

FEATURE INTERVIEWS



**MIKE
CHAMBRELLO**

GTECH Chief
Executive Officer
of North America
Lottery



**GAVIN
ISAACS**

President and Chief
Executive Officer,
Scientific Games
Corporation



**ANTONIOS
KERASTARIS**

Chief Executive
Officer,
INTRALOT Group



Winner of the
Sharp Award for
Good Causes

Major Peter J. O'Connell
2015 Lottery Industry
Lifetime Achievement
Award Recipients

MARTY GIBBS

Executive Vice, President and Chief
Operating Officer, Kentucky Lottery Corp.

PEG ROSE

Deputy Director, Rhode Island Lottery

WANDA YOUNG WILSON

Chief Operating Officer, General Counsel and
Corporate Secretary, Tennessee Education Lottery Corp.

March/April 2015

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From the Publisher

By Paul Jason, Publisher
Public Gaming International Magazine

The content of this issue is a little different than usual. I have included the program for Smart-Tech, PGRI's conference that is held every year in New York City. I included it in this magazine instead of printing it out separately because I thought it would be good to share with all of our readers a glimpse at what our conference program is about ... world-class speakers addressing the most compelling topics that our industry confronts. The program does not replace the traditional fare. It just augments the content of fabulous interviews and articles that we try hard to deliver in every issue. But I hope you might take a look at it, and get inspired to come to PGRI's next conference. **Lottery Expo** will be held at the Eden Roc Miami Beach on September 9, 10, and 11. Check in at www.PublicGaming.org for updates and information on PGRI conferences.

Two of our conference sessions were inspired by our recent visit to Germany and London. Susan and I visited lottery directors in Berlin (**Hansjörg Höltkemeier**), Münster (**Theodor Goßner**), and Wiesbaden (**Heinz-Georg Sundermann**) to learn more about the challenges of operating in an environment where regulatory laws are not always respected and enforcement mechanisms are ineffectual. We will be featuring an extensive study of this issue in our next issue. And at Smart-Tech, **James Maida** (co-founder and president of GLI) is moderating a panel discussion that will explore the problem that lawmakers and regulators have in keeping up with the changing market-place and the ingenuity of clever online operators to circumvent the laws. **Philippe Vlaemminck** also addresses this topic in an article on page 40 of this issue.

And we are not just talking about online poker, casino games, and sports-betting. Online operators are also re-selling the flagship products of state lotteries. Euromillions, Eurojackpot, Powerball, and Mega Millions are now available to consumers everywhere. How can they do this? Operators like LottoLand (based in Gibraltar) and others get a license in one EU member state to operate betting. They create a transaction-enabled website to sell the name brand lottery products. The proceeds from the sale of the tickets are not turned over to the state or the lottery but are kept as revenue being generated for the benefit of private shareholders. They insure against jackpots below a certain maximum threshold (at least they claim to be insured). When the jackpot level exceeds that threshold where the insurance costs more than the price of the ticket, they employ agents to buy the ticket from the licensed lottery operator. So they keep the 25% to 35% profit yield when the jackpots are smaller, and the risk of covering the big jackpots is essentially outsourced back to the state operator. They even use brand marks that are strikingly similar to the authentic brands,

only slightly different to avoid trade-mark infringement (not legal but hard to prosecute). Technically, these operators are not selling the actual tickets, or even the game itself. They are, in effect, selling a side-bet on the outcome of the lottery draws. But to the consumers, it appears that they are buying the real thing. Check out www.LottoLand.com (or PlayEuroLotto.com, or B2B "Start Your Own Lottery in 10 Days!") suppliers like Kootac.com and LottoYard.com). This business model is not legal in the markets where they sell. But since it is legal in the jurisdiction where they operate, it is very difficult for regulators to stop them from making the products available in markets where they are not licensed to sell. This is but one example. By creating games that do not fall into the traditional definition of Gambling ("Consideration + Chance + Prize), clever operators are able to deliver a most appealing value proposition and avoid the regulatory constraints and taxes applied to gambling and lottery.

We then went to London to attend the **ICE Totally Gaming Trade Show and Conference**, and the **EL Marketing Seminar**. We attend these two events every year because Europe is where gaming operators push the edge of the envelope in game development and distribution. As in the above example, that is not always a good thing, but it is where we need to look to get a glimpse into what the future may look like. The aforementioned illegal lottery operators all had exhibit booths at ICE! And our Smart-Tech session on "Managing Uncertainty" was inspired by a presentation there by **Phil Holmes** (vice president strategy & transformation, Atlantic Lottery, and a speaker at Smart-Tech) on how to apply analytical tools to the business of preparing for the future.

This issue also includes interviews with the CEO's of the "Big Three" commercial suppliers to the gaming industry. The next few years will be transformative for the entire industry. **Mike Chambrello**, **Gavin Isaacs**, and **Antonios Kerastaris** share their vision of where we are headed and what GTECH, Scientific Games, and INTRALOT are doing to help us get there. Of course, this industry is supported by the dedication and inventiveness of many commercial companies, all of which provide invaluable service and perform a vital role in the success of government-gaming operators. And thank you to all of our editorial contributors - your insights are invaluable and we so appreciate your taking the time to share!

Thank you to all who attend Smart-Tech and especially to our commercial partners who make it possible. The biographies of the speakers and the profiles of the commercial leaders of this industry are included in this issue. ■



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MARCH/APRIL 2015

PUBLISHER & CHIEF EXECUTIVE OFFICER

Paul Jason
pjason@publicgaming.com

PRESIDENT

Susan Jason
sjason@publicgaming.com

ART DIRECTION/DESIGN

Lisa Robinson
www.departmentofcreativity.com

HONORED FOUNDERS

Doris & Duane Burke

CONTACT INFORMATION

Send all address changes and
subscription requests to the
address listed below.

PGRI, Inc.
218 Main Street, #203
Kirkland, WA 98033
www.PublicGaming.com

T: +425.449.3000

F: +206.374.2600

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Paul Jason

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Former Director of the New York Lottery and Former President
of the North American Association of State and
Provincial Lotteries (NASPL)

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PGRI 2015
LOTTERY EXPO
CONFERENCE

WHEN: September 9, 10,
and 11, 2015

WHERE: Eden Roc
Miami Beach

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

Awarded to Recognize a Lifetime of Dedication which has Contributed
to the Great Success of Government Lotteries

Created in 1993 to honor Major Peter J. O'Connell, first director of the Rhode Island Lottery, recipients of this award have distinguished themselves over a long period of time and have made important contributions to the success of their peers and the lottery industry, as well as to the lotteries that they serve. We are pleased and honored to announce the recipients of this award for 2015. The ceremony honoring Ms. Gibbs, Ms. Rose, and Ms. Young Wilson is being held at the PGRI Smart-Tech Conference in NYC.



Marty Gibbs

Executive Vice
President and Chief
Operating Officer,
Kentucky Lottery Corp.

Marty Gibbs joined the KLC in June 1993. Her first job in the lottery industry came in Colorado, where she worked as director of operations at the start of the lottery there. She then went to the Hoosier Lottery in Indiana for four years as director of finance and administration.

In 1993, she accepted a job as Sr. VP Finance & Administration of the Kentucky Lottery. Just six weeks into her term, the governor demanded the resignations of all board members and the majority of management members due to a state auditor's report which found conflicts of interest, questionable procurements and financial practices and abuse of expense accounts. Marty directly appealed to the governor—she had not been part of the problem, and wanted to be part of the solution. He in turn appointed her acting president, a position she held until the hiring of Arch Gleason as president & CEO August 31, 1993, that year. Marty's work in what was truly the darkest days of the Kentucky Lottery helped the organization not only survive but thrive, and she is widely credited with helping President Gleason and the KLC Board steer the ship through a crisis of public trust.

Shortly after his hiring, President Gleason promoted Marty to the position of Executive Vice President & COO. A few of her duties include overseeing all of the internal operations, finance and administration, security, information technology, sales and marketing and human resources. Marty has a Bachelor of Science in Business Administration from the University of Northern Colorado with an emphasis in Accounting. She is also a certified public accountant. ■



Peg Rose

Deputy Director,
Rhode Island Lottery

Peg Rose started with the Rhode Island Lottery in 1988 when she was hired by then Lottery Director, Major Peter J. O'Connell. Over the years, Peg was promoted into various positions including Executive Assistant, Administration Manager, and in 2005 became the Lottery's first female Deputy Director. Prior to joining the Lottery, Peg served as Special Assistant to the President and CEO of ITT Grinnell Corporation working in both Providence and New York City from 1974 to 1987.

Since joining the Lottery, Peg has been involved with every RFP and contract, written all of the Lottery's Rules, Regulations, and Policies and Procedures, and has headed up the Rhode Island Lottery's Play Responsibly Program. In that role, she is responsible for the oversight of the Lottery-sponsored Problem Gambling Helpline, works closely with the management of the two Lottery-operated Gaming Facilities, Lottery Retailers, and serves as the Lottery's representative on the Rhode Island Council on Problem Gambling, the National Council on Problem Gambling, and the New England Consortium.

Director Gerry Aubin said, "As Deputy Director, Peg is an integral part of the Lottery's senior management team and is known for her institutional knowledge and is the go-to person on all facets of Lottery operations. Peg has a wealth of institutional Lottery knowledge and has the ability to recall and locate information on issues that occurred well over 25 years ago. The concern is that someday she will retire and take all that knowledge with her." ■



Wanda Young Wilson

Chief Operating Officer,
General Counsel and
Corporate Secretary
Tennessee Education
Lottery Corp.

Wanda Young Wilson is an accomplished attorney with extensive marketing and business development experience. She began her career in the lottery business in 1993 with the inception of the Georgia Lottery Corporation, where she served as the Senior Vice President and General Counsel for ten years.

In 2003, Wanda's experience in public gaming and expertise in developing internal systems and controls took her to Tennessee, where she accepted the position of Executive Vice President and General Counsel to the Tennessee Education Lottery Corporation. On January 20, 2004 the hard working team at the Tennessee Lottery began selling tickets 21 days ahead of schedule. As a consequence, the Tennessee Lottery has received high acclaim as being one of most successful lottery launches in the history of the United States. In addition to her role as General Counsel in 2014 Wanda was named the lottery's Chief Operating Officer.

Wanda has received several professional awards for her contributions to the public gaming industry, including being named one of the 50 most powerful African Americans in Tennessee and receiving the Individual Star Diversity Award of Excellence from Corporate Counsel Women of Color. Wanda currently serves on the Board of Directors of Purpose Preparatory Charter School in Nashville and is a mentor with Big Brothers/Big Sisters of Middle Tennessee. She is a life member of Alpha Kappa Alpha Sorority, Inc., a member of the Music City Chapter of The Links, has served on the Board of Directors of the Atlanta Chapter of the Association of Corporate Counsel, and is a founding member of the Georgia Association of Black Women Attorneys. ■

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AT THE MARRIOTT
MARQUIS TIMES
SQUARE IN NEW
YORK CITY

GOVERNMENT LOTTERIES HAVE A SPECIAL MISSION, QUITE UNIQUE REALLY. Lotteries operate in a world of business and competition, but their mission is to create funding for good causes. And what a wonderful and special mission that is ... Generating over \$80 Billion Net (over \$250 billion in revenue) world-wide for Good Causes that serve the interests of the general public. That is an extraordinary notion, one that should make us proud to be a part of this mission. Whether it is for education, amateur sports, health, care for the elderly, or even the general fund that is the source of all government services, the recipients of the funds generated by lottery are truly worthy causes. Too, these are needs that would likely not be met were it not for the funds produced by the lottery.

The Sharon Sharp Award recognizes and honors the lottery which achieved the highest *percentage* increase in net funds contributed to its beneficiary. Ultimately, this is what we're all in this business to accomplish ... maximizing the funds contributed to lottery beneficiaries. The top line can go up a little or a lot, or maybe even not at all. But regardless of sales or anything else, the true measure of lottery success is what has been done for the Good Causes that it supports. So, we think of this as a very special award because it really homes in on what matters most. This award is named in honor of a person who is no longer with us but who has done as much as anyone to help this industry be the best that it can be. **Sharon Sharp** embraced the true mission of lottery with an enthusiasm that always reminded everyone of just how privileged we are to be a part of this industry. Sharon's focus on the good causes that depend upon lottery performance inspired Rebecca Hargrove and Sharon's many friends and colleagues in the industry to name this award after her, to honor Sharon's memory and keep alive a legacy that will hopefully inspire future generations to appreciate the importance of our calling and to never lose sight of its purpose.

"The Hoosier Lottery had its best financial performance in its 25-year history—which perfectly aligns with state law requiring the Lottery to maximize revenues. In fact, we surpassed \$1 billion in sales for the first time, and as a result of this upward trend, the State of Indiana saw over \$250 million in transferred surplus

revenue during fiscal year 2014," said Hoosier Lottery Executive Director Sarah Taylor. "Our performance in fiscal year 2014 was good news for all Indiana residents because the money flowed to local communities through police, firefighter and teacher pensions, as well as a reduction in Indiana's motor vehicle excise tax."

Other information:

- The \$250 million in surplus revenue for fiscal year 2014 was a 12 percent increase from \$224 million in fiscal year 2013. Total sales were approximately \$1.019 billion for fiscal year 2014, which is the first time the Hoosier Lottery has surpassed the \$1 billion mark.
- The record surplus revenue was in part made possible in fiscal year 2014 because of an outsourcing agreement between the State Lottery Commission of Indiana and GTECH Indiana, LLC, a wholly-owned subsidiary of Rhode Island based GTECH Corp. In October 2012, the Lottery finalized an integrated services agreement with GTECH Corp. for services in the areas of marketing, sales and distribution.
- Diversifying the Hoosier Lottery's product portfolio and repositioning the Hoosier Lottery to make the brand and product offerings more modern and relevant to Hoosiers are two key initiatives that took place in fiscal year 2014, which helped lead to increased sales.

Congratulations to Director Sarah Taylor and the entire Team at the Hoosier Lottery for the great service you perform and for setting a standard of excellence for the entire industry! ■



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Wang, Beijing

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George, Athens

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SMART-Tech 2015 Conference Program

March 30, 31, and April 1

Marriott Marquis Times Square, New York City

Receptions from 5:00 pm to 7:00 pm on Monday, Tuesday, and Wednesday
at the Fabulous 16th Floor SkyLobby Lounge

CORPORATE SPONSOR PROFILES BEGIN ON PAGE 67 AND SPEAKER, MODERATOR, & PANELIST BIOGRAPHIES BEGIN ON PAGE 74.

MONDAY, MARCH 30

5 – 7 pm: OPENING NIGHT RECEPTION
SkyLobby

TUESDAY, MARCH 31

7:30 – 8:30 am: CONTINENTAL BREAKFAST
Manhattan Ballroom 8th Floor

8:30 am: CONFERENCE SESSIONS BEGIN
Paul Jason, Chief Executive, PGRI,
opens the conference sessions.
Manhattan Ballroom
(Note that sessions begin at 8:30 am.)

Gardner Gurney, Executive Deputy Director of the New York State Gaming Commission and its Acting Director of the Division of the Lottery

Terry Rich, Chief Executive Officer, Iowa Lottery; President of the North American Association of State & Provincial Lotteries (NASPL)

PANEL DISCUSSION:

Nationalizing Brand Messaging and Public Relations

Nurturing a positive public persona is key for all brands. Multi-billion dollar companies all have public relations departments that build the brand image on the national level, not just the local level. Lottery's counterparts in the gaming and casino gambling industries certainly have very well-funded PR machines. How can Team Lottery carve out a more prominent place in the national consumer consciousness, and promote a positive public image for Brand Lottery on the national stage? (Yes, we do need to deal with limitations on self-promoting PR; and the fact that 45 lotteries do not have identical PR agendas. But still ...)

MODERATOR:

Terry Rich, Chief Executive Officer, Iowa Lottery and President of the North American Association of State & Provincial Lotteries (NASPL)

PANELISTS:

Gerald Aubin, Executive Director, Rhode Island Lottery
Susan Dolinski, Vice President, Social Responsibility & Communications, BCLC

Gary Gonder, Chief Branding Officer, Missouri Lottery
Cynthia O'Connell, Secretary, Florida Lottery

PRESENTATIONS:

Michael Chambrello, Chief Executive Officer of North America Lottery, GTECH

Jim Kennedy, Executive Vice President, Group Chief Executive Lotteries, Scientific Games

Fivi Rondiri, Corporate Marketing Coordinator, INTRALOT, USA

PANEL DISCUSSION:

Reinvigorating the Draw-Games Category

What can we do to recapture the magic and growth in the draw games? How can we improve the player experience, perhaps augment the jackpot-driven buyer-motive with other attributes and promotional angles to stimulate consumer interest, and otherwise increase the appeal of the draw-games?

MODERATOR:

Rebecca Hargrove, Chief Executive Officer, Tennessee Education Lottery Corporation and Senior Vice President of the World Lottery Association (WLA)

PANELISTS:

Sean Athey, Vice President, Systems Sales, Scientific Games Corp.

Dennis Berg, Executive Director, Ohio Lottery

Alice Garland, Executive Director, North Carolina Lottery

Anne Noble, Chief Executive Officer, Connecticut Lottery Corp.

John Pittman, Vice President Marketing, INTRALOT USA

Terry Presta, Executive Director, Kansas Lottery

Chuck Strutt, Executive Director, Multi-State Lottery Association

12:30 – 1:30 pm: LUNCHEON

PRESENTATION:

Leigh-Ann Goad, Research & Consumer Strategist, Virginia Lottery

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PANEL DISCUSSION:

The New Science of Customer-Centric R & D

What are the most forward-looking trends in the science of understanding consumer behavior? For instance, market analysis methodologies are moving beyond the limitations of conventional segmentation that focus on age, sex, and income classifications; and beyond surveying customers in stores or conducting of in-person focus groups. How are “virtual focus groups” and “psychographic profiling” and other new methodologies changing our perspective from product-centric to customer-centric? What are the forward-looking methods in consumer research—and how will they improve our understanding of consumer behavior and enhance our ability to design and sell lottery products?

MODERATOR:

Paula Otto, Executive Director, Virginia Lottery, and Lead Director of the Mega Millions Consortium

PANELISTS:

Don Feeney, Research & Planning Director, Minnesota Lottery
Nikki Orcutt, Deputy Director of Marketing, West Virginia Lottery
Wendy Montgomery, Vice President Marketing & Sales, OLG
Zurine de Saez Viteri, Managing Director, Lottovate

PRESENTATIONS:

Brian Roberts, President North America, Jumbo Interactive
Russell Young, Senior Vice President of Interactive and Mobile Experiences, Stratacache/Carmanah Signs
Adam Perlow, Founder and Chief Executive Officer of Hudson Alley Software, Inc.
Richard Bateson, Senior Vice President, Sales & Marketing, Camelot Global
Christine Thoma, Business Development Manager, Lottovate
Friedrich Stickler, Managing Director of Austrian Lotteries and President, The European Lotteries Association (EL)

PANEL DISCUSSION:

Consideration, Chance, Prize: Is this foundational definition of gambling being circumvented by game developers and online operators?

The government-lottery industry depends on the effectiveness of regulatory frameworks to protect its business model. Market-driven changes and well-funded private interests (off-shore online gaming operators, Facebook and Google, Sheldon Adelson, etc.) are making it increasingly difficult for governments and their regulators to control the industry. “Non-money” online games (paradoxically, some that are making more money than real-money games) are integrating prizes into their game structures in ways that defy the traditional definitions of “gambling.” Games are being invented that have an element of skill, or some twist on prize structure or the precise nature of the “wager,” or otherwise finding ways to avoid being classified as “gambling.” What about

Fantasy Sports—why is it not classified as gambling? Bitcoin and cyber-currencies threaten to unleash underground economies that evade regulatory constraints and the obligation to pay taxes. Online betting websites that replicate the lottery-playing experience and others that appear to be selling the most popular lottery games like Powerball, Mega Millions, Euromillions but are illegal and fraudulent ... What are the front-lines in the battle to preserve the integrity of the gaming and gambling industry? What can we do to prevent the breakdown of regulatory discipline and effectiveness?

MODERATOR:

James Maida, Co-Founder & President, Gaming Laboratories International (GLI)

PANELISTS:

Mark Hichar, Partner, Hinkley, Allen Snyder Law Firm, Chair of Gaming Law Practice Group
Lynne Roiter, Corporate Secretary and Vice President of Legal Group, LotoQuébec and General Secretary of the World Lottery Association (WLA)
Philippe Vlaemminck, Partner, Altius Law Firm, Chair of the Gaming Law Practice

5 – 7 pm: RECEPTION
16th Floor SkyLobby Lounge

WEDNESDAY, APRIL 1

7:30 – 8:30 am: CONTINENTAL BREAKFAST
Manhattan Ballroom

8:30 am: CONFERENCE SESSIONS BEGIN
Manhattan Ballroom

PRESENTATIONS:

Julin Shaw, Manager of Interactive Sales & Marketing, NeoPollard Interactive
Scott Bowen, Commissioner, Michigan Lottery

PANEL DISCUSSION:

Interactive Goes Mainstream

Everyone is online, connecting with merchants, with information resources, and with each other. Lotteries’ huge brand awareness is already driving huge website traffic. How are successful lotteries leveraging this online connection to drive consumer engagement, disseminate information, and drive sales? How are some lotteries positioning themselves for a successful long-term sustainable business by integrating interactive strategies into every aspect of the business?

MODERATOR:

Scott Bowen, Commissioner, Michigan Lottery

PANELISTS:

Debbie Alford, Chief Executive Officer, Georgia Lottery Corp.

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SO MUCH MORE THAN JUST TESTING

Danny Bogus, Deputy Commissioner of Gaming Operations,
Michigan Lottery

Richard Bateson, Commercial Director/Senior Vice President
Sales & Marketing at Camelot Global

Doug Pollard, Co-Chief Executive Officer, Pollard Banknote

PRESENTATIONS:

Matteo Monteverdi, Senior Vice President, iGaming, and
Senior Vice President, Americas Interactive, GTECH

Buddy Roogow, Executive Director, DC Lottery

Tracey Cohen, Chief Operating Officer, DC Lottery

Brendan McCarthy, Novomatic Lottery Solutions North America

Sara Navidazar, Director of Marketing, Diamond Game

Tony Fontaine, Vice President of Business Development,
Interactive Gaming and Lottery Solutions, InComm

Matthew Isaac, Director, Retail Development, Pollard
Banknote Limited

Rick Perrone, President & CEO—Gameology® a Tournament
One Company

Frank Rash, Chief Operating Officer, Shoutz, Inc.

Brad Cummings, Chief Executive Officer, EquiLottery

Kevin Gass, Vice President, Lottery Gaming, BCLC
(British Columbia)

PANEL DISCUSSION:

Retail Modernization Drives Lottery Modernization

Retail is changing. What can Team Lottery do to make sure make sure that Retail Modernization results in increased sales of its products? Merchandising and POS trends, demand for better data capture and analyses and reporting, transaction processing technologies, increased consumer options like self-serve and digital connections, cross-promotional marketing, adding entertainment value to the in-store shopping experience. Integrating Retailer products into Lottery promotions, and vice-versa. How can Team Lottery continue to modernize itself to take full advantage of these trends?

MODERATOR:

May Scheve Reardon, Executive Director, Missouri Lottery

PANELISTS:

Max Goldstein, Vice President Sales, Carmanah Signs

Adam Perlow, Chief Executive Officer, Hudson Alley Software

Brian Roberts, President North America, Jumbo Interactive

Daniel Cage, Chief Executive Officer, Linq3

Sarah Taylor, Executive Director, Hoosier Lottery

1:00 to 2:00 pm: LUNCHEON

WEDNESDAY AFTERNOON

PRESENTATION:

Phil Holmes, Vice President Strategy & Planning, Atlantic Lottery

PANEL DISCUSSION:

Managing Uncertainty as the Key to Successful Innovation

Lotteries operate in an unforgiving business and political climate, the stakes are high, and the rate of change is increasing while visibility into the future is decreasing. How do we know when to move from the research and study mode to launch mode? Are there ways for an action-plan to include the flexibility to adjust course on the basis of new information gleaned from the real-world consumer response? How can this new science of managing uncertainty be applied to the business of designing and launching new lottery games, promotional campaigns, and innovation in general—and building a solid and sustainable growth plan?

MODERATOR:

Gary Grief, Executive Director, Texas Lottery

PANELISTS:

Carole Hedinger, Executive Director, New Jersey Lottery

Phil Holmes, Vice President Strategy & Planning, Atlantic Lottery

Greg Smith, Executive Director, Vermont Lottery

Wojciech Szpil, Chief Executive Officer, Totalizator Sportowy
(Polish Lottery)

PRESENTATION:

Gordon Medenica, Former Director of the New York Lottery &
Former President of NASPL

PRESENTATION:

Susan Golightly, Principal, CODEI Marketing

AWARD CEREMONIES:

Sharon Sharp Award for Good Causes

(See page 12 for the announcement of the Sharp Award Winner for 2015)

Hoosier Lottery and **Sarah Taylor**, Executive Director,
Hoosier Lottery

Awarded to the Lottery which produces the largest year-over-year increase in *net* funding to Good Causes

Major Peter O'Connell

Lottery Industry Lifetime Achievement Award

(See page 10 for biographies of the 2015 Recipients)

Margaret Gibbs, Chief Operating Officer,
Kentucky Lottery Corporation

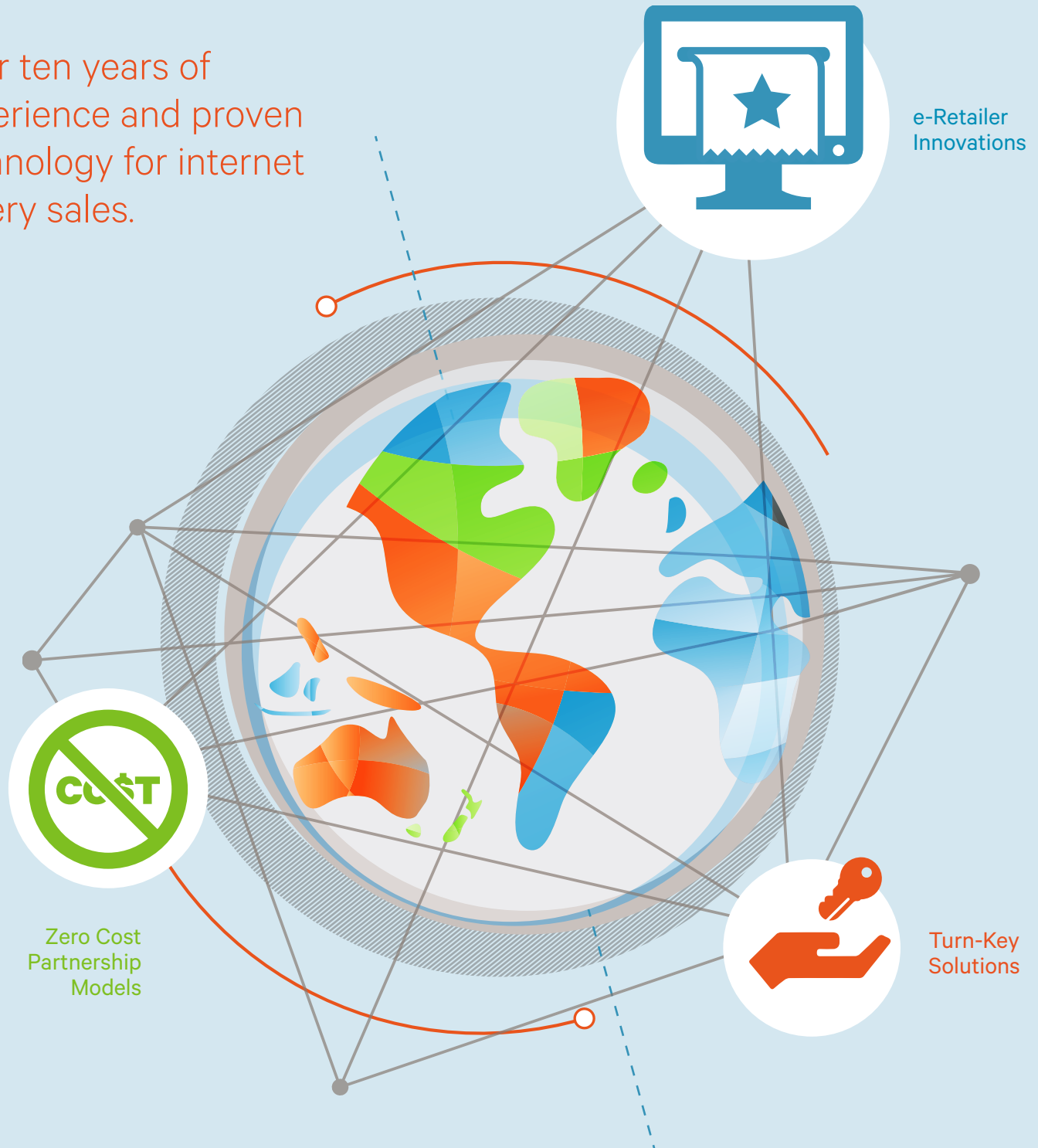
Peg Rose, Deputy Director, Rhode Island Lottery

Wanda Young Wilson, Chief Operating Officer &
General Counsel, Tennessee Education Lottery Corp. ■

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Gavin ISAACS

President and Chief Executive Officer,
Scientific Games Corporation

The Next Four Years vs. the Last 40 Years

PGRI Introduction: When Scientific Games was founded more than 40 years ago, only 13 U.S. states had lotteries and the focus of those lotteries was much more on security and administration than on sales and marketing. In 1974, Scientific Games introduced the world to the first secure instant lottery game. For the past four decades, Scientific Games has served the government-gaming business with technology innovations and customer-driven leadership. Forty years of growth during a period of great change in consumer behavior and entertainment choices. Gavin Isaacs, President and CEO, Scientific Games, discusses how and why the next four years will be witness to more change than the previous 40 years combined. Further, he talks about how Lottery's resilience to evolve with the market-place will continue to keep it in the leadership position.

