a closer look at how their public policy and fiscal objectives align with the way the gambling industry is taxed and regulated. The video-gaming generation is coming of age to drive change in the playing experience. Society is absorbing new technology at a faster rate, demanding that everything be available everywhere, including gaming. We may not see transformational change happening right now. But soon we will look around, we will see the transformation, and hopefully we won't be wondering … when did all this happen?

The conservative strategies called for in a weak economy are yielding to a feeling of optimism and conviction that growth strategies will pay off for everyone. Lottery operators and their commercial partners are moving quickly to meet the expectations of a new generation of players in a marketplace bursting with possibilities. Scientific Games has restructured to focus all its resources on the goal of empowering its customers to take and hold the leadership position in this new era of growth, creative collaborations, and new forms of competition.

Paul Jason, Public Gaming: *You've made a few organizational and management changes, including yourself resuming the role of CEO of Scientific Games. Is there an overarching strategy or primary objective?*

Lorne Weil: These changes basically reflect our adaptation to the changing economic and business environment, or at least our view of that. The economic downturn that began in the fourth quarter of 2007 and continued through 2008 and 2009 was a time for businesses to manage conservatively, controlling costs, etc. As always, our primary focus is on serving our customers. But when the economy is not growing, a business has to cut back the resources it channels towards growth initiatives. And the organizational structure is amended to support the need to control costs, serve the customers, and execute a tightly drawn business plan. In our minds, the traditional functional structure, with manufacturing, finance, marketing, sales, HR, departments, etc. serves that purpose the best. Focus was on cash-flow and execution. That's served us and our customers well over the past three years. But now it's time to refocus on growth and helping our customers get positioned to really optimize the upside in what we think will be a much healthier economic climate.

So we're entering a period of economic growth?

L. Weil: I do think we've seen the bottom and the economy is coming back. We are investing with confidence that the trend-line is positive and industry growth will be steady if not necessarily robust. The other driver of growth in our industry is regulatory change. And we see lots of signs that governments everywhere are ready to evolve the regulatory frameworks to be more consistent with the technological and cultural changes that have taken place over the past ten years. Governments need to generate funds amidst many

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fiscal crises. But the more important driver is the need to rationalize the frameworks so that governments can enforce the laws, collect taxes, and marginalize illegal operators and gray markets. The underlying need for governments to create regulatory structures that are more consistent with their public policy objectives is, we feel, a trend that will drive growth. This is a very positive trend for lotteries and therefore for Scientific Games since our mission is to help lotteries achieve their full potential.

Back to organizational structure. You're moving away from the functional departmental structure towards what?

L. Weil: Business units. This is more conducive to driving growth. So we have a Lottery Systems Group, headed by Bill Huntley; the Printed Products Group headed by Jim Trask; the Diversified Gaming Group, headed by Steve Frater; Properties remains under Steve Saferin; and Michael Chambrello is over the Asia-Pacific Group, and so forth. Each business unit is charged with accomplishing an ambitious set of objectives. The business unit heads have control over the marketing, sales, manufacturing functions and so they have the resources and authority to implement their business plan and are held responsible for making it happen. The business unit heads have more flexibility to invest in growth, invest in R & D, and innovate to support the customers as lotteries modernize for the next stage of growth in the gaming industry.

In fact, over the past number of years, you've personally forged some partnerships and acquisitions of companies with capabilities that will help you serve your customers best. Now comes the interesting part of driving growth. The business of managing costs isn't always easy, but it is certainly more straightforward than the business of producing growth. In other words, producing profitable growth is more challenging than managing costs, isn't it?

L. Weil: There's no question about it. But like everything else in business, if you're not prepared to take the risks, then you're not going to experience the rewards. The process of building and creating and moving forward is definitely more difficult than managing costs. There's a much wider variety of options to sift through, and less data to guide the decision-making process. Investing in growth involves a lot of unknowns, requires making decisions with incomplete information. So there are many more ways to make mistakes. But it is an exciting time for our customers. They too have had to manage through a difficult time

in which the goal has been to avoid the downside impact of a weak economy. Now they can be exploring the different avenues to grow their business. That's really the purpose of organizing into business units: to really focus all of our resources on driving performance and results for the benefit of the customer. In the end, our success is measured directly by the results our customers achieve. And the rubber really hits the road when you're driving for significant growth.

We've talked before about how markets, demographic profiles, and to use the current buzz word, consumer "touch-points," are multiplying and converging at the same time. Everything moves slowly in the gaming industry. But you referred to indications that governments are trying to remove the regulatory obstacles. As the economy comes out of recession, and the players vote with their feet, can we hope and expect that the rate of change will accelerate?

L. Weil: You can look at it through two ends of the telescope. On one end, you see that convergence is happening exogenously, independently of anything we do. And we simply need to keep our eyes and ears open and react to how these phenomena evolve, adjusting strategies accordingly. On the other end, we are not just a passive player, but an active participant that influences the rate and manner in which events in the gaming industry unfold. We can create and promote new products that influence the game style and preferences of the players. We can develop new distributional channels and innovative promotions that make those products more accessible to the consumer. In those ways, together with our customers, we can shape not only our own destiny, but the direction of the industry. In fact, that is what I was trying to say about business units. We want an organizational structure that supports a more aggressive posture towards making things happen. We need to take a proactive role in shaping the course of the industry. For instance, the consumers want their playing experience to reflect their lifestyle and preferences. Among their preferences is to be able to play all different kinds of games, to have the flexibility to choose from a big menu of options, to be able to quickly pull up that game on a game console or website or mobile, and to interact with a Player User Interface that makes the whole playing experience seamless, familiar, and easily navigable. The players want us to merge the games and channels, making access and the playing experience easy and intuitive. And they want this convergence of their gaming habitat to include seamless interaction

with their other lifestyle habitats, like Facebook. But if you ask the players, they might not explain what they want in just that way. In that sense, we need to do more than just react to changes we observe, but to also be the drivers of this convergence. We need to recognize that this is the direction that things are going in and be the proactive agents that pave the way for the industry to evolve.

Business units seem to be separated by product category, customer type, or geography. What is the mechanism to get them to work together and create the convergence that the players will respond to?