Is evolutionary change quickly becoming revolutionary change? Technology often drives rapid change—but not in every situation. The other side of this maxim is the colossal impact explosion that occurs when the tipping point is reached. Changes have been happening right under our noses for the last 15 years and now their impact has begun to be realized. Air fares, for instance, are being pegged to a precise assessment of real-time supply-and-demand conditions. Consumers can determine in seconds the source of the lowest price for the product they want to buy. Consumers are no longer afraid to switch brands because they can go online and read customer reviews to make sure they are getting the best brand at the best price. Amazon is becoming the juggernaut merchant of the online world, the go-to web shopping destination for virtually anything the consumer wants to buy. How are they doing it? By providing a one-stop-shop where the consumer knows they can get the product they want at a low price and backed-up by good service. Brand equity is more valuable than ever, reconstituted for a modern consumer whose decision-making process bears little resemblance to that of previous generations of consumers. The modern consumer is fully informed, deftly assesses value, and migrates to the merchant that delivers the best value (i.e. best combination of quality, price, buying experience, etc.). This is generally true in most economic sectors.

Navigating a path for multi-billion dollar government-gaming operators also requires a keen appreciation and respect for the market-drivers that created this business in the first place. It is in this landscape of changing consumer markets that Scientific Games strategically acquired WMS in 2013 and Bally Technologies in 2014 to create a diversified family of products and services that enables its customers to succeed in a gaming marketplace rich with potential for government-gaming operators. At the ICE Totally Gaming 2015 show held recently in London, Gavin Isaacs answered questions about consumers, game content, gaming channels and what success looks like in the years ahead.

Paul Jason, PGRI: *Scientific Games now includes Bally Technologies, WMS Industries and SHFL entertainment. It is quite impressive to see the combined companies all in one booth on the ICE exhibit floor. It must be so exciting for you to see the physical manifestation of all your work to bring these products together under one roof, representing the full*

range of gaming categories. Almost every type of game-of-chance that exists is represented right here in the Scientific Games booth.

Gavin Isaacs: It's wonderful. This is the first time the entire combination of Scientific Games' products and services has been displayed together. The corporate brand identity—Scientific Games—is

the largest section of our booth and positioned front and center, making a significant impression. Our exhibit showcases our entire strategic portfolio of gaming and lottery brands: Bally, WMS, Shuffle Master, SG Gaming, Williams, Barcrest and of course, Scientific Games. The diversity of our portfolio and our ability to deliver the

comprehensive range of all gaming products and services does make quite an impression. That diversity and the ability to support our customers as they expand into new gaming categories becomes more and more relevant as marketplaces mature. For instance, most of our European lottery customers offer a broad range of gaming products that are delivered through multiple channels, including mobile and the internet. They come to ICE to learn about new ideas, new products, new technologies and new ways to meet the needs of the modern consumer. So we have been able to share with them how Scientific Games' consolidation of products and services will support and help them accomplish their business objectives as they grow along with their own customers, the consumers. We visited with many of our South American and Asian customers at ICE as well. All gaming operators, including government lotteries, want to understand how the broader games-of-chance industry is evolving. ICE 2015 has been a great venue for Scientific Games to work with our customers and build a strategic approach for long-term, sustainable success in this industry.

Isn't it more important than ever to make it easier for the consumer to navigate the different gaming and channel options?

G. Isaacs: It is vital that we provide a user-friendly navigational path to migrate from one channel to another and one game category to another. Making it easy for the consumers to get where they want to go, and access the game content when and where they want, is a priority. The consumer values freedom and flexibility as well as ease-of-use. Consumers will not likely embrace anything that limits their options and control. They won't necessarily trade freedom and flexibility for convenience.

Consumers want our products and the pathways to play our games to be intuitive. We need to make everything easy-to-use and intuitive. Fail to accomplish that one straightforward goal, and you will lose the customer. And you may not get a second chance. The challenge to do that is straightforward, but not easily accomplished. There

are interesting studies that measure the willingness, or lack thereof, of the consumer to wait for the screen to generate, or to grapple with registration forms and such. Everything needs to be streamlined to minimize even nano seconds of inefficiency.

The individual gaming operator, though, will likely want to think strategically about how to evolve its systems and platforms to facilitate integration of new games and channels in ways that make it easy for the consumer to understand and navigate. Scalability of technological infrastructure is key. Our goal is to enable our customers, the gaming operators, to invest in systems and platforms that are scalable, that can evolve with the marketplace and are flexible to integrate new technologies, game categories, and distribution channels as the needs present themselves in the coming years. That is why we have created the new Scientific Games—to bring together the entire range of gaming platforms and technological capabilities. We are now in a position to help ensure that the investments our customers make today in different game content, communications networks, and technological infrastructure will best position them for the needs of tomorrow and the coming years. Ongoing investment will always be required to keep pace with the changing marketplace. But we want to make sure that the investments our customers make today are scalable, can evolve with the marketplace and can be leveraged far into the future. This accomplishes two things: one, it controls the costs of staying current with the best technology, and two, it ensures that the operator is always delivering the best consumer experience, supported with the most advanced technologies. One thing we all know is that competition for the entertainment dollar and the recreational gaming dollar will continue to increase. Producing the best game content and overall consumer experience, and providing the broadest consumer access possible, is imperative.

The mission of Scientific Games is to bring all of our resources to bear to empower each individual customer to accomplish its own unique goals and business objectives.

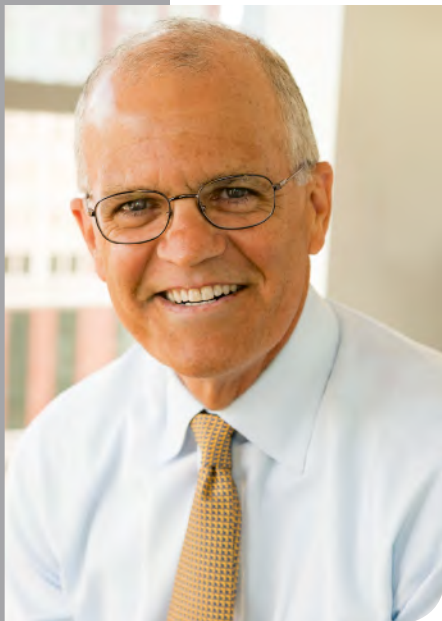
That may mean integrating the full range of gaming categories over all channels of distribution. We now have deeper resources to do this. Or it may mean optimizing the performance of a more limited set of traditional lottery gaming options distributed over a network of land-based retailers. This has always been our core competency and it will continue to be.

Given the increased sophistication of the consumer, their willingness and ability to try new things and seek the best source for whatever it is that they want to buy, will it be important for the gaming operator to expand its portfolio of gaming options, to become a one-stop-gaming-destination?

G. Isaacs: It will be a competitive advantage to provide the consumer a path to the different gaming options and to have those different options within your business so the player does not have to look elsewhere for them. But it is not a necessity. There are lots of ways to succeed, lots of different business models that will work. Government lotteries that focus on the traditional games, excel at their ability to connect with the consumer and deliver products with widespread appeal will continue to succeed just like they have over the last several decades. Scientific Games has supported the lottery sector from its inception, we are dedicated to the ongoing success of our government lottery customers, and we will always provide the tools to drive successful performance for all of our lottery customers.

Consumer cross over between gaming categories is a reality. We have conducted extensive consumer research on this topic. The facts are there to support convergence. In the United States, 50% of players who play lottery instant games also play slot machines, while 75% of players who play slot machines play lottery draw games, and 74% of slot players play instant games. And the trend line is clearly in the direction of increasing consumer cross-over between gaming categories. In Europe, less than 1% of the total marketplace plays slots only,

... Continued on page 60



Mike CHAMBRELLO

GTECH Chief Executive Officer
of North America Lottery

PGRI Introduction: Mike Chambrello assumed the role of Chief Executive Officer of North America Lottery on March 23. Reporting to GTECH S.p.A. Chief Executive Officer Marco Sala, Mike oversees the development and delivery of all lottery technology solutions globally as well as the strategic development and management of the company's lottery business in the U.S. and Canada. In addition, he is responsible for the global instant ticket printing business.

"Mike is an accomplished gaming industry leader with a deep understanding of the lottery industry," said Marco Sala. "A true lottery pioneer, Mike first joined GTECH in 1981. For a 17-year span, he held various roles of increasing responsibility within GTECH, including President. This was a period when the U.S. lottery industry was rapidly expanding, and Mike was a key contributor to our growth. His deep-rooted lottery experience; his familiarity with our people, systems, services, and products; his continued representation of our core values of integrity, respect, responsibility, and passion for customer service will help us to seamlessly transition to the future with our customers and our people to enable continued growth with even greater emphasis on operational excellence."

Mike most recently served as CEO of Scientific Games Corporation, where he had overall responsibility for managing Scientific Games' day-to-day worldwide activities. Previous to that, he was Scientific Games' President and Chief Operating Officer. He left Scientific Games in 2013. He has also served as President and CEO of Environmental Systems Products Holdings (ESP) and as CEO of Transmedia Asia Pacific, Inc., and Transmedia Europe, Inc. Mike has served on the board of directors of various public and private companies, as well as numerous not-for-profit organizations, and currently serves on the Executive Committees of the Petit Family Foundation and the Southern Connecticut State University Foundation.

Mike assumes this leadership role at a very exciting time for the government gaming industry, and an exhilarating moment in GTECH's history in particular, as it prepares to merge with gaming industry giant IGT. I'm pleased to bring you these initial thoughts of the new GTECH CEO of North America Lottery.

Paul Jason, PGRI: *How do you feel about coming back to GTECH after all this time?*

Mike Chambrello: Somewhere deep down, I had always thought (and hoped) that I'd get back here. I came to GTECH in 1981, when it was still a very small company. My first desk was a folding table in a hallway in our small suite of offices above Capriccio Restaurant in Providence. Things have changed quite a bit since then—the company has grown dramatically. In the years that I was here, I was very proud of the company, what we stood for, the focus we had on customers, and the focus we had

on each other, and I'm thrilled to be able to come back and continue that work. Following Jaymin Patel, whom I've known for years, is a big responsibility. I know Jaymin to be not just a talented professional and a visionary leader, but also a good and genuine person. So, following Jaymin, getting another shot at sharpening even further our focus on customer satisfaction, field execution, operating excellence—embracing the concerns and objectives of our customers and of each other—feels great.

In my first conversation with Marco Sala, he asked me, "How do you feel about lottery?" I said, "Look, I'm a lottery guy.

It's what I have done, it's where I grew up. I really enjoy it."

What are your priorities as you take over this role?

M. Chambrello: This is an era of tremendous change and challenge, a truly pivotal time for lotteries and the commercial partners who serve them. When I first started in the industry, lotteries operated in a kind of vacuum, in their own isolated space. Now, as all forms of gaming have become so ubiquitous, so readily accessible to everyone, everywhere, lottery is working to carve out a role for itself as an integral part

of the broader gaming environment.

But many things haven't changed. The customer still comes first. We still need to work hard on collaboration and cooperation, both internally and externally. Creating games that people love to play, and successfully delivering those games so they can play them—essentially operational excellence in all of its forms—all this matters just as much today as it did over 30 years ago. The nature of our challenges, the scale and complexity of the opportunities, has changed enormously. But our mission to help our customers succeed has not changed. So as a priority, I want to ensure that we continue to focus and work together on the things that are important to our customers, helping them to grow, which in turn is good for us as well. After all, we are all in this together, aligned around a common goal.

What do you see as the biggest opportunities ahead both at GTECH and for the industry overall?

M. Chambrello: We are so fortunate to be in the industry at this point in time. There are almost limitless opportunities in terms of technology that we can leverage to enhance the consumer experience, to ensure that lottery remains relevant, accessible, and fun in this digital age. I am convinced GTECH is uniquely positioned to collaborate with third parties, and potentially even our competitors, to provide the best possible solutions to our customers. I believe that there is still tremendous opportunity for retail expansion to new trade styles and great opportunity for optimizing our current retail footprint to grow same store sales. I will take time at the start of each day – and will encourage our employees to do this as well—to focus on: “What can I do, today, to improve the quality of our products and services, to assure relentless field execution, and most importantly to further strengthen our customer relationships, thus continuing to earn their trust and their business?” As Winston Churchill was fond of saying, “Continuous effort ... is the key to unlocking our potential.”

What do you see as the biggest challenges?

M. Chambrello: There's never any one single challenge but really a series of many challenges. I see them as opportunities. At the end of the day, the retailers are the ones selling our product. Our reliance on them will always be there, so that is a critical area of focus for all of us. We must leverage tech-

“My job will be to ensure that our focus on lottery does not waver, that the investment is in place that will allow us to combine the best of both GTECH's and IGT's ideas and technology for the benefit of our lottery customers.”

nology to help retailers to deliver an enhanced consumer experience and ultimately optimize their sales and lottery profits to good causes. I plan to focus on the challenge of making their lives easier, which will require delving deeply into field operations, so we fully understand what works and what doesn't, and developing technology roadmaps to exceed their expectations and delight both players and prospective players.

As GTECH prepares to merge with another major company, how will you make sure that the focus and investment in lottery do not diminish?

M. Chambrello: One of the things that really excited me about coming back now is the chance to assist with this transformation. Change can and should be a good thing.

How do you take two separate entities, integrate them, and make certain to deliver a great result for all stakeholders? It's really all about people. So much creativity and new opportunity can flow from people sitting down together, coming from a position of mutual respect and understanding to form a powerful new entity that maintains the best qualities of both organizations. There are a lot of really smart people in both GTECH and IGT. Our combined cultures, heritages, and strengths give us even broader range of solutions (both in content and technology) and capabilities than we had individually.

I have great confidence and faith in the direction we're headed. I believe that the natural apprehension that comes with change will quickly be turned into tremendous

positive energy, just by making and delivering on a commitment to enhance communications at all levels (internally and externally), and working together in an open, honest, and inclusive environment. This is not a competition—Lottery vs. Gaming. It's determining: How together can we do better, what can we each bring to the table to enhance our customers' experience? My job will be to ensure that our focus on lottery does not waver, that the investment is in place that will allow us to combine the best of both GTECH's and IGT's ideas and technology for the bene-

fit of our lottery customers, whether it is the outstanding, innovative IGT game library leveraged to expand lottery, or the rich heritage of secure systems, reliable services, and robust platforms embedded in the GTECH family, and our shared conviction about customer service and operational excellence.

We are privileged to be the industry leader today; we intend not only to maintain that leadership, but to launch an aggressive R&D roadmap to enhance our offerings to help enable our customers' growth.

Who is Mike Chambrello, the person? What is your passion outside the lottery?

M. Chambrello: When I left GTECH in 1998, I had four relatively young kids and a wonderful wife. Now I have four not-so-young kids, and my wonderful wife, Denise, has stuck with me for almost 30 years. That's probably the essence of what I ever wanted to do and ever wanted to be. Really, family and friends and being together is what's important. Now what do I do in my down time? I'm pretty simple and straightforward—I love to read, particularly history and biographies. My favorite historical figure is Winston Churchill. At home, my favorite thing in the world to do on a nice summer day is to get on my tractor and move something that doesn't need to be moved and then put it back to where it didn't need to be moved from in the beginning. I golf, horribly, but I enjoy it at times. Really it's the simple, mundane things in life that are relaxing to me. And if I'm doing it with my family, all the better. ■



intralot

Antonios KERASTARIS

Chief Executive Officer, INTRALOT Group

PGRI Introduction: Antonios Kerastaris joined INTRALOT in January of 2014 as Chief Financial Officer, and was tapped to lead INTRALOT and became an executive member of the Board of Directors in November of 2014. Prior to joining the INTRALOT Group, Mr. Kerastaris served in senior management executive positions at the INTRACOM Group, Procter & Gamble, Hilton, Mercedes, and the OTE Group of Companies.

Since its inception in 1992, INTRALOT's focus on the Player has driven its growth to span fifty-seven jurisdictions across five continents. As a supplier of integrated gaming and transaction-processing system, sports-betting management, and Interactive Services, INTRALOT is forging innovation in business process and technology that promises to drive sustainable growth for state-licensed gaming organizations worldwide. We met with Mr. Kerastaris at ICE to drill down on the three strategic pillars that will be guiding INTRALOT's service to its customer in the coming years. In fact, PGRI is honored to be the first interview granted by Mr. Kerastaris after assuming the role of CEO of INTRALOT!

- CRM (Customer Relationship Management) and Focus on the Consumer
- Technology as the Enabler, and Not an End in Itself
- Broadening the Portfolio of Gaming Products

CRM (CUSTOMER RELATIONSHIP MANAGEMENT) AND FOCUS ON THE CONSUMER

Paul Jason, PGRI: *We all aspire to be "customer-centric" and customer-driven businesses. But, government lotteries resources and funding are limited, and investing in short-term sales generates more short-term income than investing in CRM. Doesn't that make it difficult to allocate resources in ways, like CRM, that have a longer ROI time-line?*

Antonios Kerastaris: CRM is about understanding and connecting with the customer. And a business is not likely to accomplish its goals without that understanding and connection. CRM is the cornerstone for any business that aspires to be genuinely customer-centric. In fact, the drive to maximize

sales, even long-term sales, is what interferes with the true mission of the business. Think about it—whose business "Mission Statement" focuses on maximizing sales? Mission statements all refer to a higher calling, like delivering the best products and acting with integrity and serving the customer. The reason we should "walk the talk," and actually embrace our mission statements that point us towards a genuine commitment to understand, connect with, and serve the customer, that is good business.

It's true that there needs to be a balance. Knowing and investing in your consumer may not have the shortest ROI time-line, but it is the key to building a sustainable business, and key to optimizing the long-term value of the business. The pressure to meet our short-term business objectives

can sometimes cause business leaders to lose sight of that fundamental concept.

For that matter, CRM is not a mission statement like "dedication to serving the customer." Customer Relationship Management requires investment in technology and business processes that capture the data so necessary to understanding and connecting with the customer. Truly effective data analytics requires commitment and investment of resources. But the application of CRM stretches across all aspects of the business, from product design to marketing and distribution. And that's why the first acquisition we did in my role as CEO was a CRM platform that is truly revolutionary.

You acquired Bit8 (www.bit8.com)

A. Kerastaris: Yes. The Bit8 CRM plat-

form is an open source platform that easily integrates into the existing technological infrastructure of the lottery or gaming operator. It is customized to the specific needs and priorities of the operator. The important thing is that the Bit8 platform learns from the experience of the customer, synthesizing countless data-points into concrete correlations that truly inform the whole process of delivering more value to the customer. In the end, it's not about the data, it's about delivering more value to the customer. Capturing the data is the easy part. Bit8 has unique capabilities that convert the data into meaningful intelligence that drives business decisions. We think that this platform has the DNA to become the number one CRM platform in the world. And we know it has the power to make the most sophisticated CRM applications fully accessible to our lottery customers. It is our task now to roll it out into the operations, work on it, invest more, and take it to the next level. All it needs is investment and exposure, meaning markets.

INTRALOT is so strong in sports-betting where CRM is vital to just survive in that competitive space. How do your capabilities in sports-betting inform or enhance your capabilities to serve your customers that focus on traditional lottery games?

A. Kerastaris: The basic principles of knowing your customer and delivering value to the relationship are the same. The process of using that knowledge to create products and business processes that are valued by the customer, of making sure that all business decisions are driven by the basic principle that everything you do should deliver value to the customer - those principles are the same in traditional lottery as they are in sports-betting. How the products are designed, packaged, marketed, and made accessible to the consumer, should all be driven by data-analytics which is the brain of a high-performing CRM system.

But isn't sports-betting a lot different from traditional lottery, and appeals to a different player profile altogether?

A. Kerastaris: Absolutely. Much different, but the fundamental role of CRM, turning customer data into business intelligence that drives decisions and enhances value to the customer, is the same. Understanding and analyzing the patterns and habits of your customer is still the key to building a sustainable business model. That should be at the very center of the organization.

Sports-betting is so much more competitive than the traditional lottery business. And the customer acquisition and retention skills and methods that we learn from sports-betting can be applied to great effect in traditional lottery and transform the business.

You operate as a B2B as well as a B2C. How does your experience as an operator which sells directly to the consumer inform your role as provider of technology and services to other operators?

A. Kerastaris: At the end of the day, we all must focus on the end consumer. It is the consumer who decides whether to buy the product or play the games. It is the consumer who drives all business decisions. An effective CRM provides that never-ending feedback cycle, the live model that gets reevaluated and adjusted based in new information gleaned from customer behavior and response to past actions and methods, implemented anew, tested again, and reevaluated again. This feedback cycle informs the earliest stages of product inception, product design, technology R & D, engineering, and all aspects of operations. In the end, everything we do is for the purpose of creating value for the customer. Our customer includes the operators of government-gaming and lotteries. But even then, the best way for us to be of service to those customers is to understand how to help them deliver value to their customer, which is the consumer, the player. So, our focus really is always on the end consumer.

What is an example for how CRM directly increases sales?

A. Kerastaris: We really need to have a more expansive view towards customer engagement and how that increases sales. Look

at the way consumer products companies engage the consumer. And they are doing it with products that are not nearly as fun and exciting as games-of-chance. Procter and Gamble, for instance, knows today that your baby was born yesterday and in two weeks they send you free Pampers at home. Likewise, by knowing what games appeal to each individual player, Lottery can tailor its communiques directly to the specific interest of the player. You can see how this would increase sales.

TECHNOLOGY AS THE ENABLER, AND NOT AN END IN ITSELF

Everybody talks about content, content, content. But it seems to me that maybe we are underestimating the importance of all the other factors that comprise the overall consumer experience.

A. Kerastaris: I fully agree. Businesses are all engaged in a process of creating a product or service, and delivering that product or service. Both must be performed to the highest standard for the consumer to appreciate the value of the content. Blockbuster content like Game of Thrones attracts good distribution as will a blockbuster lottery game will garner positive buzz and distributor support. The thing is, most businesses have a broad portfolio of products that are not all blockbusters. Lottery certainly does. Effective distribution is the backbone of a diversified portfolio of products.

That is what INTRALOT does. All our resources are channeled towards creating the overall player experience that supports the distribution of a broad and diverse portfolio of gaming products. And that's where the rubber hits the road. Excellent execution in all aspects of creating a superior consumer experience is what will attract good content.

Of course, great content does make a big difference. And the creation of great content requires imagination and genius. We do appreciate and respect that. But there are two things about that. First, there are lots of brilliant people creating great content. I would submit

... Continued on page 48



Product Development vs. Operational Execution —Which Way to Growth?

BY GORDON
MEDENICA,
FORMER
DIRECTOR OF
THE NEW YORK
LOTTERY AND
FORMER
PRESIDENT
OF THE
NORTH
AMERICAN
ASSOCIATION
OF STATE AND
PROVINCIAL
LOTTERIES
(NASPL)

The recent collapse of the Monopoly Millionaires Club game has caused great soul-searching in the lottery industry, as lottery executives sift through the implications of game design, ancillary products and marketing, industry collaboration and ultimately, the lack of consumer acceptance. Lottery professionals have been searching for the “next best thing” in lottery play for several years, looking for a unique concept in a game design that would drive the next cycle of lottery revenue growth.

We’ve heard all the business jargon clichés: “content is king;” “think outside the box;” “be more like Apple or Google or Amazon;” “embrace change;” and “re-invent our product line.” We’ve become so obsessed with not becoming “our father’s Oldsmobile” that we have misinterpreted market research and have failed to focus on the totality of our customers’ experience.

First, a little background: when the industry came together a few years ago to cross-sell Powerball and Mega Millions, it was actually the first phase of a three-phase strategy for future growth. The second phase was to take one or both of the games to a \$2 price point, which was also successfully implemented a couple years ago when Powerball became a \$2 game. These first two phases of the strategy, laid out years before, produced a very nice run of revenue growth in the big jackpot games for a lottery industry still recovering from the 2008 economic crisis.

Phase three of that original strategy would prove to be much tougher; the development of another national game, hopefully at a \$5 price point. (One of the driving concepts was to create revenue growth in the draw game category by pushing the price point of games, much like the success seen in the instant game category for many years.) An intensive game development effort was launched, initially led by Margaret Defrancisco, and a wide cross section of the industry,

including lottery directors, the vendor community, market researchers and outside consultants, conducted countless meetings, focus groups, research studies, brainstorming sessions and concept testing. After almost two years of this intense effort, no compelling product idea had emerged. Frustration ensued; where was our breakthrough game concept?

This moment was probably the first significant misreading of our consumer. After all the work that had been put in, perhaps what we should have realized was that there simply was no breakthrough \$5 game opportunity. Maybe the research was telling us our strategy was flawed. But instead, we decided we needed a different game development process. So a decision was made to conduct a competition among the vendor community, select the most promising game and launch with tremendous national support and marketing. Unfortunately, much to our chagrin, that effort failed as well.

However, at the same time as the industry was feeling frustrated over the lack of a definitive game concept coming out of the national game development effort, six states in New England quietly launched a regional game called Lucky for Life, similar to instant games that offered top prizes that paid out over a winner’s lifetime. Maybe this was the model for future national game development. Rather than the top-down, all-in, herd-the-cats, simultaneous big launch, perhaps we should allow for a more organic approach to product development, seeing which ideas captured the imagination of our players, with what was essentially market research via a real-world, small-scale test.

Two other examples come to mind. A few years back, the New York Lottery created and launched an instant ticket called New York Lottery Black, which was intentionally designed as a real-world market test, on the theory that a lottery that launches 40 or 50

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Americas:
Maxwell Goldstein
+1.416.332.2860
mgoldstein@carmanahsigns.com

EMEA:
Daniel Miller
+31.62.638.8128
dmiller@carmanahsigns.com

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different instant tickets a year can afford to use one or two as real-world guinea pigs. Of course, the Black Ticket has gone on to become one of the most successful instant tickets of all time in countless other lotteries. And because lotteries don't compete directly with each other, we happily encouraged its use by any and all fellow lotteries.