L. Weil: Enter Steve Beason and Jim Kennedy. Steve is the chief technology officer whose responsibilities cut across all business units in the company. Likewise, Jim also works across all business units in the role of chief marketing officer. As you know, these are two veterans of the industry who know their business better than anyone. Steve and Jim do not work within any one business unit. Instead their assignment is to work with all the business units and integrate the efforts of the different business units and facilitate that convergence. Jim works with customers to determine how best to integrate products, promotions, distribution, media, and all aspects of creating the connection between the operator and the consumer. Steve works with the operators, technologists, and Jim to determine how best to implement those customer-facing plans from a technological and logistical perspective. Steve, Jim, our business units, and the operators are working to bring the different products and channels together, making it easy for the player to navigate from one game to another within the channel, and also making it easy for the player to acclimate to the different channels. We want the customer to see a similar User Interface when they go from one website to another, or when they go from the website to their mobile and possibly to kiosks or whatever other consumer touch-points are used. The idea is to create some commonality of customer-facing protocols to make it easier for them to navigate the options, learn new games, and have more time to focus on fun and playing. Jim and Steve report directly to me with the mission to create synergy between the business units, and a unified customer-facing platform that integrates all the different games, channels, and media. We feel these are inevitable trend-lines. The successful gaming operators are evolving with their players and we need to help lottery operators make this transition faster and better than anyone else.

Through your subsidiary Global Draw, Scientific Games has become quite proficient at the business of true server-based wide-area networked gaming. That is, implementing electronic game consoles in a large number of remote locations, each with a small number of units. Why couldn't that form the basic platform for a console that would dispense all varieties of gaming products, including lotto and instants? Create a Player User Interface that would make it easy for the lottery customer to buy all different kinds of gaming products from each POS?

L. Weil: That is an example of something that we're working on right now. That is a perfect example of convergence, and is exactly what Kennedy and Beason are working on. Kennedy's job is to understand what that terminal you're describing needs to do. That is a complicated issue, of course, because of all the differences in regulatory requirements. Then Beason's job is to figure out how to aggregate the technologies and implement the consoles, systems, and networks that deliver the end result that's desired. In cooperation with the retailers and operators, we are developing a family of products to deliver the kind of seamless access to all games that you described. The lotteries themselves are under huge pressure to increase funding to Good Causes, and so all of their resources are channeled towards maximizing profits in the current fiscal year. Which means they don't usually have the resources to invest in next generation technologies. But it absolutely has to get done. The upside potential is significant and we don't want to let that pass us by. Perhaps more importantly, though, is the downside consequences of not keeping up with your customers. Lotteries think of themselves as operating in a monopoly environment. But the consumer will be presented with more and more options for games of entertainment that are merging with games of chance. Lotteries need to hit the refresh button and do it sooner than later. We're making the investment to help them evolve with the consumer. We conserved over the past three years so that we could step up when the timing was right to invest in growth with new products, new initiatives, and innovative strategies that would pay off for our customers. That time has arrived. In fact, we all now need to move quickly just to keep up with the marketplace.

The concept of outsourcing management of the lottery, like the IL Private Management Agreement (PMA), seems to have a lot to recommend it. Offload the capital intensive role of investing in the future, as well as the risk of an uncertain ROI timeline. Lock in a predictable payment plan. Engage the commercial partners to do what they do well, provide financial incentives for them to invest in growth, and retain ownership of the asset. Seems a good bet.

L. Weil: It is. But it's actually not as much of an innovation as it may seem. Commercial partners have always performed many of those services. This isn't the first time that contractual terms have been incentivized to pay for performance. Our instant ticket co-op services business, for instance, engages us directly in both the upside benefit of exceeding objectives, and downside consequence of falling short. We share the fruits of success with the operator. And it's not a coincidence that the co-op services system was also adopted in a down economy. The lotteries in effect outsourced the cost and risk associated with developing and launching new products. Payment for doing that came out of the increased profits. So it really was a win-win. It worked so well that there was a ten year period of time when the instant ticket business grew at 20 times the rate of the online, going from half the size of the online business to being twice the size of the online business. Now we've gone through a period when we've had very intense pressure on the profitability of instant tickets. The industry will be healthier, sales and profits will grow, only if there is an ROI that supports research, development, and innovation. Lottery operators and their commercial partners need to come together to assess the entire situation. They need to identify exactly who is going to do the R & D that is the source of innovation and growth. The IL PMA is one way. And it is a very good way. But it's not the only way to engage the commercial community directly in a risk and profit sharing structure that benefits everyone.

But doesn't your Northstar venture point the way towards a more open-minded approach to managing the lottery business? Won't this example predispose legislators everywhere to consider a wider variety of ways to collaborate with the commercial community to achieve the results they want?

L. Weil: Certainly the Northstar venture is a step in the right direction of thinking outside the box and trying to conceptualize a model that is going to create incentive for suppliers to invest on behalf of the industry and work harder to drive growth. Another example is the joint venture that we have with Lottomatica in Italy in the instant ticket business. There's more than one way to skin a cat and produce a great result. And sure, I do hope that we are entering a period in which governments and commercial participants experiment with different operational models. I don't think it will ever be a one size fits all. There will be more innovations in the way lotteries collaborate with their commercial partners, the way commercial companies collaborate with each other, and the way that lotteries collaborate with each other. There doesn't seem to be any shortage of permutations and combinations! The ultimate driver, of course, is delivering maximum value to the consumer. The beauty of capitalism is that success comes to those who focus on that rather than legacy notions of how business should be conducted. Scientific Games and all of its affiliates are truly excited about the possibilities in store for lotteries to be the innovator, the leader, in the coming era of growth for this industry. ◆

Dermot Griffin Interview ...continued from page 14

sible gaming and local beneficiary projects that are being supported by funding. It just gives us a whole new level of control over the messaging that the consumer is exposed to at the time and place that they are making their purchase decisions. The messaging can also differ by region as needed. It all happens with the flick of a switch from a centrally controlled network. In one of our player surveys, the number one reason for buying a ticket is because someone else in the queue bought a ticket or they've seen a sign in the store about it. So it's really about making sure that our messages are very strong in the store. One of the things that we've learned as part of this project is that people's attention span is much less in the store than it is when looking at the television or reading the newspaper. So our messages will be condensed into 5-7 seconds for digital broadcast in-store.

Could you clarify the ownership structure of An Post Lottery Corporation. If it's 80% owned by the Ministry of Finance, and 20% by the Post Office, then that means it's essentially owned by the government of Ireland, right?