The second example of real-world market test was less successful. Again in New York, we had the notion, culled from countless focus groups, that players would enjoy a draw game where, instead of a big top jackpot prize, multiple winners would each win \$1 million. The game, called Sweet Million, was launched with a clever ad campaign, but unfortunately, failed to resonate with players. In fact, sales peaked shortly after launch and slowly declined thereafter; the game was closed last year. But what we learned was a lesson in interpreting market research; just because people say they may like something, their actions can be drastically different. It reinforces the value of small-scale, real-world market testing.

The positive experience of Lucky for Life led New York and New Jersey to launch Cash 4 Life, a similar game which has also seen good results. Several more states are now joining these two consortiums, and we now may be seeing the evolution of the next generation of national games, much like the original development of Powerball and Mega Millions, which also began small and grew as players embraced them. These are excellent examples of how successful lottery national game development has worked in the past; starting small, adding states, finding the sweet spot of consumer appeal and growing revenue.

In fact, the win-for-life concept seems to be becoming a real alternative for consumers who may be suffering from jackpot fatigue in other games. The concept has even taken hold in the Publishers Clearinghouse Sweepstakes, which has been promoting and advertising a very lottery-like prize of not just one lifetime, but a second lifetime winner of the player's choice! Imitation is the sincerest form of flattery.

Meanwhile, lottery directors still need to drive growth and raise revenue for their good causes. Since relying on a "silver bullet" new game is problematical at best, focus should return to the totality of the customer experience, especially at retail, where much work remains to be done. Please excuse the comparison, but can you compare the typical experience of a person buying a lottery ticket with the experience of walking into an Apple store? Nevertheless, this is an area we control and can improve every day.

Playing the lottery is fun, and we can reinforce the notion of fun at many stages of the lottery purchase experience: clean, sharp ticket displays; relevant and timely point-of-sales materials; attractive player stations; well-stocked vending machines; simple how-to-play brochures; seasonal store-level promotions, grass-roots event marketing; knowledgeable, well-trained

clerks—all the basic blocking-and-tackling of the lottery business have tremendous influence on revenue growth.

Another example of enhancing the player experience is how we treat our winners. Many lotteries still have "claim" centers; even the word "claim" implies skepticism and a heavy-handed government agency; better to call them customer service centers. Do your customer service centers make players feel like they are at the DMV or a police station? Or, are they cheerful, welcoming places happy to give lucky winners a check on the spot? Think about removing all the negative government agency symbolism, heavy-handed posters, framed pictures of agency heads, regulatory requirements, even flags. Clean up your signage, avoid clutter, put your friendliest employees out front. Look to the retail banking industry as a good example of how to make customers feel welcome, even if employees are behind bullet-proof glass!

All of these seemingly simple tasks can add up to measurable revenue. Consider for a moment the wide range of performance of various lotteries. What distinguishes the high-performance lotteries from the average? It's not game design—everyone has basically the same games. It's the excellence of day-to-day operational execution, with a calm persistence on sweating the small stuff, every day. It may not be as sexy as blue-sky brainstorming, but these factors are much more fundamental to the growth and success of lotteries, by making players feel good about playing the lottery.

Even an issue as controversial as internet game sales is basically a customer-service issue. As imperative as lotteries being able to sell on the internet may be, the benefit is in enhanced customer convenience and service, since the direct revenue potential of internet sales is modest at best. And even as ridiculously paranoid as our retail partners are about the internet, ultimately it will serve to improve the image of lottery play and lottery players, in turn enhancing their businesses. But first, we need to demonstrate through actions that the retail experience is our top priority. That requires superb, reliable technology from our partners, a retail-friendly regulatory attitude (why is licensing so burdensome in some jurisdictions?), simple standardized accounting rules, sophisticated inventory management and a meaningfully helpful, well-trained, informed and motivated sales staff.

The lottery industry may be coming out of a harsh winter right now, but the opportunity exists to get back to basics and focus on things we can control. The randomness of jackpots will ebb and flow and inevitably, they will come back to record levels. We cannot rely on future new game development to solve our very real day-to-day operating challenges. That will require consistent application of best practices, learned from our colleague lotteries and our vendor partners. Good lottery management requires good people doing good work. We don't need to wait for the next great thing to make our numbers; we can do that right now with the tools we have. ■

95

LOTTERIES

1454

LT-3s IN PLAY

3.43

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so far

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The Path To Saving Powerball

by Susan Golightly, Principal, CODEI

www.codeimarketing.com

sgolightly@codeimarketing.com



A rather dramatic headline and a bit of hyperbole. Powerball and Mega Millions combined generated more than \$8B in sales in FY14. The longevity of both games, is testament to their popularity and staying power. That said, sales were down more than 30% through the first half of FY15. To be clear, while downward trends are con-

cerning (alarming for some), Powerball and its sister game Mega Millions are not in danger of going away anytime soon. There is still revenue to be gained through deploying of traditional tactics, including jackpot awareness, brand messaging, retailer incentives and product modifications. But that won't be enough. The path that got the industry (and Powerball) to its place of dominance as a preferred entertainment choice, is not the same path that will deliver sustained, responsible and profitable growth into the future.

Given the importance of bloc lotto games to net income produc-

**I WANT WHAT I WANT
WHEN I WANT IT.**

(AND I KNOW I CAN HAVE IT).



tion and the fact that playership trends and sales rates have shown weakness for at least some lotteries for some time, it isn't surprising that the games have received a significant amount of industry attention and resources. While much of the work has yielded positive results, more recently some of the efforts are yielding disappointing results or delivering diminishing returns. Most critically, the stubborn downward participation/frequency/spend trends quickly return (or never leave) for many lotteries and jurisdictions. Given the rapidly changing customer landscape, the answer is not simply more of the same. Screaming louder won't do it. At least not on its own.

Driving sales at lower (or any) jackpot levels for games such as Powerball is less about awareness and more about convincing the right audience at the right time in the right place, that they want to play this game (or any lottery game) more than anything else competing for their entertainment dollar. And there is a lot of competition.

More of the same isn't the answer, so what has to change to get to the new?

Put the Customer At The Center

To consumers and to retailers, lottery products compete for the same discretionary dollars and have the same sets of expectations as other consumer goods. Granted, because lottery is gaming and because it is offered by the state, there are additional security, responsible gaming, performance and responsiveness expectations.

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1980 - Now	Tomorrow ->
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The consumer, the lottery's customer, is in control. They have a never ending supply of choice and access and an overwhelming amount of communications, promotions and messages coming their way. They want and expect more value for their purchases and more from the companies with whom they do business. They are filtering, focusing and controlling their access and choosing to engage (or not) on their own terms. To break through the clutter and remain on the must have list means putting them in the center and creating communications, experiences and offerings inspired by and integrated around them. Less mass, broad reach messaging and strategies and more focused and uniquely relevant messaging and value.

It's Just Games, Available Anytime, Anywhere, Always New



To the customer, it isn't draw games or instant games or social games or i-lottery games or video games or casino or super casual games. It's simply games they like to play. The games they like to play today may quickly change to different games they like to play tomorrow. Their games are kept fresh by content and feature updates

and periodic big releases. They play games where they might have chances to win real money or virtual coins or new characters or create a virtual space with their friends. Their games are increasingly being shopped for, played, paid for, redeemed and tracked on their phones or at retail or on their tablets or their desktops or anywhere they want. Many games can be played for free (with the option to spend more to get more). Powerball and all lottery games are now competing with the personalized and always new experiences of mobile apps/games, the cross platform big budget efforts of video games and the big brand, large communities of robust social games. Reengaging existing and appealing to new audiences requires competing within this new world of gaming.

Everything Influences the Purchase

According to McKinsey & Company's 2014 Digitizing the Consumer Decision Journey, two-thirds of all decisions customers make are informed by the quality of their experiences along their journey. The decision to buy a Powerball ticket isn't made at the reminder of a jackpot amount. Instead it's made by the collection of all the experiences the customer has had with the lottery. That path is often filled with experiences at retail, in advertising, with friends, on the web site, on social, with customer service and more. TV, long a lottery staple for awareness building, while still an im-



portant part of a media plan can no longer be counted on, at least on its own. With an ever expanding amount of clutter and competitive offerings, it's more important than ever to map the customer journey and identify the opportunities to make it easier, more valuable and more enjoyable to buy, play and redeem lottery games.

Omnichannel, Around the Customer

To integrate around the customer means striving towards an omnichannel offering across offline and online touchpoints.

While each lottery may have unique omnichannel opportunities (and challenges) depending upon what products and services are being offered and the technologies and resources in place.

To deliver on expectations, marketing and sales plans (as well as departments) will need to change their approach to customer planning and deliver integrated plans that are less about pushing campaigns and more about creating connections. That may look different across lotteries, but what will look the same is that digital will be the foundation of any customer centered strategy.



Digital is Far More than Transactions or Communications

In fact, sales and marketing plans will increasingly be built around leveraging digital as the space to connect, engage and more. Forrester estimated that by 2018, digital will influence 60% of all sales, up from 54% today (source: Forrester Research Web-Influenced Retail Sales Forecast 2013—2018). Up until now, digital has primarily meant such things as the Loyalty or Subscription offering which had an everyday reach of maybe 10% of the customer base.

For others, digital was merely one of many communications channel through which messaging is to be pushed. For most, there hasn't been a clear understanding of the value. In truth, digital is all of these things and more. It's a force that is reshaping how customers search, find and engage with each other and with the companies with whom they choose to do business. While formulas for value may still be in the process of



being created and refined, the reality is this is where the customer is, every day, for nearly everything they do.

But it isn't where most lottery customers connect with their lotteries.. Digital engagement with lottery, reflected in such things as web visits, app downloads and loyalty sign-ups, has thus far been relatively small percentage of the total customer base.

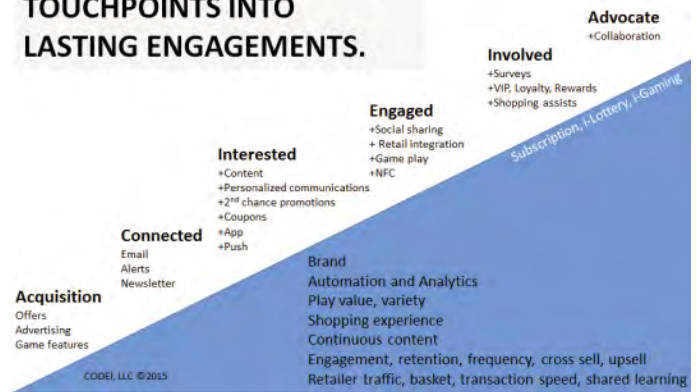
Success with i-Lottery (or Loyalty or Apps or ...) Starts Long Before Deployment

The truth is, a successful loyalty or app or i-Lottery deployment starts long before the program is launched. It starts with digital acquisition and engagement strategies from the very first web hit, email sign-up or app download. Fully leveraging digital to enhance the play and shopping experience of lottery games, means first building as big of a community as possible. And then with the right tools and technologies, converting the engaged community to loyalty members, downloaded apps, subscription enrollments and more.

What's Your App Strategy?

The Atlantic recently noted that the App economy, after just seven years, is already bigger than Hollywood. There are more than 1M apps in iOS as well as in Google Play. The Mobile gaming (including social) market, on a fast growth track, is expected to be worth \$100B by '17 (Source: The Transformation of Casino Gaming In The UK, App Annie). Revenue models and market response for apps is changing how companies assign value. Freemium strategy is overwhelmingly favored in games and per App Annie, casino games monetize better than other categories, even when no real money gaming is involved. However the category gets defined or how big

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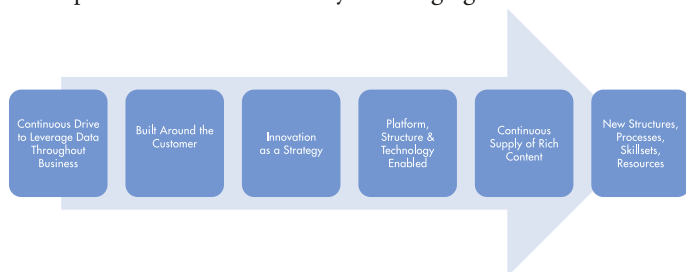
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the forecasts are, it is clear that in addition to providing new ways for companies and their customers to communicate, apps are reshaping what games mean and how consumers expect to (and are willing to) pay for much of their entertainment. With a cluttered market and already high app abandonment rates, it isn't enough to build an app or two and hope the market will find them. Success means acquisition, retention and engagement strategies, user inspired design and function, a continuous supply of new content, segmentation and ongoing test and learn. Entertainment, whether it's the website, app, loyalty or other, digital is the most important component to delivering an integrated, customer-centric solution. How digital is planned for, resourced and valued requires moving digital out of a communication channel and into its own newly defined space.

Gaining Retail Support is Beginning to Look a Lot Different

Not only is digital the new foundation to customer-centered solutions, it is also influencing what the retailer wants from lottery. Whether for mobile communications and promotions or digital tools to improve the shopper experience or any number of ways digital can be leveraged, retailers are looking for ways this technology can yield value for their business. While there is still same store sales growth to be gained through traditional tactics such as distribution optimization, digital jackpot signs, retail incentive programs, and corporate account collaboration, retailers want more. More attention, more value, more digital innovation, more analytics, more efficiency and more customization. They too are faced with increasing competition and the same shifting market preferences and are expecting their vendors to help them better accomplish their objectives. That is, create and deliver solutions unique to their needs that help retailers drive traffic into their stores, sell bigger baskets, improve their shopper experience, integrate offline and online activities, drive consistency across the chain and streamline operations. Ensuring lotteries remain a preferred and sought after retail partner, means expanding resources and capabilities to create new ways of bringing the retail value.



Insights, Built on Data

Data, or the insights derived from it, is now a key part of every facet of business. Data demonstrates to retailers the value of lottery products, lottery customers and lottery programs. Data is the source for inspiration and personalization of lottery customer experiences and the products and services being offered to them. Data is the way lotteries track their market and stay ahead of shifts in demand. Data



helps to support responsible practices including keeping efforts efficiently focused on casual and lapsed players. And data is the path to optimizing lottery planning, operations, products and sales/marketing. With more sales and marketing tactics available than ever before, data is a must to identify what lotteries should start doing, what they should stop doing and what they need to do better.

Data-driven decision-making drives value. According to McKinsey, \$200B in marketing expenditures could be better spent and data is the path to identifying how. Also according to McKinsey, organizations using data-driven decision-making perform eight points better than those that do not. The amount of data available to lottery is stunning and the potential for impact is significant. That said, with legacy systems, disparate and rapidly growing data sets, tight staffing, growing demands on privacy and security and an array of possible technology solutions, the challenges are many. Far more than more reports and a new BI solution, getting the most out of data requires change. Creating new ways to work, building new skills and competencies across the organization and nurturing a culture around data is an ongoing journey. A journey that is required as lotteries move into the future.

New Ways of Doing Business

The path to Saving Powerball isn't about saving Powerball at all. Instead it is about recognizing the larger shifts happening in every industry and what those mean to business strategies, marketing and sales tactics and organizational capabilities. While the traditional paths and traditional tactics for driving responsible net income growth have served the lottery industry well for more than thirty years, market preferences and value expectations have changed. Lotteries and the companies that supply them must change in response.

How specifically? For each lottery it will look different. New ways of working together will need to be created, with each other and with the vendors with whom they do business. As the industry works together to envision how lottery responsibly moves into the future, new technologies, new capabilities and new resources will likely be in order. Some lotteries are well on their way, others might be just getting started.

While there isn't any one path, in upcoming publications, we will review some of the how for navigating along the journey to "Saving Powerball" and a future that looks quite different than today. ■



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WIRE ACT FIX 2015 WHILE IDENTICAL TO 2014, IT COULD BE A GREATER THREAT TO STATE LOTTERIES

By Mark Hichar and Ashley Taylor
www.hinckleyallen.com

On February 4, 2015, Representative Jason Chaffetz (R-UT) introduced in Congress H.R.707, entitled the “Restoration of America’s Wire Act” (the “RAWA”), and the bill now is with the House Committee on the Judiciary. The RAWA is identical to the bill Chaffetz introduced on March 26, 2014 (H.R.4301) and to the companion bill introduced on that same day by Senator Lindsey Graham (R-SC) (S.2159). As of the date of this writing, the RAWA has fourteen co-sponsors (eleven Republicans and three Democrats—Congressman Brad Ashford (D-NE), Congresswoman Tulsi Gabbard (D-HI) and Congressman Pedro Pierluisi (D-PR). Thus, it is being touted as “bi-partisan legislation.”¹

The RAWA’s sponsors and supporters assert that it would merely

“restore” the federal Wire Act² to the status quo that existed prior to the issuance, on December 23, 2011, of the Department of Justice’s opinion³ confirming that the Wire Act applies only to sports betting, thus removing the cloud that had prevented states from authorizing non-sports internet gaming. This claim is inaccurate, because:

1. the legislative history of the Wire Act shows that it was always intended to be limited to sports betting, as discussed in detail in the DoJ Opinion;
2. several federal bills introduced in the 1990s that would have broadened the scope of the Wire Act show that members of Congress believed the Wire Act was limited to sports betting;⁴ and
3. in 2002, the U.S. Fifth Circuit Court of Appeals, the only federal circuit court to decide the issue, held that the Wire Act applied only to sports betting.⁵

Most important, the assertion that the RAWA would restore the pre-DoJ Opinion status quo is incorrect because the RAWA would eliminate substantial rights that states enjoyed prior to the issuance of the DoJ Opinion. While the elimination of states’ rights was discussed in this magazine in reference to last year’s version of the RAWA,⁶ a review here is worthwhile, given the severity of the RAWA’s adverse effects.

If the RAWA became law, the Wire Act, as amended, would prohibit gambling businesses (including state lotteries) from using any network involving a wire or like connection, including the “internet,”⁷ to transmit in “interstate or foreign commerce”:

1. any bet or wager,
2. information assisting in the placing of any bet or wager,⁸ or
3. a communication entitling the recipient to receive money or credit as a result of any bet or wager, or for information assisting in the placing of any bet or wager.

However, the RAWA would provide four important exemptions. It would:

1. preserve the status quo as to internet betting on horse races;⁹
2. preserve the status quo as to internet betting on charitable games;¹⁰

1 “Chaffetz, Gabbard Work to Restore America’s Wire Act,” press release issued by Rep. Chaffetz on Feb. 4, 2015, at <http://chaffetz.house.gov/press-release/chaffetz-gabbard-work-restore-america%E2%80%99s-wire-act> (last accessed March 9, 2015).

2 18 U.S.C. §§ 1081, 1084.

3 Memorandum Opinion for the Assistant Attorney General, Criminal Division, “Whether Proposals by Illinois and New York to Use the Internet and Out-of-State Transaction Processors to Sell Lottery Tickets to In-State Adults Violate the Wire Act,” September 20, 2011 (issued December 23, 2011) (the “DoJ Opinion”).

4 “The Original Intent of the Wire Act and Its Implications for State-based Legalization of Internet Gambling,” by Michele Minton, Occasional Paper Series, 29, Las Vegas: Center for Gaming Research, University Libraries, 2014.

5 *In re MasterCard Int’l Inc.*, 313 F.3d 257 (5th Cir. 2002).

6 “A Federal Law Restricting Internet Gambling Could Lead to Unintended And Devastating Consequences for State Lotteries,” by Mark Hichar, Public Gaming International, September, 2014.

7 “Internet” is not defined in the RAWA, nor is it defined in the Wire Act (which was enacted decades before the internet existed). Thus, courts looking for its

meaning would likely refer to the Unlawful Internet Gaming Enforcement Act (31 U.S.C. § 5361 et seq.). There, “internet” is defined as the “international computer network of interoperable packet switched data networks.” (31 U.S.C. § 5362(5)).

8 Oddly, the RAWA would leave intact the Wire Act’s existing exception pertaining to the transmission of information assisting in sports betting transmitted between states in which such sports betting was legal. Because this exception applies only to information assisting in betting on sports events, Congress’ enactment of the RAWA in this form would suggest that Congress intended to favor (and create a special exception unique to) sports betting. This is the opposite of what Congress intended in 1961 when the original Wire Act was enacted, and indeed, it is very unlikely that Congress intends to uniquely favor sports betting today. One would expect that this exception will be amended so as to apply to information assisting in making any bet or wager, before the RAWA proceeds to a final vote in either the House or Senate.

9 It is generally accepted that internet betting on horse races is lawful under a 2000 amendment to the Interstate Horseracing Act (15 U.S.C. § 3001 et seq.).

10 Thus, to the extent internet betting on charitable games was lawful under state laws in effect on the date the RAWA became law, it would remain lawful.

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3. not apply to pay-for-play online fantasy sports tournaments conducted in accordance with the Unlawful Internet Gambling Enforcement Act; and
4. not change or limit “the ability of a State licensed lottery retailer to make in-person, computer-generated retail lottery sales under applicable Federal and State laws in effect on the date of the enactment of [the RAWA].” Thus, “in-person” lottery sales by licensed lottery retailers would remain lawful to the extent they were lawful on the date the RAWA became law.

As a result of the RAWA, the Wire Act would very likely render unlawful the following lottery activities, as none would be exempted by any of the above exemptions:

1. the operation of a state lottery (including traditional online games!) by any current non-lottery state that had not enacted lottery legislation by the date the RAWA became law (assuming, as is traditionally the case, that lottery retailer terminals would exchange wagering information (even if not actual wagers) with a central system via the internet);
2. the implementation of video lottery games by existing lottery states if state laws existing when the RAWA became law did not allow for video lottery games (assuming wagers or information assisting in wagering would be communicated with a central system via the internet);
3. sales of lottery draw games via PCs and/or mobile devices, as now being conducted by a few state lotteries;
4. sales of lottery ticket subscriptions via PCs and/or mobile devices, as now being conducted by several state lotteries;
5. sales of lottery products by the state lotteries themselves (as is allowed in several states), unless such state lotteries were licensed as lottery retailers;
6. sales of lottery products via telephone; and
7. sales of lottery and casino games (including poker) via PCs and/or mobile devices, as currently is done by the Delaware Lottery.

In addition, as a result of the RAWA, the Wire Act could render unlawful the following state lottery activities because in each case it is not clear that such sales would meet the “in person” licensed retailer sales requirement of the RAWA’s lottery exemption:

1. existing video lottery gaming where the video lottery terminals exchange wagering information (even if not actual wagers) with a central system via the internet;
2. existing (and future) video lottery wide-area progressive games (“WAPs”)—even if the bets are received in the same state in which they are placed—if the video lottery terminals exchange wagering information (even if not actual wagers) among themselves or with a central system via the internet;

3. sales of traditional lottery draw games via player-activated terminals (“PATs”) and sales of physical instant tickets via instant ticket vending machines (“ITVMs”) where the PATs and ITVMs exchange wagering information with a central system via the internet. (A narrow reading of the RAWA’s “in-person” licensed retailer sales exemption could be held to require direct player interaction with lottery retailer personnel and no such interaction is necessary with PATs and ITVMs); and
4. player-operated ticket checkers, as these too could be deemed to be outside of—and thus not covered by—the “in-person” licensed retailer sales exemption.

Finally, if amended by the RAWA, the Wire Act most likely would render unlawful several non-lottery internet gaming activities, including the intrastate internet casino games currently operated by certain Atlantic City casinos in New Jersey, and the intrastate internet poker currently conducted by commercial licensees in Nevada.

Unless one of the four above-described exemptions applied, wagers or wagering information sent via the internet would be prohibited—even if sent between points in the same state. This is because the RAWA clarifies that a “transmission in interstate or foreign commerce,” as used in the Wire Act, “includes any transmission over the Internet carried interstate or in foreign commerce, incidentally or otherwise.” (emphasis added) Thus, considering a transmission of wagers or wagering information between points in the same state, if the intermediate routing of such transmission crossed state lines, it would violate the Wire Act (assuming none of the four exemptions applied). In addition, the U.S. courts of appeal in the first, third and fifth federal circuits have held that transmissions via the internet are in interstate commerce, regardless of the actual routing.¹¹

Finally, the RAWA does not address the advertising or payment prohibitions that exist in the Wire Act. Accordingly, if the RAWA were enacted, lotteries also:

1. could be prohibited from paying prizes electronically, because it would be unlawful to transmit via the internet a “communication which entitles the recipient to receive money or credit as a result of any bet or wager,” and a court could interpret this to preclude electronic funds transfers and wire transfers of prizes; and
2. might be prohibited from posting on the internet lottery game rules, “how to play” advice or advertising. This would be the case if such posted information was deemed to “assist” in the placing of any bet or wager” and its ban was not deemed to change or limit the ability of licensed lottery retailers to make in-person sales. (However, such a ban on commercial speech might be un-

... Continued on page 49

11 The U.S. Court of Appeals for the Third Circuit stated: “[B]ecause of the very interstate nature of the Internet, once a user submits a connection request to a website server ... the data has traveled in interstate commerce.” *U.S. v. MacEwan*, 445 F.3d 237, 244 (3rd Cir. 2006); and the U.S. Court of Appeals for

the First Circuit stated: “Transmission...by means of the Internet is tantamount to moving [data] across state lines.” *U.S. v. Carroll*, 105 F.3d 740, 742 (1st Cir. 1997), followed by *U.S. v. Runyan*, 290 F.3d 223 (5th Cir. 2002) and by *U.S. v. Yong Wang*, 2013 U.S. Dist. LEXIS 16153 (S.D.N.Y. 2013).



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**INSTANT WIN
GAMING**



This article is intended as part of a wider debate concerning the impact of games offered on social media platforms that have the same features as classical gambling activities (e.g. Bingo Blitz, Zynga Poker). It stresses how other social gaming activities, typically marketed to consumers as being mere skill or strategy games, could actually impact on consumer gaming habits and behaviors and could cause or enhance future addiction that would effectively destroy national and EU authorities' efforts to prevent problem gambling, gambling addiction and to improve youth protection against the risks linked with gambling activities. This article does not enter into the more narrow discussion on how to define or regulate social gaming or so-called social gambling activities and their inherent risks.

"Social gaming" is defined here as either social gambling activities (i.e. "for-fun" gambling activities) and/or "Freemium," which the International Social Games Association ("ISGA") defined as activities for which game access and play is free, with certain additional and special features—for example extra lives, extra energy, tools

more, participation in social networks is associated with dependency. Earlier studies have shown that addiction to online gambling often starts with simulation games on Facebook in which children lays 'bets' using virtual money so they cannot incur any losses. Unfortunately, for many of these children, the next step is dependency which leads them to lose real money through gambling [...] Dependence on online gambling is linked to dependence on social networks and games."² The MEPs underlined that such a phenomenon is not limited to a single EU Member State and is spread out among an increasing number of EU jurisdictions (e.g. Greece, Romania and Spain). In light of this information, the European Commission was asked to clarify whether it believes the same restrictions for children's access should apply to both online gambling and simulation games.³

It is increasingly clear that there is a connection between simple social gaming activities and the addiction that players could develop towards real-money online gambling. That not only applies to the relationship between social gambling activities, it also includes any games provided on social platforms or through apps (although often depicted as skill or strategy games rather than games of chance e.g. Candy Crush Saga, Game of War or Clash of Clans). Those games are not simply video games as they increasingly include buying options that enable players to either: progress further in the game, enhance their gaming experience and, in certain cases, such games even require players to buy virtual credits to continue their participation in the game itself. Consequently, although such games could qualify as strategy games or skill games and not as strictly games of chance (be it real-money or virtual currency games of chance), it is clear that money plays a significant and increasing role in the gaming experience.

The EU legislative "landscape" applying to social gaming activities remains fragmented. Three main distinctive features characterise this "landscape." The first major regulatory category includes EU Member States that do not specifically regulate social gaming through particular regulations and instead monitor social gaming based on their current gambling legislation; in other words, the national regulator assesses whether social gaming could qualify as gambling under national legislation and acts accordingly (examples of this type of regulatory regime include Austria, Bulgaria, Denmark, Finland, Italy, the Netherlands). The second regulatory category comprises EU Member States that implement basic gambling qualification analysis by being aware of social gaming's inherent risks and monitoring those activities and which are concurrently developing specific legislative proposals to address the issue (examples include Belgium, France, Malta, Norway and Spain). Finally, other countries, such as the UK, do

Social Gaming and How Responsible Gaming Requirements and Efforts are Being Circumvented

BY PHILIPPE
VLAEMMINCK
& LUCAS FALCO
—ALTIUS
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or map to expand the game experience are available for a real money payment.¹

This matter was addressed recently by two Members of the European Parliament ("MEP") who used various examples and statistics to demonstrate how online gambling could generate or multiply the likelihood of dependent behaviours. Given the unanimous acknowledgment of the influence of gambling activities on consumer addiction, that aspect will not be assessed further. However, the two MEPs also emphasised that social gaming activities provided through social networks, such as Facebook, could be the first step leading young people towards real-money gambling activities. The MEPs stated: "Further-

Have You signed up for the 8th European Lotteries Congress in Oslo?