D. Griffin: Yes, it's a state body and so in effect we're 100% owned by the government. But structurally we are a separate corporate with our own board of directors. And in terms of corporate governance we're a separate body. We have two shareholders: the Postal Service and the Department of Finance. ◆

PGRI
Lottery
EXPO
September
2011
Venue TBA

Beyond Gaming 2.0

**Behold as we enter the Golden Age of Gaming. This is a world in which the power of games to entertain is leveraged into the power to engage. Gaming to be the Next Big Thing?
Not exactly -**

Engagement is the Next Big Thing and Games are the key to engagement.

Lottery Expo is being convened for us to explore the meaning of "game layering" - how games and gaming mechanics are being integrated into all aspects of popular culture. More importantly, we'll discuss how Team Lottery might evolve its games and strategies to create the kind of gaming experience that make it a staple of this popular culture. It's no longer a question of reaching the "younger demographic". The next generation has arrived; their game styles have gone mainstream; and Brand Lottery is poised to explode.

the ART of
interacting for lotteries

Today's world is nothing like it used to be, not even a few years ago. The Internet is now a vital part of normal, everyday life of the modern consumer. They take advantage of its numerous functionalities to do things that once needed physical presence, such as payment of bills and purchasing of goods. Personal interaction has also moved to a completely new level, which no one would ever have thought possible, not even five years ago. Social Media, such as Facebook and Twitter, have created new communication platforms where people around the world can easily communicate with each other, as long as they are connected to the web.

Many of the modern lotteries have not adjusted to these developments and have not taken full advantage of the Internet and other "interactive" channels (mobile, iTV etc), thus missing out on significant opportunities to grow their business as well as to improve and enrich their gaming offering to their customers.

INTRALOT has invested in its ability to support its clients' transition to this new world of connectivity. One example of that is the development of the ART framework for Lotteries. ART incorporates a very concise strategy for leveraging the interactive channels and supporting the evolution of every modern Lottery. Under the ART framework all sales channels, from a purely retail organization to a gaming operator, along with the technological platforms and operations that support them, are fully convergent.

The strategy consists of three phases: Anonymous Gaming, Registered Gaming and Transactional Gaming. INTRALOT offers solutions that can satisfy the needs of any Lottery operating within or moving towards any of the three phases.

ANONYMOUS GAMING: WHERE WE'VE COME FROM

In this phase, all gaming products are offered through a retail network on an anonymous basis. The Internet and interactive channels offer limited capabilities for direct revenues but are important activities for offering good quality customer service. Given that no sale of any game can be offered through interactive channels in this phase, they can only have an indirect effect on the retail sales.

The key activity at this stage is to offer a modern, comprehensive gaming information portal that encompasses all progressive internet trends and offers various information services to cater for all the needs of lottery players. The Gaming Info portal needs to be modern and attractive, allowing customers to configure a wide range of information services, including email, RSS, and SMS notifications. Additionally, it can be extended through dedicated informational apps for Smartphones.

As part of the overall marketing strategy in the Anonymous Gaming phase, interactive marketing activities are confined to publicizing the gaming information portal and all the services and support a customer can receive on the internet. This phase also makes use of other tools such as banner advertising, viral marketing through games or videos, and content proliferation through RSS feeds, widgets or customized apps.

REGISTERED GAMING: THE NEXT EVOLUTION STEP

Registered Gaming is the phase in which the Lottery tries to get to know its customers on an individual level, offering them personalized service as well as directing them through the internet and interactive channels where limited but important gaming activity can take place. This phase addresses the introduction of a personal account at both the retail and internet level. It also introduces the deployment of a loyalty program - the revamp of the gaming info portal as an important channel for redemption of loyalty points on merchandising or game entries, fun and skill gaming, and also subscriptions or memberships for the lottery games, to the extent this is allowed by law.

In the Registered Gaming phase, synergies between retail and internet channels are exploited, which is crucial for positioning the lottery in the internet gaming domain in anticipation of the legalization of interactive gaming. Customers become registered and accustomed to interactive interfaces for lottery games and online payments, if allowed.

The Registered Gaming phase also has a positive impact on retail

sales as the lottery increases the customer's loyalty and satisfaction from services received. The strategy in this phase is customized for each lottery depending on local conditions, legal restrictions and internet and e-commerce market maturity.

An important component of Registered Gaming is its ability to combine internet technologies with a comprehensive responsible gaming framework, along with full security and protection for its customers. A registered customer should be encouraged to set personal limits for certain time periods on deposits and losses, and the lottery will monitor customer activity and be able to detect problematic patterns and implement interactive corrective or support measures. We expect this to become a valuable competitive differentiator for lotteries in the very near future.

TRANSACTIONAL GAMING: LOTTERIES BECOMING REAL E-GAMING ORGANIZATIONS

The focus of the previous two phases was to prepare and support the progress of lotteries towards the third phase. Transactional Gaming is the phase where INTRALOT helps a Lottery become a real e-gaming organization, offering its products for sales over the Internet and other interactive channels, as allowed. This is the phase that can bring real benefits to the lottery in terms of appealing to new demographics, increasing sales of existing products, and creating new revenue streams with fully interactive products, while ensuring a full responsible gaming environment due to the extensive registration, verification controls and detailed business analytics.

To the extent allowed by law, the lottery can leverage the power of the new channels by customizing and enriching the games for the new media (e.g. web-specific instant games). In the Transactional Gaming phase, security and safety need to be absolutely guaranteed. At the same time, online gaming propositions need to be managed in terms of dynamic content, ensuring frequent updating and customization depending on customer behavior. Business analytics, customer acquisition and retention strategies, campaigns, day-to-day product management, and personalized, quality customer service are all key factors for the success of transactional gaming.

In this phase all Lottery games can be offered for direct purchase over the Internet. The emphasis here is on customizing games for the interactive gaming environment, focusing on games that are suitable for fast interaction, higher payouts and dynamic content. Acquisition marketing, customer retention and optimization are important and imbedded operational activities.

Lotteries should also exploit the mobile devices that are increasingly used for data services or internet access. The proliferation of Smart-phones makes the mobile channel important for future growth, as well as for increasing the customer base. The first step of the strategy is to address the mobile channel through dedicated mobile portals or apps for information services. The second is to offer casual or free gaming propositions, in a manner similar to the Internet strategy. And finally, the transactional gaming proposition needs to be customized for the mobile channel.

Almost all business sectors have adapted themselves to these new trends and are providing their customers with Internet-based offerings, using these alternative channels as the new 'ingredient' of their marketing mix. It is this new ingredient that is likely to become the 'tail that wags the dog'.

The gaming and wagering sector is moving rapidly in its eagerness to grab a market share in this new interactive environment. INTRALOT is ready to help its lottery partners to keep on winning in this new era of expansion! ◆

Transactional Gaming	Mobile Gaming	When legally permitted
	Web.TV	
	Transactions over Internet	
Registered Gaming	Subscription Play	Immediate implementation
	Loyalty Cards	
	Game Social Network	
Anonymous Gaming	Game Info Portal	Now
	Retail-Self Service	
	Retail Network	

2010 WORLD LOTTERY ASSOCIATION
BI-ANNUAL CONVENTION

The World Lottery Association (WLA) holds the biggest industry event just once every other year. This photo collage is from the last convention which was held in Brisbane, Australia in November of 2010. It was, as always, a smashing success. Industry leaders from all over the world convene for three days of presentations and workshops that shape our future. It's a wonderful experience and truly a unique opportunity to visit with the visionaries who are taking us into a new era of gaming. There's too many people to thank, but recognition does need to be given to convention hosts Bill Thorburn and Golden Casket Lottery who worked hand-in-hand with Arch Gleason, Jean Jorgensen, and Team WLA to produce a flawless event. Mark your calendars for September 9 – 12, 2012, to join us in Montreal Canada for the next WLA Convention. Hosts Alain Cousineau and Loto-Quebec promise to open us up to "a world of opportunities à la Montréal", the theme for WLA 2012. Visit the conference website www.wls2012.com for a preview and updates. Learn more about the WLA at their website www.world-lotteries.org.

Corporate Profiles of SMART-Tech 2011 Gold and Silver Sponsors and Exhibitors

Diamond Game
Gold Sponsor and Exhibitor
www.DiamondGame.com

The Diamond Game Video-ITVM brings instant ticket vending into the 21st century and is an alternative to VLTs. The Video-ITVM looks, plays and earns like a VLT, yet usually requires no law change for a state lottery to operate. The patented Video-ITVM dispenses a pre-printed instant ticket on each play, reads the ticket and displays the result on a video monitor in an entertaining manner, such as with spinning reels. The Video-ITVM is the only product of its kind and has been repeatedly affirmed as a legal ticket dispenser by state and federal courts, up to the U.S. Supreme Court. A Video-ITVM pilot program can be set up quickly without many of the legal and political hurdles that accompany VLTs.

Bally Technologies
Silver Sponsor
www.Ballytech.com

Founded in Chicago in 1932, Las Vegas-based Bally Technologies is the oldest gaming-technology company in the world. Bally is dedicated to the design, manufacture, operation, and distribution of entertainment-based advanced gaming devices, systems, and technology solutions around the globe. Bally's gaming machine product line includes reel-spinning and video gaming devices for casinos, racinos, VLTs, and other networked-gaming systems. Also, as the world's No. 1 gaming-systems company (with ov0er 300,000 gaming machines from many manufacturers connected to Bally systems), the Company offers the broadest array of player loyalty, monitoring, accounting, bonusing, cashless, and table-management solutions for all markets.

From the world's first electronic gaming machine management system, to today's hottest award-winning games and systems technology – such as GSA protocols, ALPHA OS, iVIEW™, iVIEW DM™, and Bally Multi-Connect™ – Bally Technologies continues to be at the forefront of customer-centric innovation. For more information, please visit BallyTech.com.

Jumbo Lotteries
Silver Sponsor and Exhibitor
www.jumbointeractive.com

Jumbo Interactive Ltd is an innovative and successful internet lottery business, owner of Jumbo Lotteries (www.jumbolotteries.com), and partner to lotteries all around the world dedicated to growing their internet presence and driving internet sales. Jumbo Lotteries follows the traditional retailer/agency model common to virtually all lotteries around the world and applies this model to the modern environment of the Internet. Employing the right combination of assets, skills, experience and momentum, Jumbo Lotteries has proven over the past ten years its ability to grow new markets on the Internet for its lottery partners. Jumbo Lotteries owns key Internet lottery properties – akin to owning well located traditional store fronts – designed to appear wherever lottery players are searching on the Internet. The Internet is a very big place. One website is never enough to reach all your customers!

Linq3
Silver Sponsor
www.Linq3.com

In collaboration with state lottery commissions and their operators, Linq3 has developed the secure protocol for lottery transactions on ATM's and other unmanned points of sale. In partnership with lottery operators, Linq3 enables both ATM owners and lotteries to achieve massive sales growth at a low cost. Optimized performance is achieved through state of the art processing in the data centers and edge of network devices. It's secure, it's scalable, and it's ready to change the distributional landscape for lottery products.

OrderPad Software
Silver Sponsor
www.orderpadsoftware.com

OrderPad Software creates software products that enable lotteries to improve their success by helping them to increase sales and operate more efficiently and effectively. OrderPad Software, Inc. serves one-third of the U.S. lottery market by providing technology solutions to lottery sales teams, inside management and support staff that allows them to operate more efficiently, reduce their costs, and increase their impact. Its flagship product and Smart-Tech Product of the Year, OrderPad for Lotteries, empowers all lottery team members that interact with the lottery's retailer network to collaborate with each other for more streamlined operations. As jurisdictions are faced with the challenge of getting more done with fewer resources, OrderPad Software solutions help them meet these new challenges.

Planet Bingo
Exhibitor
http://www.planetbingo.com

Planet Bingo® is a solutions focused manufacturer and developer of bingo software and hardware. Our products and services are designed to help maximize your enterprise's revenue by enabling you with advanced tools that assist in stimulating growth and market share. Planet Bingo's® solutions go beyond basic product lines. Each solution is meticulously thought through for rapid deployment as well as a competitive advantage. Our goal is simple: We want to enable our partners to offer the best possible entertainment experience to their guests while increasing their market share

and revenue. We do that through complete 360° programs enveloping everything from hall design and layout through product mix, session planning, and promotions packaging. We'll show you how and plan your way while guiding you through every step of the process. Please peruse our website for more information about our offerings and contact one of our expert bingo consultants for a comprehensive analysis of your location.

Telescope
Silver Sponsor
www.telescope.tv/

Telescope provides participation TV and mobile marketing solutions for media and corporate clients; delivering to clients a one-stop-shop for the deployment of participation television solutions, mobile marketing programs and other interactive services.