The 8th European Lotteries congress is titled "Touch tomorrow" and will take place in Oslo.

Norway is known as a technological power center and a world leader in the development of technology. Few businesses are so well suited to the modern technology platforms as the lottery business and the industry is

definitely a business in change. This has inspired Norsk Tipping when outlining the topic for the 2015 congress in Oslo.

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not intend to adopt specific regulation and instead provide guidance explaining how general consumer protection rules should be followed in the social gaming and gaming apps environment.⁴

So the current legislative “landscape” can be summarised as follows: either social gaming activities do fall under the national definition of “gambling” or other specific gambling activities and are thus regulated accordingly; or, they do not meet the conditions necessary to qualify as “gambling” under national legislation and so are subject to general legal provisions and, in particular, Directive 2000/31/CE (the “e-Commerce Directive”) and its national implementing legislation. This situation means that social gaming operators, as far as they do not qualify as gambling services, are not required to be granted a gambling licence and, as they fall under the “home country” principle set out in Article 3 of the e-Commerce Directive, they remain subject to the rules of their “country of origin” or “home country” (which is defined as the country where they are established). This outcome stops the consumer’s Member State from preventing or limiting the provision of such activities to its residents (unlike with the principles applying to online gambling services). Considering the developments in the social gaming environment the absence of control through the gambling legislation is there for very problematic.

It should be remembered that the case-law of the Court of Justice of the EU (“CJEU”) and the EU institutions’ decisions have defined criteria, conditions and requirements that strictly apply to the provision of gambling services with the intention of offering consumers the most responsible gaming activities. To that end, the CJEU has set out different criteria and, especially, the requirement that legal lottery operators should refrain from providing an extensive and inconsistent range of games and should limit their advertising campaigns and their offerings (both in qualitative as well as quantitative terms).⁵ Moreover, national authorities set out a number of requirements to ensure the responsible provision of lottery and other gambling activities (including technical requirements and testing procedures/drawing procedures; hourly loss restrictions; “cooling down” periods; specific advertising hours; strict prohibition to direct minors). The recent publication of the European Commission’s Recommendation on online gambling of 14 July 2014⁶ also aims to serve the same purpose. This Commission document provided recommendations on a variety of issues concerning responsible gaming messages, advertising and “self-exclusion” and “time-out” mechanisms, all intended to ensure a fair and responsible gambling offering, although in most Member States the national standards are higher. It should be noted that social gaming operators’ associations, such as the ISGA, have defined principles and guidelines intended to ensure proper and responsible provision of such activities. Nevertheless, it must be pointed out that those principles only remain at the level of self-regulation and so are non-binding legislative instruments that, if not complied with, do not lead to any punishment.

Indeed all the principles outlined above do not apply to social gam-

ing activities that do not qualify as gambling based under the national legislation concerned. At the same time those activities could entail elements and features identical or at least similar to gambling activities, without being subject to the same requirements. This situation has been noted recently within national frameworks and, in particular, in Belgium. The Belgian Gaming Commission, following several complaints from consumers, investigated and recently issued a police report against the company operating the social game Game of War (i.e. Machine Zone). The Belgian Gaming Commission found that although this game had been introduced as a simple skill and strategy game, it nevertheless exploited elements commonly used in games of chance and led a 15 year-old individual to spend more than EUR 20,000 to enhance his gaming experience. The Belgian Gaming Commission concluded that the game entailed lots of real-gambling features and that Machine Zone offered de facto gambling-type activities to minors in breach of Belgian gambling legislation. The police report has been transferred to the public prosecutor for the criminal proceedings to follow its course. The outcome of the court case is of course very important.

In conclusion, lotteries are subject to constant and increasing requirements at the national and EU level concerning responsible gaming and use their best efforts to enhance their corporate social responsibility and to fight against risks inherent to gambling (e.g. through training sessions, funding medical programs, the provision of helplines), while social gaming operators’ activities could wipe out all those hard-won benefits achieved over the last 20 years.

All social gaming activities offered through social media platforms or apps that target minors and that are portrayed as mere skill, strategy or soft gambling games (while allowing players to take the full advantage of the gaming experience through the purchase of specific credits, without any strict requirements, limitations or any other criteria aimed at restraining addiction(s) that players could develop through their participation) should be regulated and subject to specific conditions.

Currently, social gaming operators seem allowed to include gambling features in their so-called strategy or soft games while at the same type not falling under the specific requirements and safeguards applicable to gambling operators; this situation seems to favour the early development of addiction behaviours. Furthermore, all efforts carried out by lotteries to prevent gambling addiction could turn out to be pointless should nothing prohibit young consumers from taking part in social gaming activities that give rise and/or increase the propensity to gamble.

Based on the Belgian Gaming Commission’s example, national and EU authorities must act proactively to prevent social gaming operators circumventing all requirements applicable to lotteries and other legal gambling operators while, at the same time, creating and boosting the behaviours that legal lottery operators are currently fighting against and trying to limit. ■

1 “International Social Games Association—Best Practice Principles Version 2,” October 2014—http://www.i-sga.org/wp-content/uploads/2013/11/ISGA_best-practiseprinciples_October2014.pdf

2 Question for written answer E-002326/2015 submitted to the European Commission on 12 February 2015 by MEP’s Kefalogiannis and Zagorakis (PPE)—available through <http://www.europarl.europa.eu/plenary/en/parliamentary-questions.html>

3 European Commission’s answer is still pending.

4 See e.g. the UK Office of Fair Trading “The OFT’s Principles for online and app-based games”—https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/288360/oft1519.pdf

5 See e.g. CJEU, Placanica, C-338/04, C-359/04 and C-360/04 of 6 March 2007; Markus Stoss, C-316/07, 358/07, 359/07, 360/07, 409/07 & 410/07 of 8 September 2010; Carmen Media, C-46/08, of 8 September 2010.

6 Commission Recommendation of 14 July 2014 on principles for the protection of consumers and players of online gambling services and for the prevention of minors from gambling online (2014/478/EU).

Why Lotteries are Investing in Sales Force Automation

Let's face it, sales visits are expensive. Each visit to a retailer is a big investment, so it's important to make each retailer visit count. Enabling all your customer information and interactions to be accessed in one place, anywhere, Hudson Alley's OnePlace helps shift sales reps from reactive to proactive mode. We call it "walking in with a mission."

Sales Force Automation (SFA) is the technique of using software to automate the business tasks of sales, including order processing, contact management, information sharing, inventory monitoring and control, order tracking, customer management, sales forecast analysis and employee performance evaluation. OnePlace is SFA on steroids and applied to Lottery's specific needs, enabling your sales reps to provide better service to Lottery retailers, increase sales, and increase its funding to the Lottery's beneficiaries.

"OnePlace is an industry leader in providing relevant and timely sales data in a concise manner. The Arizona Lottery is thrilled to have this robust information available to assist in driving sales for all of our retail partners," said Raynie Hosto Director of Sales at the Arizona Lottery.

Since 2004, Hudson Alley (formerly named OrderPad Software) has been the leader in sales force solutions for lotteries. Its solutions are currently used by more than twenty U.S. lotteries. Since its launch in 2012, OnePlace has become the most widely used lottery sales force automation solution in the world.

PGRI asked Terri Avery, the Deputy Executive Director of Sales, North Carolina Education Lottery (NCEL), a few questions about their decision to invest in Sales Force Automation.

Was it a difficult decision to invest in a sales-force automation solution? What were some of the considerations that inhabited the decision-making process?

Terri Avery: The NCEL was looking for a solution for a system and data to be available both off and online, meaning that the system must be fully functional without network connectivity. We were facing challenges with no Internet connectivity while in Retail locations, specifically in rural areas, Eastern & Western parts of the State.

Our goal was for Sales Reps to maximize their time in the field, achieve real results during a sales visit, increase lottery ticket sales and improve the service that the NCEL provides to its retailers. Hudson Alley's, One Place I-pad app, has positioned us to be true "sales" representatives in NC!

Were you concerned that your sales staff might not embrace sales-force automation tools and learn how to use them effectively? What have you observed since implementing Hudson Alley's One-Place—does the sales force like it and use it effectively?

T. Avery: The Sales Team embraced the tool immediately. Hudson Alley guided us through the pilot phase with approximately 10 team members and in phase 2 deployed the full sales force (100 users).

The Team uses the tool during every retailer visit. The sales reporting is up-to-date, easy to understand and accessible. This allows the Team to focus on increasing sales. Overcoming retailer objections with the Instant and Draw game reports have proven to be successful for our Team.

What are the main benefits, the main ROI, for your investment in sales-force automation?

T. Avery: My Favorite—inventory management report—called "Space to Sales." This is an area where the SRs update Instant Inventory by Price Point in the dispensers. The app then analyzes the sales of each game by validations & suggests changes for facings based on sales. Each retailer visit, the NCEL strives to reach a perfect Instant ticket mix in dispensers. With this tool, SRs and retailers can easily monitor their progress.

This report also allows the Sales Management Team to analyze Instant game performance in retailer locations.

How relevant are ongoing product upgrades—do they enhance performance and are they readily assimilated by the sales team?

T. Avery: Hudson Alley listens and understands the NCEL business needs. We completed our first upgrade in February, an online training class was conducted by Hudson Alley with all NCEL One Place users. Hudson Alley completed the enhancement training and provided a substantial amount of time for Q&As with the Team.

We are impressed with the One Place app & the Hudson Alley Team. With One Place, the Sales Team has a tool that can provide up-to-date sales reports for Instant & Draw games for our Retailers. ■



For more information or to speak with Hudson Alley Software, Inc. executives, please contact:

Adam Perlow, Chief Executive Officer, Hudson Alley Software, at aperlow@hudsonalley.com or 212-625-6600.



BUILDING THE BRAND

Being a Brand Ambassador involves building relationships with customers and retailers. Persistence and passion are required but not enough. Skills in game optimization, synergistic marketing, and profit generation are required. All of these must be done responsibly on emerging technology, in secure environments, and offered to a diversified customer base.

NASPL 2015 and its theme “**Building the Brand**” will target this growing need by offering topical breakout sessions and keynote speakers. Come to Dallas to learn the latest techniques, methods, and skill sets from professionals that have achieved brand success.

The Hilton Anatole is an iconic destination within itself. This Dallas hotel, conveniently located in the Design District, comprises over 45 lush acres just north of downtown Dallas. Situated near many attractions, the hotel features a unique Asian-designed atrium lobby complemented by reflecting pools, greenery and comfortable seating areas. Hilton Anatole is home to one of the largest Asian art collections in the world, with more than 1,000 pieces of fine art on display throughout the hotel. A perfect venue for “**Building the Brand**.” Don’t miss out on NASPL 2015 because in “Dallas, Big Things Happen Here.”



INCREASING THE NUMBER OF POS: Today's Highway to Increasing Sales



Included among the various opportunities lotteries have to increase sales are:

- Increase the number of products
- Enhance existing products
- Improve/increase advertising and promotion
- Maximize consumer access and ability to buy the product

Making it easier for the consumer to buy lottery games is the most reliable way to achieve the goal of increasing sales. That is why increasing the number of retail stores is a top priority for almost all lotteries. Increasing POS by other means (Self-serve Vending Machines, making lottery available at the checkout lines in grocery and other stores, penetrating new trade-styles and retail segments, etc.) is also a top priority. And now, enabling the consumer to buy lottery tickets at the gas pump is proving to be a most effective way to quickly and dramatically increase the number of POS. Linq3's Play-at-the-Pump (PATP) solution does just that—enables the consumer to buy lottery products right at the gas pump. The video monitor displays the offer with appealing and explanatory graphics, and processes the purchase transaction right at the gas pump. The amazing and wonderful aspect of this solution that makes it possible for the consumer to buy lottery products without going into the store is that it actually increases store traffic at the same time. The increase in store traffic has been measured to be between 4% and 7%. This result may seem a little counter-intuitive, but frankly it's not surprising. "Consumer engagement is a theme that we are always talking about. The overall impact of PATP on the entire business of convenience-store retailing is a perfect example of how an engaged consumer is more likely to buy more of everything, not just lottery" says Daniel Cage, CEO of Linq3.

Play-at-the-Pump (PATP) transforms any unmanned POS into highly interactive access points for the sale and advertising of lottery products. By leveraging existing hardware, the Linq3 solution works in partnership with existing lottery networks, allowing lotteries to efficiently reach whole new market segments, interacting with them in a brand new way. Making lottery available at the gas pump gives the consumer an entirely new access point. More than that, it gives both the retailer and lottery visibility that engages consumer attention, increases lottery sales, and drives store traffic. Following is an appraisal of its impact to date.

Linq3 PATP solution is

currently live in four states, with 211 pump locations and a total of 1,985 screens or points of access communicating lottery games and their jackpots (average of 9.4 screens per location). An additional 200 locations with almost 2,000 screens will be activated beginning mid March. The average PATP transaction ranges from \$7.00–\$8.00. During big jackpot runs, the average transaction per day typically exceeds \$10.00. And near and dear to the hearts of our retail channel partners is that in-store sales at PATP locations have increased an average of 4-7%. During the recent Powerball run, PATP stores saw a significant increase in-store Powerball sales in comparison to stores without PATP in addition to their PATP sales.



Research & Data that Measures the Impact of PATP

Linq3 recently completed a market research study surveying over 1,600 lottery purchasers composed of frequent, occasional, infrequent, and non-lottery players. Below are key findings:

- Linq3's offering has strong appeal with people that like lottery, technology and convenience.
- The largest audience most interested in PATP skewed younger, female, have more children at home, and are technologically savvy.
- The majority of respondents overwhelmingly like the convenience of the PATP offering.
- PATP solution was found to increase annualized lottery purchases by an average of 24 tickets per player.
- PATP appeals to new consumer groups, attracting consumers who are not buying lottery products now. This fact suggests a power to expand the market, capture incremental spending, and penetrate new demographic segments.
- As with all lottery products, signage is key. Signage displayed at the pumps demonstrated dramatic impact on the likelihood of purchasing lottery tickets. On average, the number of consumers who purchased tickets where there was a large sign at the pump was more than twice than that of consumers who purchase tickets where there was no sign at the pump.

The study clearly indicates that tapping into the purchasing power of occasional, infrequent, and new players is based on convenience and simplicity of play. Reaching these types of players has always been a challenge, but PATP breaks through the barriers. Having lottery games available where consumers are as opposed to where they have to go to play is the future of the lottery business. ■



Veterans Find Success with Maryland's



In the fall of 2012, the Maryland General Assembly passed legislation authorizing the Maryland Lottery and Gaming Control Agency (MLGCA) to establish and regulate a new Instant Ticket Lottery Machine (ITLM) program for veterans' organizations. These regulations, which operate under

Lottery law and not gaming law, outline specific details about sales and cashing commissions, game and prize structure, daily operation of the equipment, installation costs and responsibilities for maintenance of the machines. In addition, the regulations allow for the application and licensing of veterans' service organizations to have the ITLMs on site.

In 2014, with the approved regulations in place, the MLGCA debuted its ITLM program and encouraged a targeted group of 154 Maryland organizations to join. Of those prospective veterans' organizations, 60 percent were American Legions and the remaining organizations were Veterans of Foreign Wars and other qualifying groups.

The MLGCA was simultaneously soliciting bids from gaming vendors and in February 2014, received state approval to award the contract to Diamond Game.

While the MLGCA's core mission is to generate revenue for the state of Maryland, the ITLM program was created specifically to generate revenue that supports the veterans' organizations. In fact, these groups receive 50 percent of the proceeds after vendor costs are paid. The agency, in turn, receives 8.26 percent of the net proceeds, of which 10 percent goes to the Maryland Veterans' Trust Fund.

With their spinning video reel animation and touch-screen monitors, these electronic devices are creating a growing fan base among Maryland's veterans. The payout rate of 90.5 percent and the revenue generated on the equipment is also a key motivator for players. The ITLMs, which dispense preprinted instant tickets, are estimated to generate net proceeds of \$100 per machine per day for each veterans' organization.

Tom Slevin hit the ground running in 2014 when he was promoted to corporate accounts manager for the ITLM program, where he quickly prepared his presentations and took the show on the road. Traveling was routine for this longtime agency employee. He got his start in 2005 as a sales district manager, where he worked with hundreds of Lottery retailers from the Eastern Shore of Maryland to Southern Maryland and in several central Maryland counties. The 1999 graduate of the University of Maryland College Park has a Bachelor's Degree in Marketing, which he put to use immediately as he presented the program to interested veterans' groups.

Paul Jason PGRI: *With all of the challenges lotteries are facing to achieve their revenue numbers, new products and marketing strategies that expand on current technologies are becoming increasingly important. How has the Maryland Lottery utilized the ITLM program and technology to help veterans raise funds for their programs?*

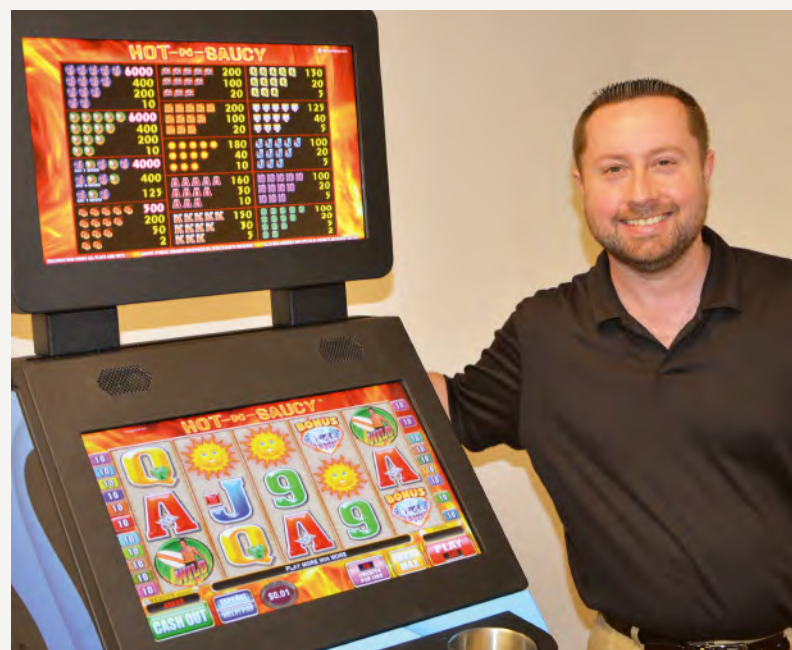
Tom Slevin, Corporate Accounts Manager, MLGCA: From September 2014 to March 2, 2015, the ITLM Program generated more than \$960,000 in revenues to benefit the 42 participating veterans' service organizations. The Lottery negotiated into the Diamond Game contract that the vendor will supply new game themes and updated technology to benefit the program participants and keep player interest strong. This program is clearly meeting its intended purposes: upholding the state's responsibility to regulate gaming at Maryland veterans' service organizations west of the Chesapeake Bay and creating a new source of revenue for the organizations.

How many veterans' posts currently have ITLM kiosks and how many kiosks are currently deployed in the program? What are the sales the program has generated since inception?

T. Slevin: The agency and Diamond Game have installed 160 ITLMs in 42 veterans' service organizations through March 2, 2015. Both numbers will increase this spring as the program adds more locations. Since its inception, the program has generated more than \$20 million in sales.

How has the equipment vendor Diamond Game aided you in making the program a success?

T. Slevin: Diamond Game has proven to be a valuable partner throughout all stages of the program's implementation, from plan-



Instant Ticket Lottery Machines

ning to equipment rollout and on-site installation.

Randee Kerns, Diamond Game Director of Business Development and Compliance, has been a key contributor to our program's success. We have presented together at many veterans' organizations' district meetings, as well as at individual veterans' post meetings. Those presentations helped convince many organizations to join the program. Our teamwork has enabled us to meet deadlines and provide organizations with quality service.

In addition, Diamond Game Marketing Director Sara Navidazar and her staff assisted the MLGCA in providing materials for presentations. This has truly been a team effort.

Do you think this program is a model for other lotteries to follow?

T. Slevin: Yes, the agency is pleased with the response by veterans' service organizations. The program is proving to be a successful new revenue source for the participating veterans' groups.

Has the ITLM program helped the Lottery integrate other lottery products (like terminal draw games, scratch-offs, Keno, etc.) into the new channel opened up by the ITLM?

T. Slevin: Nearly 30 American Legion posts were already licensed Lottery retailers and had limited offerings of Lottery games. Approximately two dozen of those posts have added ITLMs. Once other organizations installed the ITLMs and saw the favorable player reaction, they asked about adding traditional Lottery products. Several organizations have expressed interest in adding Keno, Racetrax and jackpot games later in 2015.

Based on your experience with the Lottery, why do you think the ITLM Program has achieved the success it has seen so far?

T. Slevin: Veterans' service organizations on Maryland's Eastern Shore have had slot machines for decades. The demand has been building steadily for some type of revenue-generating machine for organizations west of the Chesapeake Bay. So, we already had pent-up demand at many of these posts.

The ITLM in the LT-3 kiosk cabinet is high-tech, high-earning equipment with HD spinning video reel graphics and multiple game themes. At the July 2014 American Legion Convention in Ocean City, Md., I received many comments about the impressiveness of the machine itself. There really is a cool factor to the equipment and they are attracting attention at every veterans' post.

I have even heard that veterans' groups that have not yet joined the program are getting requests to do so by their own members. They reportedly go down the road to play the ITLMs at other posts with the equipment and want to know why their organizations aren't taking advantage of these revenue-generating machines.



Organizations can operate up to five machines and each machine generates, on average, \$700 net proceeds per week.

Another key factor is the payouts. The ITLM Program has an overall 90.5 percent payout over the course of a deal. There are six rolls to a deal with a total of 192,000 tickets. The high payout makes it fun for a player and gives them incentive to play for a longer period of time. I have heard nothing but positive comments from the players themselves about the payouts on the Diamond Game ITLMs.

Do you see the program continuing to grow in the future and why?

T. Slevin: The success we've seen to date demonstrates that the ITLM Program in Maryland has tremendous potential. Requests are already coming in from organizations to add machines to meet their members' growing demands. Organizations can have up to five machines at a site and some groups opted to begin with only a few machines to test the waters.

We are still meeting with members of our original target market of 154 organizations who opted to wait and see how other groups fared with the equipment. After seeing the success of the program we anticipate many of them will now be interested in adding ITLMs to their sites.

May other lotteries contact you if they have questions about the program?

T. Slevin: Absolutely. An initial point of contact is Charles LaBoy, assistant director for gaming at the MLGCA. Charles is the ITLM Contract Manager and has been instrumental in getting the program up and running. He is available at Charles.LaBoy@maryland.gov or 410-230-5588. Or, contact me at Tom.Slevin@maryland.gov or 410-230-8909. ■

that the sustainable business model, especially as it applies to traditional lottery, depends on excellence in distribution and in creating the overall consumer experience that enables the players to enjoy the games—in other words, the whole gaming ecosystem that surrounds the actual game itself. Second, INTRALOT is not a content creator company and never will be. INTRALOT's business is to design, build, and implement the technologies that make the games accessible to consumers. The operator depends on us to fulfill that task. If we do not make it happen, then the content does not get delivered, the customer can't purchase the product, and the business ceases to operate. That is a huge responsibility. That is why we focus all of our resources and energies on excelling at that one mission-critical area of the business—making sure the content gets delivered and the consumer derives value from the overall experience. Fortunately, there are countless providers of excellent content, and you never know who will be coming up with the next big thing tomorrow. When they do, we are here to make sure it gets into the hands of the consumer. Another way to think of it is that in the future, great content will not be proprietary. The competitive differentiator will be the application of technology to create the best overall consumer experience for a broad portfolio of products.

An example of the gaming ecosystem is the way that INTRALOT is bringing digital into retail stores in an imaginative way. The customer is not asking for that, the retailer is not asking for that. But we know it will enhance the whole player experience and that will benefit both the consumer and the retailer. So you have to have creativity, imagination, and vision to make this happen.

A. Kerastaris: Technology is not an end in itself. In fact, technology itself is not even the differentiator. Companies like Bit8 are inventing new technologies seemingly overnight. These new technologies are making current methods of operation obsolete. It's

the application of technology, configuring and applying it to add real value to the consumer experience—that is the real differentiator. Technology is just a means to an end.

INTRALOT didn't invent NFC, Near Field Communications. But you are applying it in a way that is transforming the retail shopping experience.

A. Kerastaris: Exactly—that's it. You don't need to be the inventor or owner of the technology to be the user of the technology. Instead of dissipating our resources on invention, INTRALOT channels all its resources into improving the consumer experience. Instead of trying to invent everything we sell, we focus on harnessing the very best that is available. This is a true "best-of-breed" model. A true commitment to best-of-breed requires having the flexibility to apply the best technology regardless of who invents or owns it.

Our R&D goes into the applied stage of the process. We endeavor to understand the big ideas of this world for what they are, work with a broad variety of solution-providers, and forge win/win situations.

BROADENING THE PORTFOLIO OF GAMING PRODUCTS

Speaking of best-practices, don't we need to benchmark against the very best practices as they exist outside of our industry?

A. Kerastaris: Our industry is unique in some ways, and that has perhaps caused us to look for solutions and success strategies of others within our own industry because they can be more easily and readily applied to our own business. The problem is that others in the broader category of gaming and gambling are innovating at a much faster rate than government-gaming. They are recasting ideas that may have originated outside of the gaming and lottery industries to create whole new ways to capture the attention and interest of the consumer.

You were Telecom

A. Kerastaris: Like government-gaming, Telecom perceived themselves to be unique. They thought their business was driven by technology and scale. Everything started to change a few years ago, when they figured out that it's really all about the consumer. Instead of assuming they knew what the customer wanted and they just have deliver more of that, they stepped back to ask basic questions and explore the habits of consumers, how the customer uses the product, how the products fit into the consumers' lifestyles, and ultimately how the product enhances their lives. The Telecom companies which adapted quickly are doing well. Those that did not act so quickly, are not doing so well. The thing is, by the time the changes become apparent in the market-place, it is often too late for the slow-responders to catch up to the market-leaders. And when that happens, the market-leaders then have the additional advantage of being change and innovation oriented, so the usually continue to distance themselves even further from the second-tier players. The positive thing for Lottery is that much of the cost and risk associated with innovation has already been incurred by others. All we need to do is apply some imagination to see how the solutions and success strategies that have been applied to such great effect outside of our industry can be transposed to our own.

Regardless of whether the benchmarks are within or outside of our industry, we need to take into consideration all the factors that do make each situation unique. Every market-place, every gaming culture, every regulatory environment, and countless other factors are unique to each individual business. We do need to always be clear on the specific nature of our own business when it comes to reimagining how success strategies of others can inform our own approach to the business.

The online world is reshaping the market-place. How can government-gaming adapt to

... Continued on page 90

constitutional under United States Supreme Court precedent applicable to broadcast advertising of lawful gaming.)

In summary, while the RAWA may be intended to prohibit wagering via laptop computers and mobile devices,¹² its actual effects would be much more far-reaching. If enacted, the RAWA would make unlawful several of state lotteries' customary and traditional activities.