Telescope offers a broad range of interactive services including:
television voting and participation via fixed-line, SMS and internet; mobile text delivery for marketing and information; entertainment services, applications and mobile games
interactive voice response (IVR), sweepstakes and other interactive services; Telescope's clients include media and production companies, network broadcasters, brands, marketing service agencies, retailers, Internet portals and network operators.

IT'S ALL ABOUT...

SMART-TECH 2011
PLATINUM SPONSORS

COLLABORATION!

We've been talking about the importance of collaboration between lottery operators. It's the partnership between operators and their commercial partners which makes it all work. It's that relationship that drives innovation and progress in our industry.

PGRI endeavours to support and nurture that relationship, confident that together we can build successful businesses that meet the needs of our stakeholders and customers. The leaders of the commercial community play a vital role in our industry and we are thankful for their invaluable contributions to the exchange of ideas that happens at SMART-Tech. Their products and services are the result of a tremendous investment in R & D, and their insights and capabilities are informed by a deep experience in all aspects of the lottery business. Following is their story. Please also visit the conference website (www.PGRItalks.com) to see their presentations from this and past conferences. The video-recorded presentations of our conference presenters are all posted on this conference website (contingent on their approval). Check it out!

GTECH is a leading gaming technology and services company, providing innovative technology, creative content, and superior delivery. GTECH is a single source of accountability for online central systems, system design, flexible retail solutions, game development, marketing services, and ongoing support operations worldwide. GTECH leverages, it's parent company, Lottomatica S.p.A., the world's largest commercial lottery operator and a market leader in the Italian gaming Industry. GTECH and Lottomatica together create a fully integrated gaming technology, end-to-end, full-service lottery solutions provider – a combined company with worldwide scale, considerable financial strength, and industry-leading customer solutions. Our core strengths are secure, high-volume transaction processing; network integration; infrastructure development; and government contracting. Our mission is to maximize these capabilities and deliver superior performance and added value to our customers in the lottery industry, gaming venues and commercial services sectors.

GTECH Overview: As a global leader in the world's online lottery business, the name GTECH is synonymous with the industry it pioneered and helped to build. GTECH is a full service technology and business solutions partner catering to all of the systems and support needs of online lottery operators worldwide. This comes from GTECH's ability to analyze the specific needs of each customer and to design solutions that meet the widest array of operating requirements. Excellence in software design, point-of-sale, instant ticket design and printing (GTECH Printing Company) video lottery terminal manufacturing, full suite of self-service vending solutions, local area network/wide area network communications, sports betting/new media expertise, and central system installations on six continents are the hallmarks of GTECH's technical and customer service competencies.

Lottomatica Overview: Lottomatica is a leader in the Italian gaming industry, with a dedication and focus on responsible gaming and corporate social responsibility. Lottomatica has built an extensive real-time, online distribution network, with approximately 190,000 terminals in 90,000 points-of-sale throughout Italy (including approximately 17,000 points-of-sale where Lottomatica provides only Processing Services for third parties), comprised of tobacconists, bars, petrol stations, newspaper stands, and motorway restaurants. Since 1993, Lottomatica has been the sole concessionaire for the Italian Lotto game, which is the largest online lottery in the world in terms of wagers.

GTECH Gaming Solutions: GTECH provides complete gaming systems technology to Government sponsored machine gaming programs as well as commercial and Native American gaming venues. GTECH is a single source of accountability for online central systems, system design, game development, marketing services, and ongoing support operations worldwide. The combined strengths and experience of GTECH and its subsidiaries ATRONIC and SPIELO, leading providers of gaming machines and related services, make a powerful partnership in the supply of technology and support services to the worldwide gaming market.

GTECH New Media and Sports Betting: GTECH's New Media & Sports Betting division, GTECH G2, is comprised of four subsidiaries – Boss Media, St Minver, Finsoft, and Dynamite Idea – focused on providing software and services in the Internet and sports betting market. The goal of this division is to become the leading provider of best-in-class sports betting and interactive white label solutions and services to the regulated commercial and government-sponsored gaming industry. The over arching strategy of GTECH is to bring all of these capabilities together to future-proof our customers and maximize revenues for the good causes that they support. ◆

INTRALOT: In just less than 20 years, INTRALOT has become a leading supplier of real-time Gaming and Transaction Processing systems, Innovative Game Content, Sports Betting Management, Video Lottery Central Monitoring and Internet Gaming services to government-licensed gaming organizations worldwide. INTRALOT's highly specialized products and services, the dedication, professionalism and keen sense of client relations of its 5,000 employees around the globe, along with its portfolio of leading-edge technology solutions, give them the ability to blaze new trails in the international gaming market. INTRALOT's passion and commitment to customer satisfaction, as well as their perpetual focus on improvement and solid growth in a socially responsible manner, have enabled the company to expand its reach with contracts in 50 countries, including 13 in the in the highly-competitive U.S. marketplace. Superlative Corporate citizenship, integrity and transparency have always been an absolute priority in defining the manner in which INTRALOT operates with its clients, partners and employees.

INTRALOT prides itself on keeping one very important goal in mind, establishing successful, long-term business partnerships with its clients and offering them a complete range of innovative products and services. The company's reputation precedes itself as INTRALOT is recognized globally for offering real value to its client/partners and their beneficiaries, timely commitment to customer needs, dedication to quality and flexibility to adapt to local markets. The integrated Lottery systems developed by INTRALOT rank among the most advanced and flexible systems available worldwide. INRALOT products are distinguished by their quality, reliability, adaptability, expandability and security. These hallmark traits are made possible through ceaseless investment in Research & Development on advanced technologies and software development processes and creates the conditions required to quickly and efficiently utilize innovations in new products and value-added services.

The gaming market is evolving rapidly and exciting new opportunities are continuously becoming available to INTRALOT. Internet gaming is expanding globally to become a viable product channel and INTRALOT has been paving the way for the future in Internet Gaming through its new subsidiary INTRALOT Interactive (I2). In addition, INTRALOT has made a significant investment in CyberArts, a company that delivers the most advanced enterprise-grade gaming software in the marketplace today. CyberArts Universal Gaming Platform provides the most customizable and stable online gaming platform for online and server-based games. Built to modern, enterprise class architectural standards, it provides all the elements to create a secure, scalable and robust gaming solution that reflects the Operator's unique brands and business plans. The Foundation platform also supports multiple languages and currencies and is scalable to support thousands of simultaneous players.

INTRALOT places security as the cornerstone of its operations and consequently has become the first International lottery vendor certified by the World Lottery Association (WLA) Security Control Standard certification along with ISO/IEC 27001:2005 certification. INTRALOT, publicly listed on the Athens Stock Exchange since 1999, closely associates the growth and development of its business operations with the promotion of the concept of Corporate Social Responsibility, contributing to the enhancement of the quality of life and the cultural development of the local communities in which it operates. INTRALOT plays an active role in the International gaming community and contributes decisively to the future development of the industry. The global company is a member of all major international gaming associations, including the World Lottery Association (WLA), European Lotteries & Toto Association (EL), the North American Association of State & Provincial Lotteries (NASPL), CIBELAE (the Hispanic association that covers South America and the Iberian peninsula), as well as the Gaming Standards Association (GSA) in the USA and the Asia Pacific Lottery Association (APLA). ◆

Pollard Banknote

POLLARD BANKNOTE is one of the world's leading full-service lottery suppliers focusing on all facets of instant ticket production, including related programming, design, and marketing support. Our company also supplies pull-tab tickets, bingo products, and comprehensive lottery management services to a growing list of customers worldwide.

Pollard Banknote was founded as a commercial printing operation in 1907 and became a specialized security printer of stamps, stock certificates, bonds, and other documents in 1974. This combination of graphics and security printing experience led to a successful transition to instant lottery ticket printing in the mid-1980s.

In 2005, Pollard Banknote, a private, family-owned company since its founding, went public—a change that strengthens our commitment to the lottery industry and enhances the company's ability to continue to compete and grow within it. Listed on the TSE, Pollard Banknote currently provides instant tickets and related services to more than 50 clients, including many of the largest and most respected lotteries in the world.

Pollard Banknote operates five manufacturing facilities across North America. These facilities are located in:

- Winnipeg, Manitoba, Canada
- Ypsilanti, Michigan, U.S.A.
- Barrhead, Alberta, Canada
- Sault Ste. Marie, Ontario, Canada
- Council Bluffs, Iowa, U.S.A.

Together, these five operations total over 510,000 square feet, employ more than 1,100 staff, and provide numerous production lines through which we are capable of manufacturing approximately 18 billion ESS tickets annually.

Pollard Banknote has now served the lottery industry for 25 years and is an active member of the World Lottery Association (WLA), the North American Association of State and Provincial Lotteries (NASPL), and the Asia Pacific Lottery Association (APLA). Our efforts have earned us a reputation as an honest, reliable, and innovative partner.

Sound executive direction, continuous investment in advanced equipment and infrastructure, compelling new products, and consistent marketplace successes ensure that our company remains a leader in the lottery industry. Today and going forward, lotteries throughout the world can count on Pollard Banknote's ongoing presence as a solid contributor and dedicated supplier to the lottery industry. ◆

ROBOREUS: Innovators in Online Entertainment: It is all too apparent that the traditional suite of lottery products and retail channels is failing to engage with younger consumers. Roboreus was formed in 2008 to help Brand Lotteries develop their interactive and mobile offerings and be able to capture this 'lost generation.'

To date most attempts to take lottery interactive have simply involved making an existing offline format, such as a 6/49 draw, available online. Roboreus believes that Brand Lotteries are missing a huge opportunity to take lottery to the next level and create proper, lasting online engagement with the next generation of lottery players. This can be achieved through innovating new formats that take advantage of all that is great about lottery and integrating with the very best features of today's cutting edge web applications.

Roboreus' first new genre of interactive lottery product, Geo-Sweep, is born from the simple insight that places are more interesting than numbers. GeoSweep is built in partnership with Google Maps and transforms the geography of any state or country into a lottery game-board.

Lottery + Google Maps = **GeoSweep**.com

Instead of picking sets of numbers GeoSweep players pick real world locations to own for their chance to win. Why pick your daughter's birthdate as your lucky number when you can pick the actual hospital where she was born!

Location-based play also helps to bring out the inherently social aspect of lottery play. Groups of friends or colleagues can play together by purchasing real world locations that mean something to them, such as schools, workplaces, churches or sports stadiums. The GeoSweep platform acts like the syndicate manager and ensures that any winnings are automatically shared fairly and accurately among the group.

GeoSweep smartphone Apps not only open up an important new distribution channel to Brand Lotteries but through location-aware lottery play add a whole new dimension to lottery play; players can buy and play with the location where they are standing right now. The GeoSweep game-board can be fully customised to deliver the exact prize matrix and structure to fulfil the operator's strategic needs. In addition all of Roboreus' interactive lottery games are modular so that the customer can select from a complete end-to-end platform solution to a product-only integration with existing infrastructure.

Headquartered in London, England, Roboreus has assembled an industry leading team of developers, regulatory experts and social gaming pioneers. All games and platforms are designed to be compliant with any regulatory framework in the world. For more information please visit www.roboreus.com ◆

SCIENTIFIC GAMES is a leading provider of secure, high quality, player-engaging products and services to lottery and gaming organizations around the world.

Scientific Games has its roots in innovation with the introduction of the first secure instant lottery ticket in 1974. Today, the Company differentiates itself through creative and responsible revenue-enhancing game content, the security of its offerings, knowledge of retail, and proven ability to deliver world-class technology and network solutions to its customers.

Headquartered in New York City, Scientific Games has customers on six continents, and manufacturing and operational facilities in North America, South America, Europe, Asia, and Australia, with additional facilities throughout the U.S. and around the world based on customer requirements.

Scientific Games' comprehensive array of products and services includes:
- Instant ticket manufacturing, systems and services
- Lottery gaming systems
- Licensed branded games
- Operations services
- A comprehensive video gaming suite (systems, software and terminals)
- Server-based interactive gaming machines and associated gaming control systems
- Amusement-With-Prize (AWP) and Skill-With-Prize (SWP) betting terminals
- Best-in-class sports betting solutions ◆

SMART-Tech 2011
Helmsley Park Lane Hotel in New York City

Opens with a Reception at 5:00 pm March 21

Business sessions March 22 and March 23

Main Reception 5:00 pm March 22

Major Peter J. O'Connell Lottery Industry Lifetime Achievement Award Ceremony, March 23, 1:30 pm. 2011 Award Recipients: Margaret DeFrancisco, President & CEO of the Georgia Lottery and Ed Trees, Former Director of the Pennsylvania Lottery

> "The only ones crazy enough to think they
> can change the world are
> – the ones that do."
> What would happen if we were all
> just crazy enough to think
> we could make a real difference?