As has been widely reported, the RAWA is backed by Sheldon Adelson,¹³ the billionaire owner of Las Vegas Sands, which operates casinos in Nevada, Pennsylvania and Macau. Mr. Adelson has vowed "to spend whatever it takes"¹⁴ to stop online gaming in the United States. According to one industry source: "Adelson met [in January 2015] with House Speaker John Boehner of Ohio and Republican members of the House Judiciary Committee who told him the ban could be passed by the committee and sent to the House floor as early as the Easter recess."¹⁵

It is highly ironic that the RAWA is being championed mainly by conservatives, who generally seek to shrink the size and influence of the federal government and champion the right of states to govern themselves. On this basis, however, numerous conservative organizations and individuals have come out against the RAWA. These include the American Conservative Union, the Campaign for Liberty, the Taxpayers Protection Alliance and the Competitive Enterprise Institute, as well as Grover Norquist, President of Americans for Tax Reform¹⁶ and former Presidential candidate Ron Paul (who has called Adelson's backing of the bill political "cronyism.")¹⁷ The primary reason for their opposition is essentially the same as in 2014, namely, that it would usurp the historic prerogative of states to decide for themselves what, if any, gambling shall be permitted within their borders.

The National Council of Legislators from Gaming States ("NCLGS") is another strong and important¹⁸ supporter of states' rights. On January 10, 2015, less than a month before the RAWA was introduced, this non-partisan organization of state lawmakers

issued its Policy Framework for the Regulation of Internet Gaming,¹⁹ a set of standards to help safeguard both states that wish to participate in internet gaming as well as those states that do not. In that document, the NCLGS presented its core belief: "NCLGS does not support or oppose gaming, but supports effective regulation and believes that decisions related to gaming should be made by citizens of the individual states and their elected officials."²⁰ In 2014, the NCLGS was strongly opposed to that year's version of the RAWA (which is identical in language), stating that the bill "would effectively preempt the historical and constitutional right of states to regulate gambling within their borders."²¹

As to the likelihood of the RAWA becoming law, one commentator has stated that: "Even if you reject [the conservative opposition, the poor-optics associated with Sheldon Adelson's support of the RAWA and certain other factors], general Congressional inertia and the lack of broad political interest in the issue of online gambling basically guaranty that this bill never makes it to a vote, let alone [e] into law."²² However, in our view, the risks to state lotteries associated with possible passage of the RAWA are so great that state lotteries would be wise to voice a strong and unified opposition to the bill, whether or not they currently have plans to implement lottery games online. As stated by many state lotteries already, it has long been—and it should remain—the prerogative of the individual states to determine the types of gambling allowed within their respective borders. ■



Mark Hichar is a Partner with the Hinckley Allen law firm and is the Chair of its Gaming Law Practice Group. Ashley Taylor is a corporate associate and member of the Gaming Law Practice Group at Hinckley Allen. Mark and Ashley represent operators of casinos, internet gaming websites, and providers of gaming systems, software and services, among other clients.

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22 "The Restoration of America's Wire Act – Breaking Down The Sheldon Adelson-Backed Online Gambling Ban," by Chris Grove, OnlinePokerReport.com, February 4, 2015, at <http://www.onlinepokerreport.com/11725/graham-chaffetz-introduce-anti-online-gambling-bill/> (last accessed March 9, 2015).

SCIENTIFIC GAMES: A WINNER FOR LOTTERIES & RETAILERS

Driving incremental sales for three U.S. lotteries



For lotteries, success at retail is more than a numbers game. Still, many U.S. retailers seem to miss a golden opportunity along the consumer path to purchase to improve the odds of their sales success in the lottery category. That's precisely where three innovative state lotteries are changing the game.

State lotteries and retailers in Maryland, Ohio and Georgia are all participating in a retail merchandising program aimed at helping them improve their sales strategies through improved category management. Built on years of industry insight and a deep understanding of the consumer, the program uses solid data paired with a "business school" approach to sharing best practices – all while increasing opportunities for hands-on, store-level teamwork that forges stronger relationships between lottery sales reps and the retailers they serve.

MARYLAND'S MULTI-PHASE RETAIL PROGRAM LEADS TO INCREASED SALES

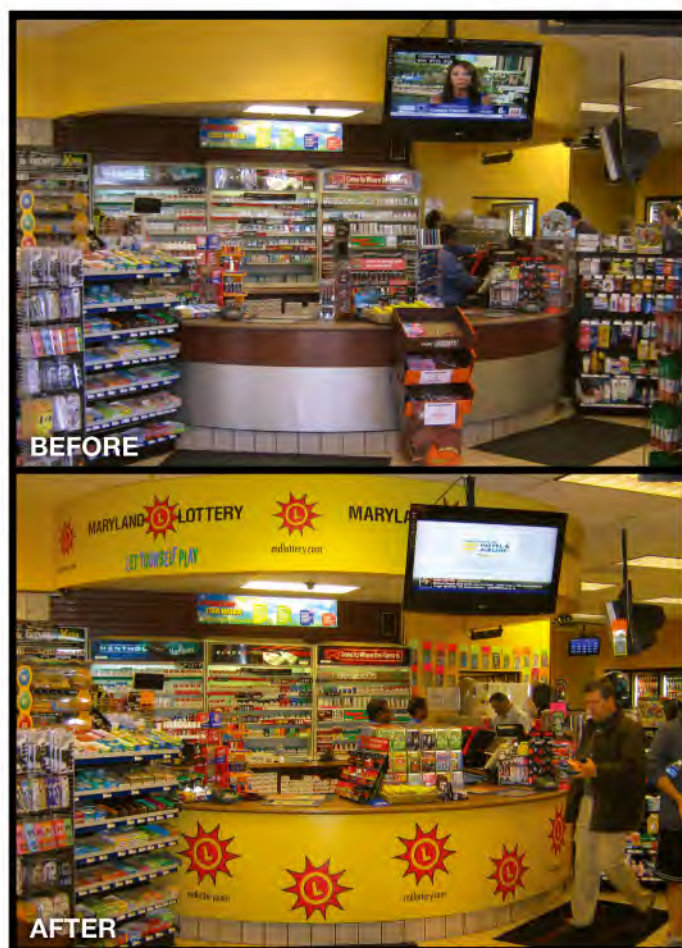
For the Maryland Lottery, success has come from implementing an innovative "boots-on-the-ground" retail program. Three years ago, the Lottery launched a program that went beyond merchandising and product placement to include analysis of traffic flow patterns, proper game mix and product placement, and profit per square foot. And it took a hard look at the lottery category's impact on overall store profitability.

"Our biggest win is the growth and success of the SalesMaker™ program offered through Scientific Games. When the program began, we had less infrastructure and support than we do now. Now, we have merchandise solely devoted to specific locations and employees who are dedicated to making the program a success," said Jonathan D'Alessio, Merchandising Manager for the Maryland Lottery Gaming and Control Agency.

These locations are outpacing the rest of our network in terms of sales – and that means the program is working. We are excited to see how the 2014 makeovers track in the coming months.

- Jonathan D'Alessio
Maryland Lottery Gaming and Control Agency

D'Alessio said that makeovers performed in 2012 saw an increase in their total year-over-year sales by more than \$4.7 million



Customers can't miss the Maryland Lottery's presence at Lakson Mart in Linthicum, Maryland after SalesMaker's best practices rolled out.

or 3.4%; in 2013, those retail locations saw a year-over-year increase of more than \$6 million or 2.9%.

From adding facings and relocating key impulse buys to conducting detailed surveys and managing store makeovers, the Maryland Lottery and its retailers have worked closely with professional lottery retail development specialists from Scientific Games to gain the insights, guidance, and customization they need to better position current and emerging games while keeping all of the games exciting to customers.

While the Scientific Games team conducted the Maryland Lottery's initial sales force and retail training, and managed several

of the first store makeovers, the State has since made the SalesMaker program their own with oversight from D'Alessio and John Martin, Assistant Director for Lottery, Maryland Lottery and Gaming Control Agency.

"Experience, review and time have allowed us to learn, adapt and streamline the program and make it the success it is today," said D'Alessio.

GEORGIA'S SALESMAKER RETAILERS AVERAGE 12% SALES INCREASE

For Bill James, Director of Corporate Accounts and Retail Development for Georgia Lottery Corporation, the success of the SalesMaker program can essentially be summed up in one word: makeover. The program began with retailer seminars and continued with the selection of 200 locations for store makeovers that included product education on dispenser and terminal placement, new dispensers with face cards, heightened winner awareness, door/window wraps and more suggestions aimed at enhancing lottery product sales.



SalesMaker amplified the Georgia Lottery's presence at the entrance to Short Way in Cartersville, Georgia.

In the program's first year alone, approximately 110 locations were given makeovers that resulted in a net increase in total lottery sales (over statewide average) of 12% – or more than \$10 million in incremental revenue over the previous year.

Retailers responded positively and have been very receptive to ideas generated from the program. Those with the best results were the stores that involved key decision makers and sales reps from the initial consultation, and those that remained involved throughout the makeover process.

The Georgia Lottery's biggest win has been the increase in incremental sales. Draw game and instant game sales at these locations have significantly outperformed other retail locations.

- Bill James
Georgia Lottery Corporation

SALES RISE 11%+ AT NEW LOTTERY DESTINATIONS IN OHIO

The Ohio Lottery began SalesMaker in 2011 by creating lottery "destinations" at 15 retail locations in the state. "From that point on, our dedicated team of two to four people was ready to begin completing more [destinations] throughout the state using the best practices learned," said Patricia Vasil, Deputy Director of Sales. "Once we completed the initial 100, we continued to do more at locations that showed potential to increase sales."



Lucky Stop in Cleveland, Ohio is now a lottery "destination" following the store's participation in the SalesMaker program.

Vasil said one of the biggest benefits to the Ohio Lottery was the increased teamwork between retailers and sales reps. She said it has provided reps with "a chance to work with each other, learn from each other and build a camaraderie that makes for a better working environment."

LOTTERY RETAIL BY THE NUMBERS

LOTTERY
SALES
RANK
2ND
ONLY
TO
CIGARETTES

CIGARETTES
\$537,000

LOTTERY
\$437,611

FOODSERVICE SALES
\$296,760

2013 gross inside sales per store

ON AVERAGE, **LOTTERY PLAYERS** SPEND

70% MORE

ON IN-STORE PURCHASES
THAN NON-LOTTERY PLAYERS

LOTTERY PLAYERS ARE



90% MORE LIKELY TO BUY
CIGARETTES



73% MORE LIKELY TO BUY
BEER



54% MORE LIKELY TO BUY
CANDY



45% MORE LIKELY TO BUY
SODA

THAN NON-LOTTERY PLAYERS

AN AVERAGE
RETAILER
EARNS

\$32,500

IN PROFIT PER SQUARE FOOT ON LOTTERY **ANNUALLY**
based on 14 sq. ft. lottery display

**LOTTERY CUSTOMERS,
ON AVERAGE, MAKE**

\$13
IN
NON-LOTTERY
PURCHASES
EACH VISIT

**U.S. C-STORES LEAD
BIG-BOX COMPETITORS
WHEN IT COMES TO
SELLING LOTTERY**

62% OF TOTAL
U.S. LOTTERY
SALES ARE
GENERATED BY
C-STORES

**LOTTERY
SALES \$36.1B+**

Source: National Association of Convenience Stores, La Fleur's Almanac,
Doublebase GfK, Impact 21, Scientific Games.

SG
SCIENTIFIC GAMES™

SalesMaker
A SCIENTIFIC GAMES™ RETAILER PROGRAM

Ohio Lottery's Program Administrator, Patrick Kennedy, said the Lottery's own 2014 Summer Fun program, based on the SalesMaker program's best practices, focused on store exterior revamps using banners and window decals as a brand refresh and customer magnet. It helped drive customers in-store for more purchases and leading to an 11.6% increase in instant game sales.

"Both the SalesMaker and Summer Fun programs have both been valuable to us and we look forward to continuing with them in the future," said Kennedy.

The overall lottery presence in our revamped stores has not only created more product visibility and winner awareness, it has really turned these locations into lottery destinations.

- Patrick Kennedy
Ohio Lottery

AN INSIGHT-DRIVEN, RESULTS-FOCUSED PROGRAM

All three states have experienced results from the SalesMaker program developed by Scientific Games, which has its global lottery headquarters north of Atlanta. The retail development program provides retailers with insights on deeper consumer awareness and buyer statistics from point-of-entry to point-of-sale. An in-store digital advertising system shares promotional messages about games, winners and "winning" stores on video monitors that customers can't miss.

The company's understanding that lottery sales rank second only to cigarette sales at C-stores helps lottery retailers maximize category sales by better positioning the lottery brand in key locations, leading consumers from curb to counter while boosting sales opportunities in other categories. Research shows that on average, lottery players spend 70% more on in-store purchases than non-lottery players – creating a potentially huge, yet often under-capitalized sales opportunity for retailers.

Turning data like this into strategic store makeovers that better guide consumers toward lottery purchases is where the greatest impact on profitability can occur. "It's really all about creating a lottery 'emporium' presence in your store," said Michael Grouppe, Retail Development Specialist and Marketing Analyst for Scientific Games. "The goal is to build profitability while making it easier for consumers to engage, play, win and turn more of their winnings into in-store impulse buys."

TURNING REPS AND RETAILERS INTO EXPERTS

For Jeff Sinacori, Vice President, Retail Development for Scientific Games, sales is second nature. During his days as the No. 1 selling New York Lottery retailer, Sinacori realized he needed to generate more incremental revenue in order to stay in business. He realized that lottery was basically a free product to him as a store owner, and all he had to do was figure out how to sell it and earn commission. Paying attention to sales traffic, profit-per-square-foot and the "low-hanging fruit" led to building one of the most



Once the New York Lottery's top-selling retailer, Scientific Games' Jeff Sinacori works with a retailer.

successful convenience store lottery programs in the country at Scientific Games. He now helps other retailers build their own successful lottery business.

"You might look at it as merchandising, but that's only a piece of the puzzle," said Sinacori. "The educational part – learning how to sell lottery and combine it with other products at the front counter – makes SalesMaker more of a business program. Retailers have responded positively. The more we work with them, the better their sales get."

Sinacori said retailers appreciate the "business school" approach to learning how to sell lottery as a category. The curriculum for seminars and field-level training covers key elements such as:

- Benefits of double-facing instant games
- The importance of creating winner awareness at lottery locations
- Using a profit-per-square-foot analysis to show retailers how to maximize sales
- Creating a lottery environment/destination that enhances the consumer experience
- Getting the retailer to dedicate valuable counter point-of-sale space to elevate lottery visibility and generate more impulse purchases

While all of these contribute to a better bottom line, it's the profit-per-square-foot analysis that is the star of the program. "Once retailers see how much revenue they can earn on lottery products versus other impulse-type purchases such as lighters and energy shots, they are more inclined to position lottery products front and center," said Sinacori. "This program is not only a best practice for lottery, it's also a best practice for retail business overall."

The program's seminar and field training is offered for lottery sales reps as well as sales managers, while the merchandising education happens with retailers in-store. For everyone involved, the process is an eye-opening experience. Now, corporate chains are eager to learn and implement best practices.

"It's amazing how quickly and successfully retailers immediately begin to implement what they've learned in the seminars," said

Sinacori. "They love the business school approach and the unique educational opportunity. Even the best of the best can still improve their sales."

EXTENDING MARKETING REACH

Group said the biggest challenge for many retailers is staying current, since most depend on their clerks for virtually all new game launches, maintenance and refresh of in-store promotions. That's where another level of service comes into play.

A second-level component of the SalesMaker program takes retail development out of the hands of just a few and expands it to include marketing and sales reps from across the country. These reps work with store owners and managers to find lottery solutions that not only increase sales but also ease pain points.

"This approach creates a very direct connection between the lottery and the retailer versus a third-party merchandising company," said Angela Saviano, Director, Retail Insights for Scientific Games. "It shows retailers that lotteries are creating customized ways to further support their business."

The program is driven by both merchandising and sales techniques. Expanding know-how and hands-on experience throughout the organization enables Scientific Games to provide specialists to aid lotteries in their retail development initiatives and pass more knowledge on to their sales personnel. The more experts, the more outreach; the more retailers that are impacted, the more sales realized.

Specialized Scientific Games employees are experts in SalesMaker's best practices, from merchandising, traffic flow patterns and selling the importance of lottery to overall store profitability, profit-per-square-foot analysis, proper game mix and product placement.

MOVING FORWARD

An educational, hands on, one-store-at-a-time approach sets the SalesMaker program apart. Through the combined efforts and creative synergies of reps and retailers, this program has changed the way the Maryland, Ohio and Georgia Lotteries interact with both their retailers and with consumers.

Sinacori said, "One of the reason these lotteries have all had success is by getting their retailers to commit to allowing Scientific Games to make changes at retail – and sometimes these are sweeping changes."

"These business concepts have become ingrained as the way these three lotteries do business with their retailers to drive incremental sales," said Saviano. "It takes a lot of hard work and the results continue to grow steadily. We applaud all of these lotteries for what they've done with their retailers and ultimately, to benefit the good causes in each of their states." ■

The Power of Now

REAL TIME INFORMATION IS CHANGING THE GAME

In the few seconds it takes you to scan this sentence, millions—if not billions—of data packets have crossed the globe, keeping businesses, organizations and governments updated with key information in real time. Critical decisions are made based on the real time value of this data, with users placing increasing reliance on the advantages this brings—what we call: “The Power of Now.” In fact, almost every decision affecting the global economy—from commodity prices and transportation routing to retail inventory and entertainment—is harnessing and acting on “Now” information.

From the perspective of a lottery, effectively harnessing the Power of Now can unlock many new revenue opportunities. This is being accomplished through the use of today’s mobile technology to get the most current and relevant data to those Lottery staff members that can make the best use of it, specifically the field sales team. Readily available, inexpensive mobile devices such as tablets and smartphones, along with specialized sales force soft-

ware, place the Power of Now in the hands of users anywhere at any time on all their devices.

With major international retailers increasingly managing their enterprise operations in real time, lotteries are wise to consider the many benefits this model provides. Traditional methods of managing retail locations and their inventory through spreadsheet-based reports, often based on stale, local data and lagging indicators, is rapidly giving way to the power of real time visibility, two-way information flow, and features that provide far more precise and effective optimization of retail operations.

- How much more effective could a retailer visit be if your field sales staff had real time visibility into the game inventory and facing status for every store they visit, even before they arrive?
- What about knowing the trending velocity and up-to-the-minute popularity of each game being offered—how might this information augment the reliance on static, manual planograms and traditional reordering patterns?
- Imagine if your sales managers could view and adjust the activity of all sales reps, state wide, in real time. Could ad-hoc changes to a field rep’s daily schedule and route be used to proactively address dynamic sales trends and jackpot fevers?

We asked several Lottery industry professionals for their views on how the Power of Now can be used to increase lottery sales. We wanted to know what lotteries can do differently today, with real time management and sales intelligence, increasingly powerful and cost effective mobile devices, high speed communications, and powerful but easy to use applications that can deliver The Power of Now to their user base.



SELLING RETAILERS WITH THE POWER OF NOW

by Jan Kessinger

The advantage of having real-time information on a sales call, or from a sales management perspective is the difference between taking initiative and making things happen compared to always playing catch-up, or reacting on a sales call. When you’re talking to a retailer about current sales performance, it carries a lot more weight than looking back a few weeks. Too often, a sales rep is forced to go into a store blind to what awaits. With real-time data, a sales rep can see a clear picture of the store, its inventory, its sales performance and be able to anticipate the needs of the retailer before going into the store to make a call.

From an inventory management standpoint, millions of dollars

of sales are lost because of out-of-stocks and empty bins. Countless sales are lost because of the lost opportunity from lack of inventory of hot games, or game displays being clogged by slow-moving games. Real-time data and the capability to get a snapshot of performance greatly reduces inventory issues that hurt sales. From a sales management standpoint, real-time data puts management ‘in the now,’ where a manager can see the way things are, not just the way things were. That puts management ahead of the game and not always chasing.

With real time visibility, lottery management can identify trends in sales activity and target sales opportunities much more quickly and precisely than ever before. By identifying opportunities earlier, the sales person and their managers can make changes as they are needed, rather than responding reactively. The “Power of Now” provides many new possibilities to enhance lottery retail sales growth.



NOW SHOWING: TODAY'S MOST POPULAR GAMES

by Dr. Stephen Wade

Lottery managers want to be nimble and responsive to the market, but they are not getting the information they need to do this well.

What happened last month may be pretty well reflected in the record of pack activations and settlements. These are accounting transactions that tell about what our retailers did. However, if we want to know what our players are doing right now, we need to look closer to the player and we need to look sooner. To be nimble we need to know where the retailers are going to end up at the end of this month, not last month. The retailers are going to end up where the players are taking them.

In the old days, the amount of IT work required to get real-time insight into what players are doing may have been prohibitive. That is not much of a challenge now. The challenge is to adopt and use more meaningful measures. And by “use,” I mean applying the information to do something different than we would otherwise have done. Better information gives us confidence to put tickets where they are needed. For example, knowing which instant games are being consumed faster by players, and then being able to take real time actions to adjust inventories and facings, can translate into higher sales and more efficient inventory flow; this is what the Power of Now means to me.

Using current business intelligence on what players are doing helps lotteries avoid two obvious problems: being “out of stock” on games that are moving quickly, and being overstocked on games that are moving slowly. Empty bins that should be serving the most popular game are a glaring lost opportunity. At the same time, too many packs of less popular games will eventually be returned for credit and may end up being shredded.

In my work, I have defined a quantitative way of measuring popularity that has turned out to be very useful. I have called this metric the “Popularity Index.”

The “Popularity Index” metric is based on the familiar retail concept of “turn rate.” Retail turn rate compares the rate of sales to the value of inventory. People who run stores buy inventory they sell to customers. At any given point, retailers have a measurable amount of money tied to the inventory that they carry; or the value of inventory. When the inventory is sold, retailers often talk about the rate at which they turn inventory into cash, or “Turn rate.”

The turn rate is much more meaningful than a simple rate of sales per week. Consider how it can be used to compare retail-

ers: \$5,000 of sales per week in a store where the average value of inventory is \$2,500 is a turn rate of 2.0, and that is stellar. Five thousand dollars per week from a chain that averages \$20 thousand of inventory is a turn rate of 0.25, and that may be a concern. High turn rates occur when inventory quantity and product selection most closely match consumer desire. Low turn rates often occur when we have too much inventory of products that are less popular.

Just as we recognize that the proprietor of the one-cooler shop with a turn rate of 2.0 (in this case with units “per week”) is doing a better job of managing lottery inventory than the big chain, we can recognize that a game with a turn rate of 2.0 is doing a better job of moving through the retail pipeline than a game with a turn rate of 0.25 per week. When we use turn rates to compare games, we are talking about the rate at which players are converting the inventory held by all retailers into cash. Players may be buying \$250,000 per week of two games. However, selling this volume is a bigger accomplishment if the value of the game’s inventory across all retailers is \$125,000, than if it is \$1 million.

When we compare games, we usually compare within a mental category; “Which of these \$5 games are we going to need more of?” To answer this kind of question, and to make the whole business of measuring popularity more intuitive, I defined the Popularity Index as the turn rate of the particular game, divided by the turn rate of the category to which it belongs. A game of average popularity has, intuitively, a popularity of 1.0 and the metric has no dimensions.

How we get to this number

When retailers talk about sales, they are usually talking about sales to their customers. When lotteries discuss instant ticket sales, the language may have variations. When some lotteries say “we sold” they mean “the retailer agreed to pay” (this is activations called sales). Other lotteries say “we sold” when they mean “the retailer paid” (this is settlements called sales). Activations and settlements define an accounting view, but they do not directly reflect what the retailer’s customers are doing.

By knowing that 10,000 winning tickets of a game called “Lucky Diamonds” have been validated for prize payment this week, and that the game has odds of 1 in 3.0, we can reliably calculate that about 30,000 tickets of that game have likely been played this week. We may estimate more accurately if we take a small rate of unclaimed prizes into account. Some lotteries monitor this and call it “likely sales” or “validation-based sales.” By expressing likely sales over a period of time, we get very close to what a retailer would call rate of sales. We might define our units as “tickets per week” (30,000 per week) or “dollars per week” (\$300,000 per

week for a \$10 game), and then take this down to a daily rate.

Further, if we know that retailers statewide have activated one million dollars' worth of these \$10 tickets in the life of the game, and that likely sales to date have amounted to \$700,000, we can estimate that the current value of inventory in Lucky Diamonds is \$300,000, over all retailers. A game with \$300,000 of likely sales from an inventory of \$300,000 has a turn rate of 1.0 per week: retailers are turning over the value of their inventory once per week.

This sounds pretty fast, but again, compared to what? This is where we compare games within categories—for instance, all the \$10 games. If all the \$10 games have a current value of inventory of \$1.2 million and if likely sales of all of them amount to \$0.6 million, then the turn rate of the \$10 category is 0.5 per week. Lucky Diamonds has a turn rate twice that of the category to which it belongs. This quantity—the ratio of the turn rate of the particular ticket to its category—is what I have called the Popularity Index, in this case is 2.0.

With real time visibility and alerts triggered by emerging popularity of games, lotteries can now adjust not only their inventory mix and quantity, but also the merchandising. Adjusting inventory and merchandising more quickly to the real time velocity of demand, the higher the sustained turn rate, and thus revenues.

Fine Tuning

Real-world experience tells us that it is useful to also consider the “types” of stores and the associated “turn rates.” Player and trade-

style segmentation can provide a good answer to this question.

Lottery marketers typically think of applying segmentation to answer the question; “How many kinds of players do I have?” A segmentation analysis usually yields not just a number, but a brief description of what really matters to each player segment, and how important each is to your total business. This is meant to help focus marketing efforts. A “Turn Rate” segmentation of your retailer base would let you group retailers according to the preferences expressed by their customers. By studying the velocity of how particular games have moved through each store in the past, lotteries may have additional insights to group the stores into more meaningful segments for more real time inventory management actions.

The Power of Now

When the next jackpot draw game rolls over multiple times, lotteries know it is time to increase and stock up on all consumables from play slips and pencils to ticket paper rolls. The focus is not on the historical or average demand for these consumables, rather it is on taking action to make sure the short term increase in popularity is fully met by each retailer. Running out of supplies during a jackpot sales spike would be unthinkable. The Power of Now means lotteries can apply the same real time game management practices to instant tickets.

What you need to know now is information that can be tracked in real time, acted upon in real time and, when integrated over a meaningfully broad and consistent base, offer new insights into inventory optimization.

CONCLUSION

The Power of Now is unleashed through the effective use of real time lottery sales force automation solutions. With features supporting enhanced instant ticket management and merchandising tactics based on real time retail intelligence, as well as managerial tools providing more effective route planning and retailer communication, a new generation of sales force automation systems are allowing lotteries to harness the Power of Now, and are serving a rapidly-growing role among forward-thinking lotteries in their efforts toward increased sales.

“The Pennsylvania Lottery relies heavily on real-time data to optimize and increase sales,” said Deputy Executive Director for Retail Operations Eric Grubbs. “We can’t afford to allow an underperforming game to take up precious shelf space, so our sales representatives use this crucial data to keep game inventories fresh and tailored to an individual retailer’s needs.”

There has never been a better time for lotteries to harness the benefits of the Power of Now. Increasing collaboration using more flexible and customizable platforms like gemIntelligence, lotteries

can more rapidly turn innovative new sales and inventory management ideas, like those presented in this article, into automated software applications. Those applications can then quickly be enhanced over time as measureable results and experience is achieved. By combining this more rapid translation of innovation into action, with increasingly powerful and cost effective mobile devices and reliable high speed communications, lotteries can accelerate toward the next level of “Retail Intelligence;” the ultimate benefit of the “Power of Now.” ■



Authors & Contributors

Written by Lapis Software Associates

Contributing Writers:

Jan Kessinger is President of Henderson Kessinger Consulting

Dr. Stephen Wade, serves as Research and Development Manager for Washington's Lottery and provides consulting services under Lottery Management Consulting, LLC.