The theme of SMART-Tech 2011 is "We can Change the World". Each of us is an active player in the most wonderful industry in the world. As a Public Trust with huge value and import to all its stakeholders, government gaming and lottery depends upon all of us to stretch and drive our business to fulfill its potential. Now more than ever, we need to act with the conviction that government lottery and gaming operators are poised to become the preeminent player in the gaming industry. We've been talking about why we need to change, adapt, and innovate. It's time to convene the leaders who have been doing it; to learn from them and from each other and set the game-plan for making 2011 be the start of the most exciting period of growth and prosperity our businesses have ever known.

J. Anderson

M. DeFrancisco

J. Breslo

D. Feeney

J. Canfield

K. Freedlund

M. Carinci

D. Griffin

A. N. Chaker

G. Gurney

R. Hargrove

A. B. Hill

Dr. A. Husák

P. Jason

J. Kennedy

T. Kitts

SMART-Tech 2011
CONFERENCE AGENDA

MONDAY, MARCH 21

5:00 pm to 7:00 pm
Welcome Reception!

TUESDAY, MARCH 22

9:00 am
Paul Jason, CEO of PGRI,
Opens the Conference Sessions

SESSION I
Keynote Speakers
Team Lottery: United We Stand

- Gordon Medenica,
  Director New York Lottery

- Michelle Carinci,
  President and CEO Atlantic
  Lottery Corporation

- Margaret DeFrancisco,
  President & CEO Georgia Lottery

Keynote Panel Discussion

- Jaymin Patel,
  President and CEO, GTECH

10:30 am
Coffee Break

SESSION II
Portfolio Management
As the number and variety of products, distribution channels, and media increases, the complexity of managing the mix increases exponentially. Portfolio management will involve a new level of sophistication to produce synergy and optimize overall results.

- Jenny Canfield,
  Director of Operations of
  Minnesota Lottery

- Tom Weber,
  Deputy Commissioner for
  Marketing, Michigan Lottery

- Amy Bergette Hill,
  Senior Vice President of
  MDI Interactive

Leveraging Responsible Gaming and Corporate Social Responsibility as the competitive advantage for Government-Sponsored Gaming

- Don Feeney,
  Director Research & Planning,
  Minnesota Lottery

- Matt Pangborn,
  Vice President Bus. Development, CyberArts/
  INTRALOT

- Doug Pollard,
  Vice President Lottery
  Management Systems & Director,
  Pollard Banknote

12:30 pm to 1:30 pm
Lunch

SESSION III
'Hands Across the Ocean'
How do European Lotteries overcome their differences, work together, and forge a United Front? What have they accomplished by those efforts? How can some of their experiences and approaches to collaboration be applied to the U.S. State Lottery industry?

- **Moderator:**
  Rebecca Hargrove,
  President and CEO Tennessee Education
  Lottery

- Friedrich Stickler,
  Director Austrian Lotteries & President of the
  European
  Lotteries Assoc.

- Dermot Griffin,
  Chief Executive Officer
  Irish National Lottery

- Philippe Vlaemminck,
  Legal Advocate for the
  <u>European Lottery Association</u>

- James Oakes,
  CEO & Founder of
  Roboreus/ GeoSweep

3:15 pm
Refreshment Break

A Strategic Scenario for Massive Social Gaming

Multi-Player Social Gaming goes mainstream. It's not just the 'millenial', it's everybody. Transforming Brand Lottery into the option of choice for the contemporary gamer.

- Alexander Manu,
  Business Innovation
  Consultant and Futurist

Not for the Faint of Heart

Platinum Sponsor Panel Discussion

- Moderators:
  Paul Jason,
  Public Gaming Research
  Institute and…
  Gardner Gurney,
  Deputy Director, and
  Chief Operating Officer
  New York Lottery

Panelists to Include Senior Officers from:

- Scientific Games Corp.,
  Jim Kennedy,
  Chief Marketing Officer

- Roboreus/GeoSweep,
  James Oakes, CEO & Founder

- INTRALOT, Matt Pangborn,
  Vice President Business
  Development of CyberArts

- Pollard Banknote, Doug
  Pollard, Vice President
  Lottery Management
  Systems & Director

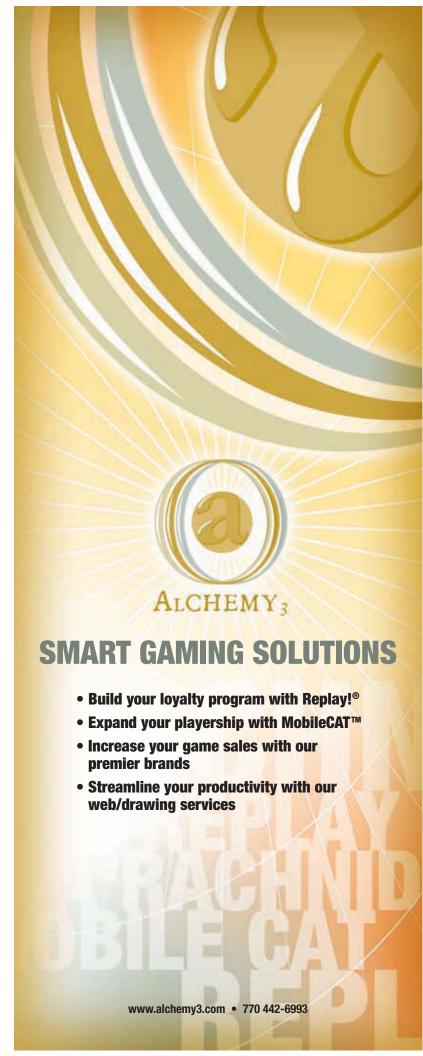- GTECH, Paul Riley, Vice
  President, Product Marketing

M. Kon

A. Manu

D. McDonnell

G. Medenica

B. Murray

A. Noble

The questions and 'talking points' for this panel will be based on the presentations that were made earlier in the day. The title of this panel discussion refers to our mission of drilling down into the most challenging and provocative aspect of the issues. This session has earned a reputation for unearthing the 'elephant in the room' and inspiring quite the lively interaction.

5:00 pm to 7:00 pm

Reception!

WEDNESDAY, MARCH 23

9:00 am

SESSION IV

Legal/Regulatory/Political Issues

Topics: As expansion of gaming, and Internet gaming in particular, takes center stage in state politics – a rational, state-controlled regulatory framework is finally going to happen; Legal aspects to enabling multi-state collaboration; Intellectual Property laws and "patent trolls"; Credit Card Merchants smoothing the way for lottery i-gaming.