A Sales Rep's View: The Popularity Index with a Real-Time Sales Tool

As you enter the next location on your sales route, your lottery mobility application alerts you that a recent new game, Lucky Diamonds, has achieved a popularity index of 2.0 based on its sales trends over the past several days. A glance at the mobile application's Popularity Dashboard displays the current inventory of Lucky Diamonds at this outlet in a graphical format, and indicates that the higher turn rate for this game mandates additional inventory. A system generated "Recommended Order" suggests the ideal quantity, and you use the touch screen to quickly place the required order. This in turn is immediately received and acknowledged by an automated workflow process in the Lottery back office. Next, a pop-up merchandising suggestion based on the trending popularity of Lucky Diamonds alerts you to increase the number and position of the facings used for this game. As your visit concludes, you use the mobile application to register the task completion and take a photograph of the updated display which is recorded to the retailer's record and available to other system users as needed, as is a record of your visit. Meanwhile, the order you placed is being reviewed and will be filled and shipped within hours, with a shipment confirmation sent to your device as soon as that happens. ■



HOW TO INCREASE THE PERFORMANCE AND PROFITABILITY OF HIGHER VALUE GAMES



The Growing Use of High Value Instant Games

Each day more lotteries are demonstrating that there is a growing market for higher value instant games. The trend toward the use of games that have a face value of \$25 or more has continued to accelerate. In 2013 only four lotteries had run games with face values of \$25 or more. In 2014, the number of lotteries running games valued at \$25 or higher jumped to 17, with the Texas and Minnesota lotteries leading the way with their \$50 scratch off games. There is definitely a significant trend toward the growing use of higher value games.

Currently, the Ohio lottery is running two \$30 holographic games and the Florida Lottery is running two \$25 foil games. Ohio and Florida applied enhancements to those tickets. Ron Fornaro, Instant Ticket Manager at the Ohio lottery, observes: "These types of games have been a part of the success we have seen in our higher price point sales. We use just the right number of these games to complement our other games at the higher price points." What exactly is the benefit to spending money on foil and holographic enhancements? "The appearance of these tickets definitely assists the tickets to stand out from other tickets. We currently have about 50+ games on sale at one time. When you can put two or three games out there that are designed differently it will definitely catch the players' attention. We believe that the material helps the player's perception that these tickets have a rich, high quality appearance. These games help to attract players but we also have to make sure that we provide a prize structure that

appeals to the player. We see these games sell, on average, at a somewhat higher pace than our regular games."

Justin Rock, Product Manager at the Florida Lottery adds: "We utilize foil paper stock in a variety of scratch-products and have found it to



be a useful tool when launching exciting new games. This is especially true at our higher price points, where we want to do everything possible to ensure a product stands out at retail. Through focus group testing, we know that the use of foil and holographic board definitely has an impact on player purchase habits. It's attractive, eye-catching and conveys some sense of increased value to the player because it's not used on every single game. We often associate foil board with our spotlight tickets (higher top-prizes, better odds, etc) which obviously helps to bridge the increased value perception. Foil tickets stand out exceptionally well in dispensers, making it easy for players to identify games when making their selection. For those reasons, I feel confident that we will consider using use foil board, and likely holographic, in our Scratch-Off portfolio."

Strategies for Increasing the Sales of Higher Value Instant

Higher Payouts

- To incentivize players to play higher value scratch games, payout percentages have to be increased, sometimes as high as 83% which is the case for "Granite Millions," a \$25 game that is currently being sold by the New Hampshire lottery. This game is being promoted as having the highest payout in the USA.
- By definition, higher payouts result in lower profitability percentages, which have to be compensated for by higher sales of these games. Higher face value games must have better sales performance to optimize the profits that they will return to the lottery.

Larger tickets

- Additional ways that are being used to promote the sales of high value instant are to use larger tickets, sometimes as large as 12in x 4in, which allow extra space for additional scratch areas, thereby giving players more opportunities to scratch and win.

Higher top prizes

- Of course, players of high value games are also incentivized by the use of higher prize structures as demonstrated in the three recent games cited below:

Florida Lottery	\$25	
\$10,000,000 Florida Cash		Top prize \$10,000,000
Georgia Lottery	\$30	
\$10,000,000 Cash Spectacular		Top prize \$10,000,000
Ohio Lottery	\$30	
\$500,000,000 Spectacular		Top prize \$10,000,000



- Featuring larger, multi-million dollar top prizes will certainly provide additional incentive for players to play instant games for \$25 or more.

Enhanced visibility

- In addition to increasing the size of their tickets to make them stand out, the high value games shown above from Florida, Georgia, and Ohio all used foil or holography to increase their visual impact at the point-of-sale.
- There is an additional cost to use these materials, however when they are used on higher value games, the extra cost can be quickly absorbed by the incremental sales that they generate.
- A profitability calculator has just been developed by the Hazen Paper Company to demonstrate that only small a sales increase is needed to pay for these materials:

www.holographyx.com/profit (Profit Calculator)

- To illustrate this, a 10in x 4in, \$30 holographic game needs only a 1.8% sales increase to fully pay for the cost of holography. This same game on foil needs only a 0.5% increase to fully pay for the foil.
- These "break-even" points are surprisingly low, especially when considering that foil and holographic games both have proven track records with generating double digit sales increases.
- A study conducted by Scientific Games in cooperation with the Tennessee lottery demonstrated that when holography was added to one of their existing games (with all other key variables held constant) the sales of the holographic version exceeded those of the same game on plain board by 79%:

www.holographyx.com/TN (Test done by SGI and TN Lottery)

- It may seem "counter intuitive" that using scratch tickets that cost more can increase lottery sales and profits, however the lotteries that are using these materials on their higher value games are continuing to use them because they are working.
- In 2015, the trend toward the use of higher value games is continuing to grow, so optimization of the profitability of these games will become increasingly important, especially in light of the higher payout percentages that are typically associated with these games. ■



less than 6% play instant games only, and 33% play both instant and draw games. So the data shows that there is a strong cross-over, particularly in the U.S. I would suspect that the cross-over is even higher in Canada where the government gaming operators also manage the slot and casino gaming sector.

Diversifying the range of product offerings and channels of distribution does yield a competitive advantage in a marketplace where consumers migrate from one category and channel to another. There are lots of different ways to succeed in this business. Look at New York. In the U.S. the New York Lottery has the highest sales of traditional lottery products and this success is happening right alongside their ranking for the highest sales in the VLT space. And they are operated by two different agencies. It's all about delivering great products that appeal to the consumer, connecting with the consumer, and excelling at execution. That can be done just as well with a focus on your core competencies and key products. Of course, the land-based retail network is a tremendously powerful and proprietary asset to government lotteries. Lotteries have the products and the retail network that other gaming operators don't have. Frankly, this forms the basis for a most enviable business model. Lottery does need to evolve with its customer base and the potential to do this is rich with opportunity.

There is another form of migration that benefits government lotteries. The scale of Scientific Games now enables the company to migrate content from one category to another.

G. Isaacs: Of course, this is huge. We are already leveraging the consolidation of a greatly expanded portfolio of brand licenses to add value to lottery products. And we are taking games and brand licenses that outperform in the VLT space and applying them to instant games and other content.

The scale of Scientific Games also enables the transfer of technology from our other divisions over to lottery. Now that we operate

as one company that has unfettered access to all the best technology and talent that exists in Bally, WMS and SHFL as well as Scientific Games, we can bring the very best technologies to our lottery customers. The specific applications of technology will vary, but the breadth of Scientific Games' fundamental brain trust will inform and drive a rapid improvement in the technological infrastructure that supports our lottery operations. Perhaps most importantly, the size and scale of Scientific Games will drive an increase in R&D that will keep our customers on the leading edge of technology.

Insofar as this industry has passed a tipping point at which the rate of change is no longer evolutionary but is now revolutionary, how will Lottery keep up with the marketplace?

G. Isaacs: I don't entirely agree that we have passed any tipping point. Of course, we all need to challenge ourselves to move faster, to develop the products and player experiences that will engage the modern consumer. The tastes and preferences of the modern consumer are changing and we need to accelerate the rate at which the industry changes in order to continue to deliver a player experience that engages and delights the consumers. Even so, I believe the changes are evolutionary and not revolutionary. It is an important distinction that you make and I think it is important that we be clear on the precise nature of our mission. For instance, just because Powerball is not growing at the rate it once was does not mean that we need to brace ourselves for revolutionary change. We may need to introduce new products and perhaps push into the mobile and internet space. I would submit, though, that we have not passed any tipping point that thrusts us into a new world of hyper-change. Change never happens as quickly as we expect. And we need to shepherd the revenue-generating life-cycles of all our products in a prudent fashion that maximizes their performance for as long as possible. The life-cycles of lottery products have proven to be incredibly resilient.

But revenues are flat in all gaming sectors except sports-betting and online gaming. And new gaming options, and potentially new entrants like Facebook and Google, are proliferating.

G. Isaacs: Combine this with the sluggish economy of the last seven years that cut into the discretionary income the consumer has available to spend on gaming and lottery. I would observe that, in light of all these factors, lottery has performed very well over the last seven years. I agree that we can't be sanguine about the challenges we face. And we do need to make our products available in the channels where the consumer resides, which include the internet and especially mobile. And we need to constantly refresh our products to appeal to consumers who are being presented with new and engaging gaming options. Market-driven businesses like lottery all need to keep pace with the consumer. We need to appreciate and continue to leverage the strengths of the products we sell, the business models we operate, and the assets that the business is built upon. We don't need to start a revolution. We just need to deliver great games and make them accessible to the consumer.

Well, I'm glad I asked the question! It's important to temper the impulse of journalists like me to radicalize everything with a more nuanced and thoughtful approach to managing multi-billion dollar businesses.

G. Isaacs: It's a useful role you play. Radicalizing the interpretation of trend lines generates productive debate and a sense of urgency which is certainly a good thing. Yes, the management of multi-billion dollar businesses does require stewardship over the assets that built the business, and a respect for the fundamentals that drive the marketplace. People love to play games. Our business has been based upon and will continue to be based upon creating and delivering the best gaming experiences. In the end, that's what it's always been about and we need to be clear on our mission to fulfill our commitment to making this happen. ■

DELIVERING RESULTS BY DEVELOPING PARTNERSHIPS, NOT JUST GAMES

Over the last year several lotteries have successfully launched their products online. Strategically it's a challenge that all lotteries face in order to appeal to a player base that is spending an increasing amount of time online, especially on mobile. It's also widely accepted that if lotteries are going to successfully appeal to the elusive younger audience then a well thought out digital strategy is key. IWG have been involved in numerous online launches over the last year, from Norsk Tipping in Norway to Georgia and Minnesota in the U.S. and most recently with Loto Quebec in Canada. All of them presented a unique set of challenges but through positive collaboration and the sharing of experience all of these lotteries have launched and are now seeing income generated by online sales.

Most online platforms have the capability of delivering mobile content to players and the majority of lotteries who launched

of online, instant win games provides all developers, platforms and lotteries with a significant technical challenge but this shouldn't detract from the very real business of selling a new product to a consumer.

to build their own online solution we were given the chance to develop a partnership that spans many aspects of launching and running an online platform, especially the mobile offering which launched alongside

"Loto-Québec is very pleased to have benefited from IWG's games but moreover in their strategic input in launching our new online Experience game category. With their expertise and extended portfolio, we were able to offer games playable on mobile, tablet and PC. This key element is important to us to maximise the reach and stay relevant to our players."

Clément Aubin - Head of Internet Lotteries Loto-Québec



When working with lotteries to define how best to launch their products we always discuss in detail the optimal mix of games, the right blend and mix of prize structures, price points and jackpots and the right time to launch new titles, but increasingly we are consulting on the following:

- How to drive traffic to your products with appropriate promotions and advertising and engaging with registered players through email marketing and CRM.
- How best to segment your player base and direct them to the right products on your desktop and mobile sites.
- How to implement all the learnings from ecommerce to cross sell products online, track player activity, deliver contextual links and product offerings.

desktop in February after a period of very rapid development. IWG were able to share our significant experience with HTML5 and mobile to make sure that Loto-Québec could hit their target of a dual launch. With that done we are now focusing on how best to grow the audience by helping to analyze sales data and player behavior.

One of the driving forces behind the success of ecommerce with any consumer product is the ability to have access to key data and analytics that allow you to assess the performance of products and adjust and optimize how they are presented. In most places where we work our lottery customers are sharing with us sales data and detailed analytics that tells us who is playing, how often and when and this is a big advantage, not just in terms of developing the product roadmap but also in how to target players through promotion and advertising.

With every launch we have been involved in it has become clear that the really hard work begins when the games go live. This is why we aim to develop partnerships with every lottery we work with and are shifting the focus of what we do from game supplier to a strategic partner. The openness of the lottery industry allows us to share our experience and understanding with the wider lottery community and we firmly believe that everyone, especially the players, will benefit.



recently have included mobile as part of their portfolio. Those who have launched mobile have immediately seen the benefit of doing so but the road to making draw and instant games available on an ever-increasing list of mobile devices is littered with mistakes made and lessons learned. The learning curve is steep and when errors made can directly impact sales it really doesn't make sense to take chances.

The process of integrating games onto a new platform and all that an online launch involves can divert attention away from the equally important job of running what is essentially an ecommerce solution on a lottery website. Launching a portfolio



www.instantwingaming.com



Russell YOUNG

Senior Vice President of Interactive
& Mobile Experiences
Stratacache/Carmanah Signs

PGRI Introduction: Retail is a top-of-mind topic for Lottery, and for good reason. In some markets (like the U.S.) almost all sales go through the land-based retail channel. And in all markets, even the ones which have gone far along the path towards online sales (Europe, Australia, Canada, and others) the vast majority of their sales still come from the land-based retail channel. As an industry, we are invested in Retail, and the vast network of retailers is our best defense against the encroachment of new gaming options that will enter the market in the coming years. Lottery knows it needs to modernize its methods to connect better with the modern consumer. Well, the retail sector needs to modernize too. So why not go there together? Let's work together to bring the digital world right into the land-based stores. Retailers are already creating the shopping experience that integrates consumer-facing devices and monitors that bring all varieties of digital media, interactive messaging, transaction-processing services, and information sourcing tools directly to the guests right in their own stores. Carmanah is in the business of helping lotteries carve out a role for themselves in this modern retail environment. Russell Young helps me to understand what this means and how lottery can take full advantage of the opportunities that it presents.

Land-Based Retail Brings the Internet into the Store "Digitizing" the In-Store Shopping Experience

Paul Jason, PGRI: *I have always thought that Retail has been slow to modernize. But then I was in Bed, Bath, and Beyond last week. They didn't have the vacuum that I wanted, so the clerk walked me over to a monitor where we placed the order online. Free shipping. I asked if I could get free shipping on everything that I bought online and I could. So I ended up not taking anything at all out of the store, and instead ordered everything online right in the store. And Bed, Bath, and Beyond e-mails discount coupons all the time. So I pulled those up on my Mobile and the clerk scanned in the barcode from my cell-phone to activate my discounts. It struck me that this whole experience*

is almost like reverse "showrooming." Instead of using retail to make buying decisions and then going home to buy it from Amazon or some other online merchant, I was able to use the retailer's own in-store online connection to buy a product in the store that the store did not have in stock! Maybe Retail is getting its Mojo back?

Russell Young: I don't know that Retail ever lost its Mojo, but it is definitely pivoting in a big way to bring digital and internet into the in-store shopping experience, just like you experienced at Bed, Bath, and Beyond. Retailers are figuring out how to compete with the dotcom merchants. Shoppers who went

to the land-based store to "showroom" the product, to see and touch the product and then return home to go online to buy it from a different online vendor, had been the bane of the retail sector. Retailers got smart and are now investing heavily in the build-out of an integrated in-store shopping experience. They are using multiple media, like Carmanah's Interactive Video Walls for instance, to capture the attention and engage the interest of the shopper. Retail is now at the intersection of the digital and physical worlds and are bringing these worlds together into their store environment. They are investing in the technologies

that enable consumers to connect with the brands, access the information they need, and fulfill all their impulses to understand and experience everything on their own terms before they buy.

Some people (like me!) will stay buried in their smart-phones while walking the store aisles. So you have location-based apps that lead us around the store, you have personalized messages based on our own personal buying habits and preferences—just like Bed, Bath, and Beyond did with you in your example. You even have price-comparison apps that enable the consumer to answer all their questions so they can make that buying decision right now, there in the store.

Then there are others who are not tied to their Mobile when they are shopping and prefer to have easy access to touch-screen monitors to connect with the brands they're interested in. Or, for that matter, there is the old-fashioned way of talking to a clerk. Retail affords many more options for the consumer to shop according to their own personal preferences.

The main thing is that retailers are finding that the consumer is responding to the digital and interactive connections when given the opportunity, so the technologies that enable that connectivity are being integrated into the modern store design. The goal is to engage, even delight and surprise, the guest with interesting experiences that simply make shopping more pleasurable. That is the pathway to increasing consumer wallet-share from their shopping experience.

The interesting thing about my Bed, Bath, Beyond experience is that they did not have what I wanted, and yet I ended up buying not only the item I wanted, but a lot more than I had intended to buy because I didn't have to carry it out, and the convenience of the whole experience caused me to look forward to my next visit.

R. Young: There is even a name for that. It's called "endless aisle." It's really

like you said—reverse showrooming. Instead of stocking everything so you don't lose the sale to the customer who wants a particular size or color, the store has representative product that enables the consumer to make a decision and then order it online right at the in-store monitor. Presently, like in your example, it is almost always going to be clerk-assisted. Though of course we do have self-serve checkout in grocery stores so we can see the trendline. The endless aisle refers to the fact that everything is made available at the store. In effect, the aisle of product choices and options is endless, not physically on the shelf in front of you, but in the interactive environment that digital technologies are bringing right into the store. The endless aisle brings the interactive dotcom universe right into the store.

So I'm at the moment of truth standing in Target looking at a bicycle for my child. They have black and green but not the red one that my child wants. Doesn't matter because we were able to see every other attribute about the product so we could easily decide that we wanted the bike, and so we ordered the color we wanted at the in-store touch-screen kiosk. The endless aisle enables maximum consumer options while enabling the retailer to carry a smaller inventory. Win-win! Digital technology enables a much better shopping experience while reducing costs at the same time.

The endless aisle is not a new concept. But it is still in its infancy with the bulk of its potential yet to be fulfilled. As the data about customer purchases is captured via digital transactions, the whole nature of shopping will shift from mass market to personalized marketing, and then to customization. The messaging you receive, the channels through which you receive it, the products that are suggested and the kinds of promotions that are offered—everything will be customized to your precise buying habits and interests, shopping style, and communication preferences.

It would seem to me that the land-based shopping environment has a far richer variety of ways to connect with the consumer than does the strictly online shopping environment. Touch-screen monitors, Mobile apps and messaging, Video Walls to create a multi-media entertainment as well as informational experience. In fact, the ability to connect directly with the real-live consumer would seem to give the retailer a huge competitive advantage over the online merchants.

R. Young: It takes vision and the willingness to invest in the technologies that enable it all to happen. But the retail world, and their technology-providers and commercial partners, are just scratching the surface of all that is possible. We haven't even touched on most of the things that are already being done right now, much less the incredible pipeline of forward-looking applications that are being developed.

But you probably need to make sure you stay aligned with your customers, not get too far out in front of where their business is operating here and now today.

R. Young: Absolutely. Carmanah focuses on applied technologies, products that the consumers and retailers are ready for now. But even now, that is migrating from signage to more interactive messaging devices.

Signage is really becoming customizable to the specific needs of the retailer. The content and context is geared to appeal to her specific clientele, to how that clientele may change depending on the time of day and a variety of other factors. And it's not just about a lotto game jackpot size. The messaging can be customizable in countless ways—highlighting local winners and promoting a new instant game, as well as providing how-to-play and responsible gaming information are just some examples.

Play Stations and ticket kiosks with dynamic LCD screens have the advantage of both engaging the consumer and enabling



Play-Station in front of Video Wall

Carmanah Signs helps lotteries and casinos engage their players by designing and supplying digital sign networks, digital media experiences and value-added LED signs. Carmanah is the gaming division of Stratacache, a leading global provider of digital sign software, hardware and network services.

INCREASE LOTTERY REVENUE THROUGH JACKPOT AWARENESS

Carmanah is the global market leader in the development and production of wirelessly-updated lottery jackpot signs, which increase jackpot awareness, retail sales and ultimately revenues for Good Causes. There are over 110,000 lottery retailers with Carmanah wireless jackpot signs in 44 global lottery jurisdictions.

ACTIVATE PLAYERS WITH TARGETED DIGITAL MESSAGES AND EXPERIENCES

Carmanah Signs' digital signage networks and interactive displays engage lottery players at retail by delivering real-time, targeted messages and by providing pleasing digital experiences that build interest and loyalty in the lottery brand.

As traditional advertising becomes less effective, digital signage at retail is becoming the higher ROI option to reach and influence consumers. Using web-based ActiVia for Media software to control and distribute content across the entire digital sign network, lottery marketers can deliver the right message to the right place and at exactly the right time. ActiVia software enables marketers to customize sign content right down to the individual retailer level.

DIGITAL RETAIL PRODUCT EXAMPLES

A single digital LCD sign at Lottery retail increases the sales of the lottery products that are highlighted in each sign. Whether the display is Counter-top style or on the wall in Menu Board style, retail sales can be increased by displaying up-to-date prize values and draw times, advertising the latest instant tickets and sharing up-to-date, local winner data.

Play Stations with Digital Screens can have all the benefits of regular digital signage, along with the ability to include content that needs longer dwell times, such as how-to-play and Good Cause information. The addition of touch screen interactivity in a Play Station brings a whole new level of player engagement to the retail location.

A Video Wall is a spectacular feature that transforms a retail or corporate environment. Installing a high definition Video Wall leads to longer consumer dwell times and elevates the perception of a lottery's brand. A Gestural interactive Video Wall provides customers with fun, immersive experiences that create return visits, social media buzz and player referrals.

Large scale Monitor Game installations across a Lottery jurisdiction are fully enabled by Carmanah's software, hardware and networking services - providing the whole solution to a Lottery when the build-out of a Keno or Virtual Sports network is required.

To see a 2-minute video of BCLC's Signature store, which offers a host of digital interactive experiences, please use the following link: <http://bit.ly/BCLCsig> ■



Interactive Video Wall

the players to enjoy the games without standing at the counter and causing others to wait in line. Of course, this appeals to young people who are so used to the self-serve environment. They don't want to ask the clerk how to play a game. They want to go to a touch-screen Play Station that enables them to learn how to play the games, perhaps go into a chat room to see what others say about the games, and then buy the tickets or play the games right there at the Station, or perhaps print out a bar-coded ticket that then is brought to the retail clerk to pay for it.

Max Goldstein, our Vice President of Sales, encourages me to appreciate that the lottery customer, the retailer and its suppliers, are investing in real-world solutions, products that deliver concrete applications that impact consumer behavior and sales results today. Helping our customers increase their retail sales today is Carmanah's mission. We are also building products that will position our customers for success in a modernized retailing environment. Not everyone is there yet, but we are ready to enable Lotteries to adapt to the new world of digitizing the in-store shopping experience.

The Video Wall is amazing.

R. Young: Yes. The LCD Video Wall transforms the retail environment into an entertainment emporium. Of course, it is also informational and integrates the retailers' business objectives into the content, but the primary objective it accomplishes is increased dwell time of the consumer, and it also elevates the impact and perception of a lottery's brand. Our Interactive Video Walls for lotteries go a step further. "Immersive" is the next big theme in retailing, and gaming too. Gestural Interactive Video Walls provide customers with fun, immersive experiences that create return visits, social media buzz and consumer referrals. They help position the lottery as part of the multi-screen, digital age, and help give the brand more appeal to younger adult players.

It's all about interactive screens, especially touch screens, isn't it?

R. Young: It is. The Power of Touch. It literally puts the world at your fingertips. Even the newest Microsoft product, the Surface Pro, has really robust touch-screen features. Young people expect to be able to direct their universe of information by touch, and soon we will all expect it. So the technologies that retailers are investing in will have the features that consumers are learning to love. Signage already delivers customizable messaging, and in-store devices and channels and display monitors are now enabling fully interactive communications.

All of these amazing new technologies are on display at the BCLC Signature Store, aren't they?

R. Young: BCLC and others are helping their retailers to migrate into a technologically enhanced world. The Signature Store is a phenomenal flagship that enables us all to see the potential and to really understand the fullness of what can be accomplished. To enter the store is to instantly grasp just how digital technology is the key to creating the consumer in-store experience of the future, one that doesn't just engage, it thrills.

The Interactive Video Wall invites the consumers to create their own content, and with gestural commands to turn a picture into a moving picture fantasy environment that tells your own story about what you would do if you won a lottery game, or the lottery jackpot. It becomes a BCLC-branded digital moment that the consumer is excited about sharing socially, just because it is so cool.

Consumers now all want to be producers of content as well as consumers of content. And they need more content to share. We're having a hard time producing enough content to share with our friends. That's evident by the lame things we all post to our Facebook pages! We need more interesting content to share

with our friends. Lottery should enable the consumer to use its branded content to share their love for the games on Facebook. How much more fun for the consumer to post that she won \$100 playing the lottery rather than telling us once again what kind of coffee she just ordered at Starbucks.

You used a phrase "path to purchase" in our last conversation. I Googled that and read up a little bit on it and I hadn't really thought about the aspect in which the online world has little control over the path to purchase. The online world is unpredictable and chaotic. People jump from website to website, price shopping, digressing with other online distractions, and doing it all instantaneously. Whereas in the retail world there would seem to be so much more control over the consumers' path to purchase.

R. Young: Not necessarily. The path to purchase used to be a linear process, right? You saw the commercial at home on TV. You went to the store where the commercial may have directed you to go. You find the product on the aisle. You take a moment to assess the options and make the decision of whether to buy or not, maybe ask a clerk for assistance. That somewhat linear, predictable, path to purchase is a progression that merchants and marketers can, to some extent, guide and influence.

With social media, with the advent of that incredible device that lives in our pocket, our phone, that entire path to purchase has changed. So now, my original awareness may come from what I see on TV. Or it may come from an online ad. Or maybe a Facebook post. It may come from a variety of sources. And then, in between the time that I was first aware of my interest in possibly buying the product to the time that I enter a store, there is a massive array of new information and distractions that come into my world-view via my phone. The smart-phone keeps us connected to the entire universe of information, and the

entire network of communication media, e-mail, Facebook etc. It is identical to having our home computer with us at all times. In fact, young people are coming to rely on their smart-phone for absolutely everything and not even use a computer at all. This means that our thoughts and decision-making processes are never without constant informational input. Ever. That is an amazing thing and it influences the path to purchase.

So I'm in the store now. Well, do I buy this thing? I don't know. Let me scan this QR code to go to price-comparison websites to see if I can get it cheaper elsewhere. What's it cost at Amazon, Costco, Walmart? It takes a few seconds to find out. Let me see what all the competitors have while I'm standing here in front of it. That's where the term 'showrooming' came from. In summary, the path to purchase for the modern consumer is no longer linear or predictable. The inability to control and direct the information-flow makes it much more difficult to influence the buying decision, and this is no less true for the land-based retailer than it is for the online retailer.

The consumer has control of the path. So merchants need to think carefully about the directional cues that the consumer encounters on her path to purchase. But for the sophisticated consumer with finely-tuned filters, it is more vital than ever that signage and messaging be customizable, and that the next step will be to engage and delight the consumer with fully Interactive channels.

R. Young: Lottery is focused on the messaging at the checkout counter. Of course, that is the ultimate spot for POS messaging. But it is not the only point where the decision to buy or not buy is being made, or being influenced. Lottery should think about the expanded sphere of influence it can command in a store environment. How can it convey its message and influence consumer behavior in ways that do not require the product to be

on the counter at check-out? That space is limited and everyone is fighting for it. By all means, Lottery should continue to fight for it because it's the best place in the store. But Lottery should think more about the expanded visual space that surrounds the consumer as she walks through the store. That's what Carmanah does with all its Research dollars - Our mission is to convert that wealth of under-utilized visual space into exciting lottery-selling engines of growth!

And, of course, all merchants and brands need to create that online Mobile connection with the consumer. It doesn't matter if the mobile connection to the customer is transaction-enabled. A Lottery brand's mobile opportunity today is to influence the path to purchase in the land-based retail environment more than it is to directly generate sales. As important as the counter-top at checkout is, we want to make better use of all that time that the consumer spends walking the aisles of the store before they even get to the check-out counter.

Carmanah is now a division of Stratacache. Stratacache supplies all the digital menu boards for McDonalds, and other signage and messaging as well for McDonalds. I would think that McDonalds is just about as good as anyone at using visual cues, signage, and media to influence consumer behavior.

R. Young: The one thing that McDonalds discovered is that if you are not accomplishing the results you want in a particular test, that does not mean that the idea doesn't work. There are two aspects to their basic theory. One is that there is no better ROI than to find the best ways to use all the ambient space to optimize the whole consumer experience. Just like in an Apple store, every detail about the whole physical environment is considered to be critical. So it is not a question of whether you should have signage or invest in the newest Interactive medium. It's not even a question of how much to invest. Their

only objective is to find the best ways to use all the space for optimal impact.

Second, they know that while testing is certainly a useful and necessary step, it does not tell an important part of the story. The impact of a test can sometimes bear little resemblance to the effect it has once the consumer has learned to expect it and look for it, whether it be messaging on a sign or an LTO (limited time offer). That does not mean that everything which under-performs in a test will prove out when it is rolled out in a big way. It does mean, though, that good ideas that end up being hugely successful often times do not test well because they were not given time to build traction and consumer awareness. A new concept doesn't really penetrate the hearts and minds until it becomes ubiquitous and we learn to look for it.

McDonalds sells food, not games. Yet they use games to engage the consumer, maximize "dwell time" in their stores. Lottery is in the gaming business. Maybe we could do a better job of engaging the players at the store, getting them to play games at Play Stations and such.

We build digital-play games for McDonalds restaurants now. McDonalds has all kinds of entertainment options for their guests. Lottery could certainly use in-store video monitors to enable the shoppers to play games right there in the store. Perhaps include some non-money games and also provide tutorials on how the games are played. Insofar as messaging is becoming interactive, the lines of distinction between signage and the gaming product will blur. As we discussed, Carmanah already has products that appeal to the consumer on many different levels. And Retailers, Lotteries and Carmanah are working together now to continue to develop creative new ways to evolve the tools we use to connect with the consumer. The possibilities are limited only by our imagination! ■

HOW THE OHIO LOTTERY TURNED HOLOGRAPHY INTO SALES

The Ohio lottery launched its first \$30 holographic game using Hazen's 3D Holo-lens® technology.

This custom 40th anniversary pattern featuring the Ohio Lottery Logo was produced with no additional cost vs. stock holographic patterns.

The result was the best selling instant game run by the Ohio lottery in the past eight years!

When compared with plain board games, Hazen's recyclable holographic games will consistently generate higher lottery sales and profits due to their increased visibility and superior performance.



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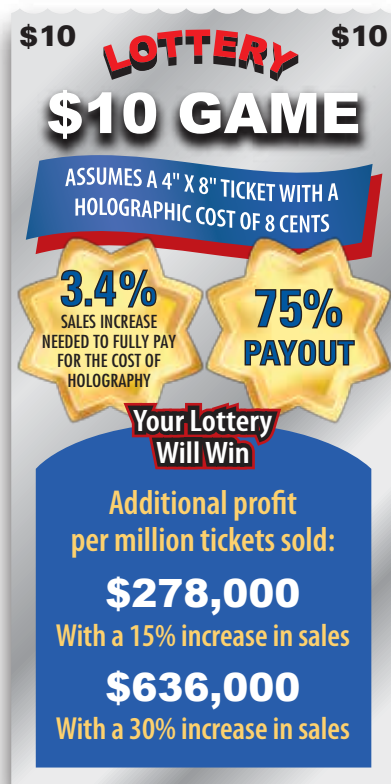
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Using holography with higher value instant games will quickly boost your lottery's profits. That's because the cost of the holography will be fully paid for with less than a 3.4% increase in sales.

Because they are "eye catching", holographic games typically generate 15% to 30% sales increases vs. plain board games and have proven to generate sales increases as high as 79%*. Holographic games are certain to increase your lottery's sales and profitability.



Check out our new PROFIT CALCULATOR to see exactly how much you can grow your lottery's bottom line. Just enter your ticket's size, price, payout percentage, and quantity for your holographic game and you'll instantly see a custom profit chart created for you.

You'll like what you see: visit www.holographyx.com/profit

* The Tennessee Lottery generated a 79% sales increase in a quantitative test that isolated holography as the only key variable. For details, visit: www.holographyx.com/TN



240 South Water Street
P.O. Box 189
Holyoke, MA 01041-0189
Business: 1-413-538-8204
Email: reh@hazen.com
www.hazen.com

HAZEN PAPERS PERFORM

PGRI SMART-TECH CONFERENCE SPONSORS

It's the collaboration between operators and their commercial partners which makes this industry work. It's that relationship that drives innovation and progress. PGRI endeavors to support and nurture that relationship, confident that together we can all 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 PGRI conferences, and all industry events and conferences. 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 PGRI conferences.

Jumbo Interactive Ltd

www.jumbointeractive.com



Jumbo Interactive sells traditional lottery tickets through new online channels. Customers in many countries are using digital sales channels as an easy and convenient way to distribute and purchase lottery tickets.

Technology is revolutionising the world. Traditional lotteries can gain exposure to new customers by selling their tickets online. Jumbo operates under a partnership model, forming official agreements with lottery organisations to create secure transactional websites. Customers can purchase tickets through a Jumbo website and this information is linked back to the lottery's database. The results of the lottery draw and prize payments are passed on to customers through electronic communication with the lottery. It is a zero cost model for lotteries that generates incremental revenue. There are many advantages in digital ticket delivery to the connected customer. Automated repeat ticket purchases lodge customers' tickets automatically each week. New communication tools such as email, SMS and push notifications remind customers to play.

Jumbo is an authorised internet lottery e-retailer through our application and attainment of licences from official lottery organisations and currently operates as an e-retailer for state lotteries throughout Australia and Germany. After becoming a qualified e-retailer, Jumbo adheres to government regulations to operate and sell lottery products. This 'free market' model encourages competitiveness and delivers better services for customers. Lottery organisations enjoy new online representation of their products for changing customers.

Jumbo Interactive Ltd has been a publicly listed company on the Australian Stock Exchange (ASX:JIN) since 1999. The company has been selling lottery tickets online for nearly 15 years. ■

More Information, contact the Jumbo Interactive North America President, Brian J Roberts: brianr@jumbointeractive.com

Carmanah Signs

www.CarmanahSigns.com



Helping Lotteries Engage Players at Retail

Carmanah Signs is a technology company focused on retail signage and in-store digital marketing for gaming industries. Carmanah's products and services enable lotteries, casinos and betting shops to attract, engage and retain their players. Carmanah's core offerings are digital sign networks, interactive digital media experiences and wirelessly-updated LED signs.

Carmanah is the global lottery market leader in the development and production of wirelessly-updated lottery jackpot signs, which increase jackpot awareness, retail sales and ultimately revenues for Good Causes. There are over 110,000 lottery retailers with Carmanah wireless jackpot signs in 44 global lottery jurisdictions.

Carmanah is the gaming division of Stratacache, a leading global provider of digital sign software, hardware and network services. Stratacache's key customers are Fortune 500 retail chains, banks and quick serve food retailers, helping them to improve the in-store shopper experience, increase sales conversion and assist with mobile activation.

Stratacache and Carmanah have a total of 1.5 Million media players running content on digital screens at retailers around the world, including a digital sign network in the retailers of a leading North American lottery. The company's proprietary content management and distribution software, ActiVia for Media, is a powerful software tool that not only enables large media content distribution to multiple displays, but also facilitates interactive digital experiences such as touch screens and gestural video walls as well as mobile interactivity.

Carmanah also offers a wide range of in-store LED-lit signs, from classic point-of-sale retailer identification and brand awareness signage to EvenLit™ LED Light Panels. These products can have alpha-numeric updateable and digital LCD inserts that are updated wirelessly, using Wi-Fi, cellular networks or Carmanah's Smart-Com™ point to multi-point radio technology.

Carmanah's design engineers also perform technical sales duties and direct after-sales support. This ensures Carmanah's designers have a deep understanding of Lotteries' retail environments and marketing communication objectives.

Carmanah has built a reputation for robust product design and attentive customer service, and as a result is fortunate to have many long-term customer relationships in the global gaming industry. ■

platinum sponsors



GTECH

GTECH S.p.A. (GTECH) is a leading commercial operator and provider of technology in the regulated worldwide

gaming markets. The Company delivers best-in-class products, superior service, and creative content with a commitment to the highest levels of integrity, responsibility, and shareholder value creation.

GTECH is the industry's leading private lottery manager, with the most extensive and proven operator capabilities. The Company operates the world's largest lottery in Italy, and manages other operator contracts in the United States and Latin America. As one of the largest lottery and gaming companies in the world, GTECH is comprised of Lottery, Betting, Interactive, and the SPIELO Gaming business segments. GTECH is listed on the Milan Stock Exchange under the trading symbol "GTK" and is majority owned by De Agostini S.p.A. In 2013, GTECH had approximately €3.1 billion in revenues and 8,600 employees with operations in approximately 100 countries on six continents.

Lottery—designs, assembles, installs, operates, and maintains draw-based lottery systems, terminals and communications networks for governments and licensed operators worldwide. Additionally, GTECH provides printed products and related services, self-service lottery product vending machines, game design/content, marketing services/best practices, field service for retailers, responsible gaming, and promotional and interactive lottery capabilities.

Betting—offers solutions for the development of real-time operations and computerized systems for the sports betting market. GTECH offers trading services, fully managed partnerships, or "software only" technical solutions, to create a complete one-stop solution or to integrate new functionality to existing operations. GTECH provides secure retail betting solutions, point-of-sale display systems, call center facilities, internet betting technology, and fixed odds or pool betting options.

Interactive—offers comprehensive solutions for the interactive market, providing a full suite of award-winning products and services for Internet gaming. GTECH designs, manufactures, and distributes Internet poker, bingo, table games, slots, and Gaming Management Systems (GMSs). Additionally, GTECH provides player services including marketing, portal, player acquisition, CRM, VIP, player support, payment solutions, fraud and collusion prevention, responsible gaming, game management, migration, and trading services.

SPIELO Gaming—designs, manufactures, and distributes top-performing games, gaming machines, central systems, and associated software to legal gaming markets around the world. GTECH's SPIELO brand offers a complete range of end-to-end gaming products for diverse gaming segments, including distributed government-sponsored markets, commercial casino markets, and Amusement With Prize (AWP) markets.

In July 2014, GTECH S.p.A. announced that it has entered into a definitive merger agreement with International Game Technology, Inc. (IGT), a global leader in casino and social gaming entertainment, headquartered in Las Vegas, Nevada, U.S.A. The transaction, which has been approved by the boards of directors of both companies, is expected to close on April 7, 2015. Upon completion of the acquisition, the combined entities will be branded as "IGT."

The transaction creates the world's leading end-to-end gaming company, uniquely positioned to capitalize on opportunities across global gaming market segments. The new company combines best-in-class content, operator capabilities, and interactive solutions, and joins IGT's leading game library and manufacturing and operating capabilities with GTECH's gaming operations, lottery technology, and services. ■



At Scientific Games, we create some of the world's most compelling gaming experiences, keeping players entertained, connected and engaged.

As a global leader in the gaming industry, our mission is to offer our customers complete and customized gaming solutions. Our games, systems, content, services, gaming machines and interactive products are designed to reach players wherever they are, whenever they want to play and in any channel they choose: retail, casino or digital.

Scientific Games delivers what our customers and their players value most: trusted security, creative content and innovative technology. We are a driving force behind the success of casinos, gaming organizations and government lotteries in more than 50 countries on six continents.

Headquartered in Las Vegas, with over 8,500 employees worldwide, we serve our customers from major manufacturing and technology facilities in North America, South America, Europe, Asia, Africa and Australia. Scientific Games offers a fully-integrated portfolio of technology, platforms, content and services, including:

- Lottery Instant, Interactive and Draw Games
- Lottery Systems and Retail Technology
- Casino/Electronic Gaming Machines and Game Content
- Server-Based Lottery and Gaming Systems
- Social and Mobile Gaming Content and Services
- iGaming Content and Distribution Solutions
- Sports Betting Technology
- Table Games Products and Utilities
- Licensed Properties
- Interactive Promotions and Loyalty Rewards
- Lottery Game Portfolio Management and Logistics Services
- Consumer Insights and Marketing

Success is a reflection of talent, and Scientific Games' history of success is driven by our highly experienced professionals. Our lottery games, interactive products, gaming machines and content are developed by some of the top game designers, mathematicians, marketing analysts and technologists in the world. We are an industry leader in consumer insights and analytics that provide us with a deep understanding of player demand and preferences. As a result, we continue to generate new ideas and innovative gaming solutions that provide players with exciting choices and experiences. We are also committed to working closely with our customers, governments, regulators and industry associations to support player protection and responsible gaming.

At Scientific Games, we have a demonstrated track record of helping our lottery and gaming customers grow their revenue. We understand that our customers rely on our products and services to drive growth, and we're always looking for ways to deliver compelling entertainment and gaming experiences for their players. ■



Camelot Global

www.camelotglobal.com

Camelot | GLOBAL

Camelot Global is a leading advisor and lottery solutions provider to lotteries around the world. We are owned by the Ontario Teachers' Pension Plan (OTPP), Canada's largest single-profession pension plan with over \$130 billion (CAD) in net assets. OTPP is the owner of Camelot UK Lotteries Limited (the operator of the UK National Lottery) and majority shareholder in the operator of the Irish National Lottery.

Our mission is to provide proven and pioneering solutions for responsible lottery growth. We do this through three distinct propositions:

- Industry-leading lottery technology, content and managed service solutions
- Camelot Global provides industry-leading solutions to lotteries. Our four products and services are;
- Camelot iLottery Platform—A modern open robust platform

Through the iLottery services of the Camelot Global Platform, Camelot Global enables lottery owners to access the same modern, open and flexible interactive lottery platform and engineering expertise that support the UK National Lottery, Europe's largest interactive lottery.

Interactive Instant Win Games Content: Camelot Global offers a range of Interactive Instant Win Games which provide a rich and engaging experience for lottery players.

Fully-Managed Service: Camelot Global also offers a fully-managed iLottery service to lotteries seeking to outsource their interactive operations. Camelot Global provides interactive marketing services including player acquisition, retention, activation and campaign management.

In-Lane Retail Solutions: The Camelot Global Platform includes an in-lane module which enables retailers to offer full lottery services through their own Point of Sale equipment.

Strategic Consulting and Support: Camelot Global advises lotteries and lottery owners on the key issues facing their organisations. We have worked with the world's leading lotteries on critical decisions around game, channel and technology strategy.

Camelot Global also supports large and complex technology programmes such as vendor transitions and mass retail roll-out.

As well as advising lotteries on a short-term basis, Camelot Global also partners with client lotteries on a long-term basis to support the delivery of their chosen strategies.

Strategic Investment: Camelot Global works in partnership with its shareholder, OTPP, to identify and support the management of strategic investments within the lottery sector.

As an example of this partnership, Camelot Global supported OTPP in acquiring its majority stake in Premier Lotteries Ireland ("PLI"), the operator of the Irish National Lottery. This transaction saw PLI acquire a 20-year licence to operate the Irish National Lottery for an upfront payment of €405m. ■

Hudson Alley Software, Inc.

www.hudsonalley.com



A decade ago, Hudson Alley started with a blank screen.

We painted that screen with information, features, functions, algorithms, and calculations that have changed the way thousands of lottery sales reps across the country approach their jobs. Those screens have changed the way many lotteries analyze their data and convert it into usable information for sales reps, which has directly increased sales. We've played a role in helping the lotteries we serve achieve better results. We truly believe that we've made a positive impact on the industry that we have come to love so much.

Since entering the U.S. lottery market in 2004, Hudson Alley Software has remained the undisputed innovator and market leader in the lottery sales force automation market. Today, sales teams from 20 lotteries rely on our software all-day, every-day, to help them do their jobs better. Our customers range from very large lotteries like New York, California, and Georgia to less populated jurisdictions like Idaho, Washington State, and Maine—and everything in between.

We created the most widely used lottery sales force automation tool ... and then we did it again!

After the successful launch of OrderPad at the New York Lottery in 2004, it quickly became the most popular sales force automation solution in the lottery industry. By 2011, OrderPad was being used by the sales teams of 13 U.S. lotteries all-day, every-day, to drive real sales results.

OrderPad was built on the Windows Tablet PC platform, which was the best mobile computing platform of its day, but by 2011, new mobile technologies had come into existence. The iPad ushered in a new era of lightweight, long battery life, easy-to-use, low-cost, tablets and we wanted lotteries to be able to take advantage of this technology shift. To keep up with these technology changes, we created OnePlace, a new more flexible and easier to use application enabling us to bring our proven functionality to this new game-changing technology. Today OnePlace runs on iPad, Windows, and Android and our architecture is flexible to support whatever the next trend is in mobile computing.

OnePlace, launched in mid-2012, was designed based on everything we had learned during the previous decade of implementing, enhancing, and supporting OrderPad. We didn't want to simply build a new version of OrderPad; we wanted to build something that was better than OrderPad, and we succeeded in doing so. We think the industry agrees with us; OnePlace has replaced OrderPad as the most widely used sales force automation solution, with OrderPad remaining the second most popular. ■



INTRALOT (INTRALOT, Inc., INTRALOT, S.A. and other subsidiaries) is the preeminent supplier of integrated gaming and transaction processing systems, innovative game content, sports betting management and interactive gaming services to state-licensed gaming organizations worldwide. INTRALOT has been offering customized and fully integrated solutions that are highly efficient and absolutely secure for over 20 years.

INTRALOT has become an influential leader in the lottery sector, with more than 5,500 employees and a presence in more than 65 countries on 6 continents. INTRALOT USA has 14 contracts in 12 jurisdictions in the United States and has launched the last 2 start-ups in the US (Arkansas and Wyoming).

INTRALOT is the first international vendor in the gaming sector that has been certified according to the World Lottery Association (WLA) Security Control Standard in 2008. Moreover, the Company has been certified with the ISO 27001:2013 for its Information Security Management System (ISMS), originally certified in 2007.

INTRALOT is also the first international vendor in the gaming sector to achieve ISO 20000 certification on Information Technology Service Management and the first international vendor to receive the Gaming Standards Association (GSA) Point to Point SOAP/HTTPS Transport and Security Specification as well as one of the two companies that have been certified internationally according to the GSA Game to System (G2S) Message Protocol standard, both of them for its VLT Monitoring system, iGEM.

All INTRALOT certifications are being governed by the COBIT 5 framework that the company introduced in order to ensure a holistic approach that covers its business processes end-to-end and in alignment with its business strategy. INTRALOT has also been certified according to ISO 9001 since 2002.

INTRALOT's games library includes more than 600 types of games and variations. INTRALOT's customers take advantage of the most robust, efficient and versatile Unified Gaming Platform in the industry that seamlessly combines retail, mobile and home users, connecting innovative gaming verticals and offering an unparalleled business support to the organization for optimal customer experience.

The company is a member of all major international gaming associations and plays an active role in the international gaming community; contributing decisively to the future development of the industry. ■

email: info@intralot.com



Linq3's secure payments platform transforms existing unmanned POS devices into highly interactive access points for sale of lottery products.

By leveraging existing hardware, securing transactional data and communications, lotteries have a unique opportunity to think outside the traditional sales terminals. The Linq3 solution works in partnership with existing lottery networks, allowing lotteries to efficiently reach a greater market, intersecting and interacting with players in a new way.

In collaboration with state lotteries, their operators, and the nations leading fuel pump and payment kiosk manufacturers, ATM providers, and the payment card industry, Linq3 has developed the secure protocol for lottery transactions on fuel pumps, ATM's, taxis and other innovative unmanned points of sale. Linq3 enables lotteries to achieve sales growth at a low cost through new sales channels that reaches new players and occasional players. The Linq3 solution promotes a new level of interactivity for the player and lottery. A dedicated web interface, 24/7 call center support, auto redemption of low tier prizes, and detailed state reporting and security compliance and responsible play features are just some of the benefits to the Linq3 platform. Optimized performance is achieved through state of the art processing and data security. It's secure, it's scalable, and it's ready to change the distributional landscape for lottery products.

Linq3 recognizes that security and integrity is of utmost importance to lotteries. Linq3 utilizes a state of the art multi-tiered security protocol that ensures transaction data is not compromised. Included in the system is a check and balance that employs internal and external (third party) redundancy and verification.

Linq3's technology consists of three fundamental features security, reliability and availability, and performance and scalability. Linq3's data centers are housed in SSAE 16/SOC 1-compliant facilities, which provide a high level of physical security, including onsite guards, multiple forms of verification for access, and visual monitoring. All data center equipment is secured within locked cabinets under recorded video surveillance. Connectivity is provided over multiple carriers to ensure availability if one carrier should have an outage. The primary requirement for processing credit and debit transactions is PCI compliance. Linq3's PCI DSS (Payment Card Industry Data Security Standard) Tier 1 Status is the highest level attainable in the Payment Industry. Linq3 combines the key goals of the PCI Data Security Standard and its own internal standards to establishing physical security, network security, and system software security ensuring end-to-end integrity of lottery transactions. ■

LOTTOVATE Next Generation Lottery Services

At Lottovate, we are passionate about digital. Digital is what we do.

The digital lottery potential—selling lottery tickets via Internet or mobile devices—is yet to be fully enjoyed by many. Research commissioned by Lottovate and conducted by YouGov in 2014 uncovered a \$17.5 billion opportunity for digital lottery in the United States alone.

We believe that every lottery deserves a strong performing interactive business that meets the increasingly demanding needs of both new and existing players. Simply having a digital channel is no longer enough—consumers have come to expect digital offerings to be fast, reliable and user-friendly because of the high standards set by e-commerce that they encounter almost daily.

Lottovate's philosophy is about working in a true partnership with lotteries to deliver incremental and sustainable contributions to the good causes of our partners and enabling them to reach the untapped potential market and the next generation of players.

We understand that success in multi-channel lottery requires dedication, analysis, constant improvement and attention to detail. With a clear focus on driving excellent player experiences and delivering bottom line results, we do so both responsibly and efficiently.

Our services are available in two ways:

Marketing Partner

If you already have an interactive channel, let our expertise in product management of lottery websites, player acquisition and player retention help you to optimise its performance. Over the last two years as Marketing Partner of ONCE, we have proven the benefits of our methodology to state lottery operators.

Digital Retailer

If you're about to launch an interactive offering, or are replacing an existing platform, we can do the hard work for you with end-to-end channel management. Our full service proposition covers everything you would expect and more—including lottery game content, iLottery platforms and the full Marketing Partner service portfolio.

We can also offer our unique insight from 16 years' digital lottery experience on a consultancy basis to support you in building market projections or educating your legislator.

We are more than happy to share more details of our success in providing digital lottery services in Europe, and would love to talk to you about your specific requirements and challenges.

Lottovate—Turn our experience to your advantage! ■

Contact us: info@lottovate.com

NEOPOLLARD INTERACTIVE NeoPollard Interactive is a strategic alliance between Pollard Banknote Limited "Pollard Banknote" and NeoGames S.A.R.L. "NeoGames." NeoPollard Interactive combines the marketing expertise and extensive worldwide lottery experience of Pollard Banknote with the proven leadership and technology of NeoGames in launching new online and mobile gaming products and services in response to an ever-evolving marketplace. This alliance leverages the strengths of each partner company to develop, implement, operate, and maintain innovative online gaming services for regulated lottery clients. NeoPollard Interactive is the best partner to help you maximize the revenue from iLottery and maximize proceeds for good causes.

Exclusively serving the lottery industry for nearly 30 years now, Pollard Banknote is one of the most experienced providers of instant tickets and related services in the world, and the only vendor that specializes in the instant ticket market. The company has earned its excellent reputation working with lotteries in North America, and around the globe, to optimize sales and broaden playership, so they can provide more funds for good causes in their communities. Pollard Banknote's targeted focus and in-depth understanding of the lottery industry, along with its excellent track record in providing highly successful, innovative instant ticket products and marketing expertise, is unique in the industry.

With its roots at the inception of the online lottery marketplace, nearly a decade ago, NeoGames has developed unique expertise in the interactive gaming industry, evidenced by its success in delivering over 20 turnkey iLottery solutions, in eight different markets, and multiple languages, including our most recent complete offering to the Michigan Lottery. Technological sophistication, with an exclusive focus on serving the lottery industry, similar to Pollard Banknote's, and an unrivaled commitment to delivering flexible and integrated solutions, along with our experienced U.S. team, have put NeoGames in an ideal position to fully support the lottery clients as they venture into this new space. NeoGames' experience as an operator in regulated markets adds to these strengths; our tools and experience to ensure responsible gaming are second to none, and we regularly execute player acquisition and retention strategies using our robust approach to data mining and CRM.

Pollard Banknote and NeoGames, through NeoPollard Interactive, offer a sole focus on the lottery space within the larger iGaming world. Combining our resources allows us to propose an exciting solution that leverages our collective strengths and comprehensive knowledge to deliver a flexible, yet robust, iLottery platform and related services. ■

Diamond Game

www.diamondgame.com



The LT-3 ITVM: There's so much more to earn!

Diamond Game's mission is to provide innovative solutions to lotteries seeking retailer and revenue growth. To deliver on that mission, the patented LT-3 suite of ITVMs was created with lottery needs at the forefront. The LT-3 allows lotteries to expand their retailer base into less traditional and age-regulated venues, such as bars, taverns, bingo halls, and social clubs. It is the only ITVM designed to cater to venues that encourage longer play sessions and higher sales volumes.

The LT-3 is a ticket dispenser that dispenses pre-printed instant tickets on each play and displays the result on a video monitor in an entertaining manner. The footprint of the machine is significantly smaller than a standard dispenser, thus allowing one or more to fit easily in even the smallest of venues. Additional features include secure ticket validation and fraud prevention and a sophisticated accounting and sales tracking system.

The LT-3 is customizable and can be deployed in a variety of configurations based on unique lottery needs, helping generate significant new instant ticket revenue. ■

Contact the Diamond Game sales team at Lottery@DiamondGame.com for additional information.

EquiLottery

www.equilottery.com



What if you could ... deliver the excitement of live sporting events to your customers while working within the existing confines of U.S. law? ... leverage existing prize pools for dynamic payouts while removing the risks inherent in fixed odds games? ... offer mobile integration into the lottery experience to entice millennials who currently do not regularly engage with lottery? ... become part of a political solution to a problem that your state government is trying to solve while still delivering on the good causes you support through net funding? If you answered yes to any of these questions, then you are in luck. These are the core tenets of EquiLottery, a new live action lottery game based on the excitement of live horse racing. Generating significant buzz in the lottery and horse industry since its launch in July of 2014, EquiLottery gives lotteries the opportunity to diversify their player offerings, and broaden the exposure of Lottery to new player groups, while generating profits for good causes at a higher rate than the scratch off-tickets which account for the majority of the current lottery marketplace. ■

GameOlogy®

a Tournament One Company



Every game follows a proven process that ensures maximum return for our clients' online, kiosk and monitor game programs. "Gameology®" describes the unique creative development and engineering process that we use to create, develop and produce games.

We start by playing on paper individually or in a group, to work out scenarios of the customer experience of every aspect of presentation, play, reward and achievement. These "proto" games evolve into concepts, play mechanics and algorithms that support our clients' objectives.

We then create concept panels, scripts and storyboards to illustrate every detail of the player experience. T1 engineers work closely with our platform partners' technology teams to build flexible specifications that fit unique jurisdictional, marketing or platform requirements. Gameology® games integrate with complex proprietary transaction systems in existing or new distribution channels such as GTECH, Scientific Games and Intralot.

Our deliverable milestones and timelines meet our partners' and clients' business, technology, certification and marketing requirements. Each team is lead by senior management and is comprised of art and engineering staff with extensive Lottery experience.