- **Moderator:**
  Bill Murray,
  Deputy Director and General Counsel
  New York Lottery

- Kurt Freedlund,
  Senior Vice President & General Counsel
  Georgia Lottery Corp.

- Philippe Vlaemminck,
  Legal Advocate for the European
  Lottery Association

- Dale McDonnell,
  Assistant Director and Legal Counsel
  Minnesota Lottery

- James Breslo,
  Chief Executive Officer Diamond Game

10:45 am

Coffee Break

- Adam Perlow,
  President of OrderPad Software

SESSION V

Panel Discussion on Multi-State Collaboration and Forging Collective Action

How and why do multi-state collaborations serve the interests of the lottery's in-state stakeholders? To what degree should a lottery operation absorb a measure of uncertainty and short-term instability to accomplish a longer-term goal? How can states overcome differences to create consensus and action? On a slightly different but related issue, how can lotteries work together to defend against commercial interests endeavoring to push public and regulatory policy that is detrimental to lottery stakeholders (eg. the Harry Reid bill to give I-gaming over to casinos)?

- **Introduction to session:**
  Paul Jason,
  CEO Public Gaming Research Institute

- **Moderator:**
  Gordon Medenica,
  Director New York Lottery

- Jeff Anderson,
  Director Idaho Lottery & President of NASPL

- Anne Noble,
  President & CEO Connecticut Lottery

- May Scheve,
  Executive Director Missouri Lottery

- Tom Kitts,
  Deputy Director Colorado Lottery

- Rebecca Hargrove,
  President & CEO Tennessee Lottery

12:30 pm to 1:30 pm

Lunch

Major Peter J. O'Connel Lottery Industry Lifetime Achievement Award Ceremony
Honoring: Margaret DeFrancisco, President & CEO of the Georgia Lottery and Ed Trees, Former Executive Director of Pennsylvania Lottery

- John Wilde,
  Strategic Alliance Manager, Jumbo Interactive

- Ori Nakar,
  Chief Technology Officer, Telescope

3:00 pm

Refreshment Break (Special Treat)

SESSION VI
Initiatives that Drive Progress and Results

Charting a new path for a mature market

- Paul Sternburg,
  Executive Director
  Massachusetts Lottery

Mobilizing for Good Causes

Veikkaus Oy was the very first in the world to implement an Interactive Lottery. 'Interactive' is not just a new channel to sell lottery products. It's about understanding and bonding with your customers on an entirely new level. It's about building the kind of dynamic and engaged customer relationship that can become the ultimate competitive advantage.

- André Noël Chaker,
  Director New Business for
  Veikkaus Oy, Finland

SESSION VII
Lottery Management Structures Powering into Gaming 2.0:

Regardless of who "owns" the lottery or how its assets are structured and/or monetized, management structures are all about supporting effective execution.

- Jodie Winnett,
  Acting Superintendent
  Illinois Lottery

- May Scheve,
  Executive Director
  Missouri Lottery

- Connie Laverty O'Connor,
  Chief Executive Officer, Northstar Lottery Group

- Martin Kon, Senior Partner
  with Oliver Wyman
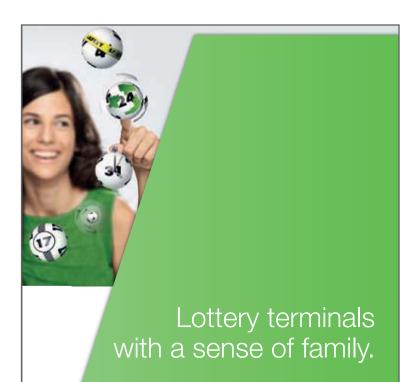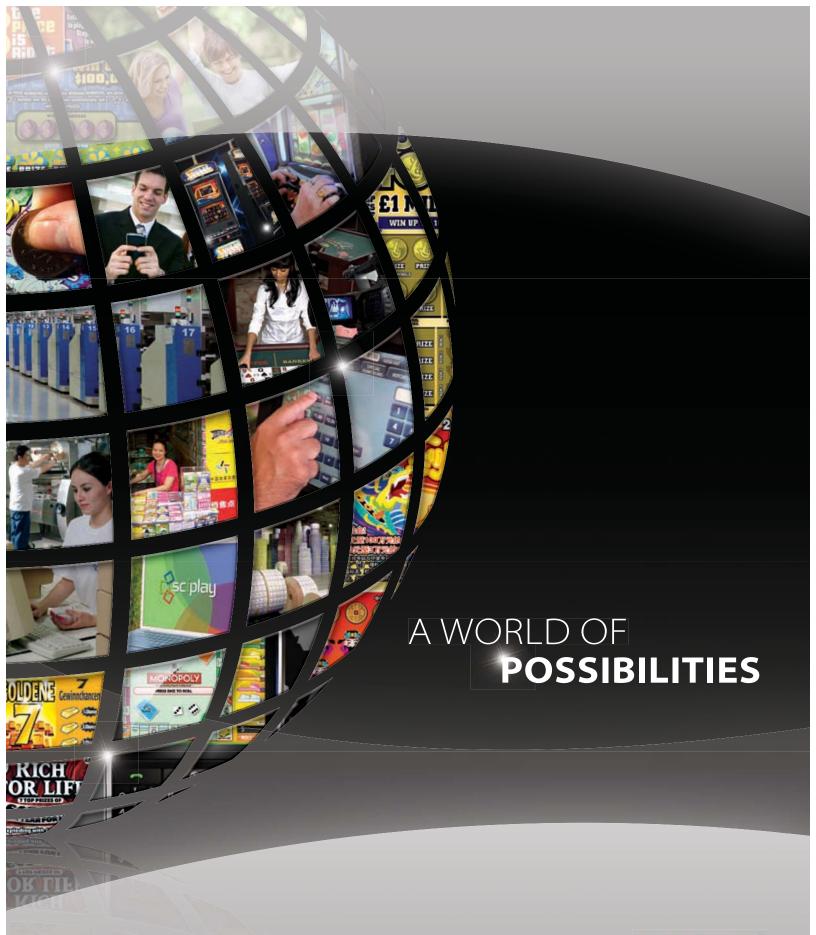
5:00 pm
Conference Closes

P. Sternburg

F. Stickler

E. Trees

P. Vlaemminck

T. Weber

J. Winnett

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