Today, Gameology® has enabled us to become the leading provider of interactive games in the US Lottery market. Our games are among the top selling brands on the Web, touch screen kiosks and monitor racing games. www.tournament1.com ■

InComm

www.incomm.com



Leveraging deep integrations into retailers' point-of-sale systems, InComm provides connectivity to a variety of service providers that allow consumers to conduct everyday business at more than 450,000 points of retail distribution worldwide. Whether those consumers are activat-

ing prepaid products, paying bills, enjoying real-time discounts through a membership card, purchasing digital goods in-store or adding funds to an online account, InComm is there to provide unique gift-gifting opportunities, cater to on-the-go shoppers, deliver added value through loyalty programs and serve cash-based consumers. With 186 global patents, InComm is head-

quartered in Atlanta with a presence in over 30 countries in North and South America, Europe and the Asia-Pacific region.

Learn more at www.incomm.com or connect with us on [www.twitter.com/incomm](https://twitter.com/incomm), www.facebook.com/incomm, www.linkedin.com/company/incomm or www.incomm.com/blog. ■

Novomatic

www.novomaticlotterysolutions.com



NOVOMATIC Lottery Solutions (NLS) delivers end to end, 360° solutions for the WLA Lottery market. Our customers benefit from fully agnostic retail solutions, web enabled transaction engines, state of the art player and retail management systems, together providing a never seen before level of integration with all available channels.

NLS has been set up following the acquisition of Betware by the NOVOMATIC Group in 2013. Leveraging Betware's technology, the core of the solution is a secure, open and flexible gaming platform which ensures easy integration with 3rd party vendors and allows building a complete and successful lottery presence within all sales channels, following a clear 'best-of-breed' strategy. This approach gives our customers a truly flexible way to manage and grow their business, enabling innovation with unequaled time to market performance.

Drawing on NOVOMATIC's extensive experience and track record, NLS also delivers market leading VLT solutions, fully compliant with all regional regulatory requirements and fully equipped with proven responsible gaming controls and applications. Indeed, responsible gaming and player's safety and security are of utmost importance and play a vital role in all product development.

The NOVOMATIC Group, is one of the most important producers and operators of gaming technologies and one of the largest integrated gaming companies in the world. Founded by entrepreneur Prof. Johann F. Graf, the group has locations in 45 countries and exports high-tech electronic gaming equipment to 80 countries. It operates over 230,000 gaming machines in more than 1,500 group operations such as casinos and electronic casinos. The NOVOMATIC Group accepts and embraces its social responsibility and shows active commitment and engagement in numerous cultural activities, sporting events and especially social projects. ■

Pollard Banknote Limited

www.pollardbanknote.com



Pollard Banknote Limited is a full-service instant game products and services supplier with over 50 lottery clients worldwide. For nearly 30 years we have built strong partnerships with clients with the mutual goal of driving lottery revenues to help maximize proceeds for good causes.

We offer strategies based on market research and industry best practices in game design, ticket graphics, prize structure design, licensed games, second chance draw programs, social media strategies, iLottery, mobile apps and retail development. We deliver high quality lottery games with unsurpassed security, flexibility and exceptional customer service.

A proven driver of product innovation, Pollard Banknote Limited has brought some of the most important innovations to the industry, including our translucent marking system, Scratch FX® and Fusion® products. This trend continues with interactive web-based and mobile elements that excite existing players and entice new ones, driving instant ticket revenues at retail and effectively bridging bricks-and-mortar products with the internet. Retail, mobile, internet, and the 'space between' intersect, enabling a lottery to cross-promote its core brand across all channels to attract and engage more players.

Working together with NeoGames, Pollard Banknote Limited offers iLottery services to help lotteries explore new online and mobile channels. iLottery gives our clients access to new and expanding market segments through digital channels, further strengthening a lottery's omni-channel ecosystem. ■

Shoutz

www.shoutz.com



Shoutz, Inc. is an award-winning marketing, technology and gaming company that brings together the rewarding and fun experiences of mobile gaming with consumer engagement and loyalty programs within the retail, media and entertainment industries. With its innovative use of digital media, Shoutz gives lotteries the power to better engage their players, accurately measure their marketing efforts, and optimize their fundraising abilities.

Shoutz manages LotteryHUB, an official app of Powerball and Mega Millions. LotteryHUB has twice been named the Best Mobile App by the American Gaming Association (AGA) and has won AGA Awards in the Best Direct Digital Marketing and Best Mobile Marketing categories. LotteryHUB is available to download for free on the Apple iTunes and Google Play app stores. In late 2014, Shoutz acquired the mobile app, Front Flip. Front Flip allows users to enroll into multiple loyalty programs, receive gifts, participate in on-site, instant and earned reward programs, interact with social media, and share their experience and gifts with friends. Shoutz's international digital marketing portfolio includes mobile, gaming and "second chance" loyalty platforms, which help brands in the lottery industry engage with players, measure marketing efforts, and generate revenue. Shoutz is dedicated to driving brand engagement through digital, social and gaming programs on mobile. With offices in Austin, Texas and Leawood, Kansas, Shoutz is a member of the World Lottery Association. ■

SMART-TECH NYC 2015

Presenter, Moderator and Panelist Biographies

DEBBIE ALFORD

President and CEO, Georgia Lottery Corporation



Following several years in public service for the state of Georgia, Debbie Dlugolenski Alford was selected in October 2012 as the President and CEO of the Georgia Lottery Corporation. Alford has served as the Chief Financial Officer for the state of Georgia and as Director of the Governor's Office of Planning and Budget, responsible for the management and development of the state's budget. During her tenure, the Georgia Lottery has posted record profits of more than \$945 million in fiscal year 2014 and more than \$468 million for the first half of fiscal year 2015. That record brings the total raised for educational programs in the state to more than \$16 billion since the lottery's inception. She and her husband, Dean Alford, together have five children and three grandchildren.

SEAN ATHEY

Vice President, System Sales, Scientific Games



Sean is responsible for working with Scientific Games' lottery systems customers to grow sales and revenue. She coordinates with local and corporate Scientific Games professionals to help the Lottery execute its mission to maximize revenue. Sean began her career at the ad agency for the D.C. Lottery and managing advertising for the Virginia Lottery when it launched in 1988. She has over 29 years of experience on both the lottery and supplier side of the business, domestically and internationally. Her experience includes strategic management, operations, diversification, marketing, advertising, brand and retail management, market research, and new product development, both domestically and internationally. She has developed strategies to increase both instant and online revenues for lotteries around the world. In addition to the fun she has in this fascinating industry, her passion for shoes and jewelry is well documented.

GERALD AUBIN

Director, Rhode Island Lottery



Prior to his appointment to the Lottery in 1996, Aubin served as Executive Director of the Rhode Island Municipal Police Academy, after serving for 21 years with the City of Providence Police Department, retiring as Deputy Chief of Police. He is a graduate from Bryant University in Smithfield, Rhode Island and the FBI National Academy. Director Aubin has served as President of NASPL, as well as President of MUSL, and Chairman of the PowerBall Committee. In October of 2009, he was inducted into PGRI's Lottery Industry Hall of Fame. In addition to directing the efforts to ensure the Rhode Island Lottery keeps pace with ever-changing technology; i.e. interactive website, apps, i-gaming, etc., Director Aubin feels the goal of establishing advertising and public relations programs to create and sustain national branding for games such as PowerBall is an absolute must.

RICHARD BATESON

Senior Vice President, Sales & Marketing, Camelot Global



Richard is responsible for the sales and marketing capability of Camelot Global, leading a cross-functional team in business development, bid management, business strategy, planning and execution. Richard is also responsible for Camelot Global's iLottery team in Ireland providing digital lottery services to Premier Lotteries Ireland (PLI). Richard has 12 years' lottery experience both in B2C and B2B. As a marketing specialist Richard joined Camelot to set-up EuroMillions (Europe's biggest multi-jurisdictional lottery game). In 2011 Richard was elected Chairman of the Board of EuroMillions and President of SLE SCRL. Richard's industry passion is 'player-centricity'. In particular how lotteries provide more

appealing game propositions to players and how lotteries make their brands easier to buy. In a digital world, Richard works with lotteries to help them understand how best to maximize digital offers to lotteries and their players.

DANNY BOGUS

Deputy Commissioner of Gaming Operations Michigan Lottery

Danny led the startup and ongoing operations for the Michigan Lottery's tremendously successful online gaming program that is on pace to drive over \$150 million in sales during the first year. This is the latest accomplishment by Michigan Lottery's digital team which has rapidly grown from 1 to 15 staff members over the past five years.

Prior to that, Danny led the startup of major digital initiatives including a fully integrated loyalty program, several successful mobile apps, Keno To Go and other bridge games that drive over \$100 million in sales per year. He also served as VP of Business Development at HelloWorld, an agency that specializes in digital promotions and loyalty programs.

Danny graduated from Michigan State University in 2001 with a degree in Advertising and has a passion for startups, gaming and digital strategy.



M. SCOTT BOWEN

Commissioner of the Michigan Lottery

Michigan Lottery's introduction of online games is the most successful launch of any online gaming in North America. It is the latest in a series of impressive accomplishments for the Michigan Lottery during M. Scott Bowen's seven years as commissioner. More than 100,000 players have signed up to play games online and steady play growth already is providing incremental growth to the Michigan Lottery's revenues. In 2014, the Michigan Lottery racked up a record \$2.6 billion in sales and contributed \$742.8 million to support public education. During Bowen's tenure as commissioner, the Michigan Lottery has provided \$5.1 billion for public education.

Bowen also has served as the director of the Office of the State Employer, District Court Judge, and Special Assistant Attorney General for the Michigan Department of Transportation. He also was an attorney in private practice.

Bowen earned a law degree from the University of Detroit and a bachelor's degree from Michigan State University where he played linebacker for the Spartans.



DENNIS BERG

Director, Ohio Lottery Commission

Over the past 24 years, Dennis has served in a number of capacities at the Ohio Lottery helping the organization achieve consistent financial growth.

Dennis earned a bachelor's degree in Business Administration from Cleveland State University, and is also a Certified Public Accountant and Certified Fraud Examiner.

In 1991, he headed up the Ohio Lottery's first ever Internal Audit Department. He later served on the Director's Policy staff and also oversaw the agency's Promotions Department. In 2004, Dennis served as a loaned executive fulfilling the role of Executive Director for the Ohio Athletic Commission. He was named Deputy Director of Finance in January 2005. In June 2010, he was appointed to Assistant Director, a position he held in addition to his duties as Deputy Director of Finance. Dennis was named Interim Director in January 2011 and permanent Director in February 2012.



DANIEL CAGE
Co-Chairman & Chief Executive Officer



Mr. Cage is an experienced entrepreneur with management, marketing and technology experience. He founded Linq3 Technologies when he recognized that an untapped resource (ATM's and other POS Terminal Networks) could be used to significantly enhance the way lottery tickets were distributed. Cage has led the companies' growth into multiple states, achievement of the highest security ratings and built a team of industry leaders. Prior to Linq3, Mr. Cage was the founder and owner of SoundCage, a post-production content company started in 1996. Under Mr. Cage's leadership, SoundCage provided content for Fortune 1000 companies including AT&T, Nike, Pepsi, Coca-Cola, and Sony as well as the nation's top advertising agencies (BBDO, Deutsch, McCann-Erickson). Mr. Cage has a BA in Political Science from the University of Southern California. He is a member of the Florida Retail Federation's Chairman's Circle and serves on the U.S. ATM Industry Association Board.

MICHAEL CHAMBRELLO
Chief Executive Officer of North America Lottery, GTECH



As the Chief Executive Officer of North American Lottery for GTECH S.p.A., Michael Chambrello is responsible for the development and delivery of all lottery technology solutions globally for the Company, as well as the strategic development and management of the lottery business in the U.S. and Canada. In addition, he is also responsible for the global instant ticket printing business. Chambrello most recently served as CEO of Scientific Games Corporation. Prior to that, he was Scientific Games' President and Chief Operating Officer. He left Scientific Games in 2013. For a 17-year span, Chambrello held various roles at GTECH until he left the company in 1998. From 1996 to 1998, he was President of GTECH Corporation and Executive Vice President of GTECH Holdings Corporation. Chambrello has also served as President and CEO of Environmental Systems Products Holdings (ESP), and as CEO of Transmedia Asia Pacific, Inc. and Transmedia Europe Inc.

TRACEY COHEN
Chief Operating Officer, D.C. Lottery



In March 2010, Tracey Cohen assumed the post of Chief Operating Officer at the D.C. Lottery, marking the latest achievement in a decorated career that has spanned over 15 years in sales and marketing. Under her oversight and management of the day-to-day operations of this income generating agency of the District of Columbia Government, the D.C. Lottery transitioned from the most antiquated gaming system in North America to its present state-of-the-art platform. In her first year, the agency saw record-breaking instant ticket sales, launched its first-ever million-dollar D.C. Scratcher, and welcomed Mega Millions—the nation's biggest jackpot game—to its product line, contributing another \$1.2 million in revenue. Tracey forged her lottery career at the Maryland State Lottery, where for ten years she introduced new games, developed successful promotional strategies, managed online and instant product lines and brokered major branding partnerships. She twice achieved national industry recognition for stellar instant ticket launches.

BRAD CUMMINGS
Chief Executive Officer, EquiLottery



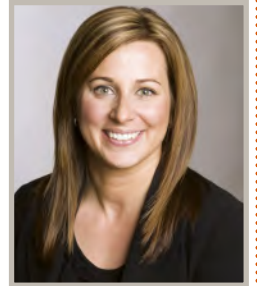
Founder of EquiLottery, a live action lottery entertainment product, Cummings has played a prominent role as an entrepreneur in the sports gaming industry since 2008. His first industry startup, the Paulick Report, has grown into the gold standard of online news and information for the horse racing industry. Just before launching EquiLottery in July of 2014, he served as COO of PM Advertising, the world's largest Thoroughbred ad agency, handling marketing and web development for Kentucky Derby winning stallion farms like WinStar Farm, Spendthrift Farm and Three Chimneys Farm. Cummings has built a reputation for innovation and success by producing tangible results and proving the ability to navigate the unique challenges of marketing and public relations in a digital world. Before entering the

sport of horse racing, Cummings ran several statewide political campaigns, eventually serving as Chairman of the Louisville Republican Party in 2008-09 and recently completing a prolonged engagement with the Louisville Courier-Journal as a current events columnist. He currently lives in Lexington, Kentucky with his wife Nikki.

SUSAN DOLINSKI

Vice President of Communications and Social Responsibility, BCLC, Canada

BCLC is the Crown Corporation that oversees all gambling in British Columbia. With BCLC since 2007, Susan guides BCLC's communications, social responsibility, and customer relations strategies. Susan has worked in the communications industry for 15 years and over this time has developed a passion for community engagement and used this passion to transform BCLC's approach to social media, stakeholder and community relations, helping to achieve the company's highest-ever public support ratings. Currently, Susan is spearheading an industry-wide effort to improve public understanding of the gaming industry and its immense contributions to BC's economy. Prior to her time at BCLC, Susan served as part of the executive team at the BC Ambulance Service, where she established the organization's media, government relations and communications programs, helping to raise the profile of paramedics. Starting her career in the forest industry, Susan led community relations for Canadian Forest Products Ltd. and later helped to launch and manage communications at Forestry Innovation Investment, a Crown Corporation established to promote BC forest products worldwide. Susan has led the crisis communications and issues management responses provincially and nationally during a number of high profile events in British Columbia. Susan holds a Bachelor of Arts in Political Science and has also worked in radio and TV. She is an active volunteer currently working with the Honour House Society of BC, the CKNW Orphan's Fund, and the United Way.



DON FEENEY

Research & Planning Director, Minnesota State Lottery

Don joined the Minnesota State Lottery in 1991. He is responsible for the lottery's market research, policy analysis, corporate social responsibility programs, strategic planning, and legislative relations. He previously worked with the Minnesota Environmental Quality Board, the State Demographer's Office, the Minnesota State Planning Agency, and as a policy advisor to former Minnesota Governor Rudy Perpich. Don has been a member of the Board of Directors of the National Council on Problem Gambling since 2003 and served as president from 2011 to 2013. His research interests include the relation between public opinion and gambling policy, public awareness of problem gambling, and gambling and popular culture. Don holds a master's degree in public policy from Harvard, a master's degree in statistics from the University of Minnesota, and a bachelor of science degree in applied mathematics from Brown University.



TONY FONTAINE

Vice President of Business Development, Interactive Gaming and Lottery Solutions, InComm

Incomm is a global leader in retail products and technology solutions. Mr. Fontaine and his team focus on financial services, payments technology solutions and gift card products for legal Internet gambling operations and North American Lottery operations. Mr. Fontaine is also President of ProPick Racing, a software company which licenses its software to Internet Horse Racing operators based on multiple patents written by Mr. Fontaine. Prior to joining InComm, Mr. Fontaine consulted for many gaming companies including Scientific Games, Stronach Entertainment, IGT and the Nevada Pari-Mutuel Association. Before his consulting business, Mr. Fontaine was the Vice-President of Interactive Gaming for Station Casinos Inc. and Vice-President of Applied Technologies for Bally Gaming. He has over 30 years' experience in marketing, sales and engineering for high technology companies including Motorola, QMS/Imagen, SRS Imaging and Sun Microsystems, and



has spoken extensively around the world at seminars and conferences including special technology seminars for the Nevada State Gaming Control Board. Mr. Fontaine received the Internet Innovator of the Year Award at the 3rd Annual symposium on Internet Gambling Law and Management, the “Most Innovative Product Award” from the River City Group and recently received William Shatner’s “Heartbeat of America Award” for entrepreneurialism.

ALICE GARLAND

Executive Director, North Carolina Lottery



Alice has been with the N.C. Education Lottery since inception in 2005 and now serves as executive director. For more than 25 years, she has served in executive posts handling governmental affairs and communications in several public agencies. Garland is on the NASPL Executive Committee and Responsible Gaming Committee and on the MUSL Executive Committee and Development Committee.

KEVIN GASS,

Vice-President, Lottery Gaming, BCLC Canada



Kevin is responsible for the strategic development of the Lottery business unit, providing leadership and strategic direction in support of marketing, sales and distribution of lottery brands. He has operational responsibility for staff who provide products, services and support to the organization, our customers and business partners. Kevin joined BCLC in 2003 as Vice-President of Corporate Affairs. His background includes experience in senior corporate marketing and communications positions, as well as an extensive agency background. Kevin also enjoyed entrepreneurial success in two start-up businesses.

Kevin is a past member of the Board and executive committee of the Canadian Cancer Society, BC and Yukon Division, United Way Cabinet, Science World Board of Directors and was a founding board member of Canuck Place Children’s Hospice.

LEIGH-ANN GOAD

Market Research and Consumer Strategist, Virginia Lottery.



Leigh-Ann spends most of her time trying to keep up with today’s consumers. Leigh-Ann’s responsibility is to turn market research into actionable consumer insights which help drive her organization’s strategies. She balances out traditional research with a growing list of innovative research methods. She strives to enhance her consumer-centric research by leveraging the latest technologies. Leigh-Ann has been in the market research industry for over 25 years and has managed market research for a variety of industries including lottery, finance and hotel. She is an experienced focus group moderator and an active member of the Market Research Association (MRA).

MAXWELL GOLDSTEIN

Vice President Sales, Carmanah Signs Inc.



Max is an experienced Business Development and Account Management Professional with an accomplished sales & sales management history in the lottery, electronic gaming equipment and pharmaceuticals industries. Max has a deep understanding of the point-of-sales environments of lotteries, casinos and global brands and has grown Carmanah through B2B & B2G relationships. As the sales & customer service leader of Carmanah Signs for twelve years, he collaborates with Carmanah’s Product Development team to deliver in-store signage to drive brand awareness and increases retail sales. Max is a graduate of the Southern Alberta Institute of Technology and has completed Executive Development courses at Columbia Business School in addition to numerous lottery industry courses and programs.

SUSAN GOLIGHTLY

Founder and Principal of CODEI, LLC.

CODEI is in business to help companies envision and execute data-driven, customer-centric marketing. After more than twenty years working with businesses and their data including six with the Hoosier Lottery, Susan saw a growing gap between the desire to leverage business data and create customer-centered solutions and ability to do so. Before starting CODEI, Susan served as Director of Marketing for the Hoosier Lottery where she implemented many of the principles of CODEI, resulting in double digit percentage improvement in playership, net income, sales, media dollar efficacies, instant return and sell through rates as well as industry leading ASCI customer satisfaction scores. While there, without spending incremental dollars, she led the building of new disciplines including business intelligence, product management and CRM, launching of an all new Hoosier Lottery brand, launching of a store branding program in partnership with Scientific Games and the award winning deployment of the email platform, ExactTarget (now Salesforce).

Before the Lottery, Susan spent nine years with MARC USA where she was VP, Director of Promotion and responsible for shopper marketing programs with clients such as GE and P&G through national retailers including Target, Lowe's, Rite Aid and Kroger as well as a proprietary loyalty program for Simon Malls in partnership with national brands and retailers.



GARY GONDER

Chief Branding Officer, Missouri Lottery

Gary Gonder has worked at the Missouri Lottery for more than 22 years. As Chief Branding Officer Gonder works to develop an inspired, brand-led organization that strives to unify employees, retailers and players by reinforcing the "why" behind everything the Lottery does at every brand touch point. Communicating "Making a difference for Missouri students" from the inside out keeps the Lottery's internal and external customers focused, increases relevance and creates strong brand loyalty. Gonder is also focused on corporate responsibility as a founding member on the Missouri Alliance to Curb Problem Gambling, a partnership of private and public entities whose mission is to raise awareness for the issue of problem gambling, direct compulsive gamblers to assistance and free treatment and create prevention programs for all ages.

Gonder is a graduate of the Lottery Futures College, the Erewhon State Lottery Case Studies Program and is a NASPL Powers Award winner. Gonder holds bachelor of journalism degrees in advertising and photojournalism from the University of Missouri School of Journalism and a master of public administration from the University of Missouri College of Business and Public Administration.



GARY GRIEF

Executive Director, Texas Lottery Commission

Gary Grief was appointed Executive Director of the Texas Lottery Commission in March 2010 after having served as Deputy Executive Director and Acting Executive Director since 2002. As Executive Director, Grief oversees a \$4.4 billion enterprise whose mission is to generate revenue for public education and other good causes in the State of Texas. Under Grief's leadership, the Texas Lottery has contributed more than \$1 billion annually since 2004 to the Texas Foundation School Fund and other state programs. In 2012, Grief was an honored recipient of the PGRI Major Peter J. O'Connell Lottery Industry Lifetime Achievement Award and was inducted into the PGRI Lottery Industry Hall of Fame in 2014.

Grief formerly served as Lead Director for the Mega Millions consortium and is the Immediate Past President of NASPL. Grief currently serves as Secretary for MUSL. A native Texan, Grief is a graduate of the University of Texas at the Permian Basin.



GARDNER GURNEY

**Executive Deputy Director of the New York State Gaming Commission
and its Acting Director of the Division of the Lottery**



Gardner has over 26 years of experience with the New York Lottery. Gurney's management experience is broad and encompasses budget, finance as well as operations and marketing. Gurney also concentrates on management initiatives in the areas of business strategies, performance management and multi-jurisdictional lottery games.

Before starting in the Lottery's Internal Audit Department in 1988, Gurney worked as a manager in the commercial lending and retail industries. Gurney is a U.S. Air Force veteran and received his Bachelor's degree from Husson College in Bangor, Maine.

CAROLE HEDINGER

Executive Director, New Jersey Lottery



Director Hedinger is a Certified Public Accountant with responsibility for day-to-day administration of New Jersey Lottery, a Division of the Treasury Department, with annual revenues in excess of \$3 billion. Director Hedinger first served at the New Jersey Lottery between 1994 and 2003, first as Deputy Executive Director/Chief Operating Officer and then as Acting Executive Director overseeing the day-to-day operations and directing all activities pertaining to the administration and financial management of the Sales, Marketing, Finance, Security, Information Technology Departments and the 150 employees of the Lottery. In between her two tenures at the NJ Lottery, Director Hedinger was Chief Clerk at the Ocean County Surrogate Court from January 2004 to June 2010, responsible for all areas involving the audits of guardianship and estate accountings—engaged as a forensic accountant to conduct investigations, design and implement audit procedures, tracking systems, and enforce compliance with the Court's reporting requirements of fiduciaries, especially in the area of guardianships. Director Hedinger also served as the President of the New Jersey Society of Certified Public Accountants from June, 2011 to May, 2012.

MARK HICHAR

Partner of the law firm Hinckley Allen and Chair of the firm's Gaming Law Practice Group.



Mark works out of the firm's offices in Boston and Providence. Mark's clients are located within and outside of the United States, and include casinos, suppliers of gaming systems and services (for online and traditional gaming), and investors in and lenders to gaming businesses. He has structured several joint venture arrangements involving gaming operators and has managed the regulatory approval process with respect to numerous gaming-related transactions. Mark is a frequent writer and speaker on developments in Gaming Law and related regulatory actions, and has authored several articles on developments in the laws relating to online gaming. Mark received his B.A. degree from Yale University, his J.D. from the University of Chicago Law School, and also studied at the Universität Duisberg-Essen, in Essen, Germany.

PHIL HOLMES

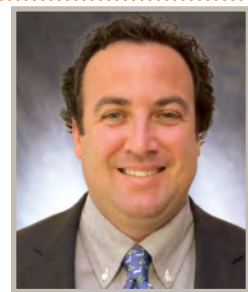
Vice President, Strategy and Planning, Atlantic Lottery



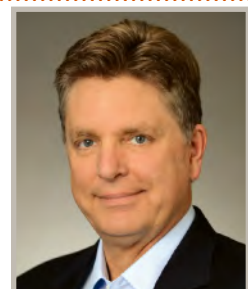
When Phil started his career in Technology, and it was his desire to integrate the potential of technology more closely with the mechanics of business. Since then his career has been all about change; not just the incremental change that comes with the everyday evolution of the job but rather fundamental, far reaching transformation. Over the years he's consulted in the technology, finance and healthcare sectors all over the world, specializing in Corporate Strategy, Organizational Performance and Global Change. Before joining Atlantic Lottery, Phil held roles including; Head of Global Change in a multi-national banking group, Chief Executive Officer of the UK's leading personal development company and Vice President of Business Solutions for an Atlantic Canadian Consulting firm. Phil completed his MBA at Strathclyde University in Glasgow, Scotland.

MATTHEW ISAAC**Director, Retail Development, Pollard Banknote Limited**

As Pollard Banknote's Director, Retail Development, Matt Isaac works with both the teams at Pollard Banknote and outside partners to identify new initiatives to improve retail sales. Matt gained significant experience working in an industry leading retail environment as the Scratch-Off Product Manager for the Florida Lottery. Working within the sales department, Matt was in integral part of the team that increased Scratch-Off Product sales from \$2.1 billion in 2009 to record sales of over \$3.4 billion in 2014. With the experience of shifting a mature lottery's marketing, product, and sales focus from draw based games toward the scratch-off product, Matt has tangible insights into growing overall sales and profits for younger and mature lotteries.

**JIM KENNEDY****Executive Vice President, Group Chief Executive of Lottery, Scientific Games**

Jim Kennedy leads the strategy, direction and growth plans for Scientific Games' lottery customers worldwide. Prior to this role, Jim served as President, Printed Products and Chief Marketing Officer. Since joining Scientific Games in 1985, Jim has worked closely with customers around the world to develop hundreds of successful lottery programs for responsible, sustainable growth. Under his leadership as Senior Vice President of Sales and Global Marketing, he was responsible for global marketing and business management for sales, customer service and creative for Scientific Games' North American lottery business during the company's most significant growth in its history of instant products and related services.



Jim holds several patents and he is the recipient of the Major Peter J. O'Connell Lottery Industry Lifetime Achievement Award and the NASPL Powers Award. He was inducted into the Lottery Industry Hall of Fame in 2010. Jim has a bachelor's degree in Computer and management Science, an MBA from the University of Colorado and a graduate degree from Columbia Business School's Senior Executive Program.

JAMES R. MAIDA, ESQ.**President/CEO, Gaming Laboratories International**

Mr. Maida began his career testing gaming equipment with the New Jersey Division of Gaming Enforcement in Atlantic City, from 1985 to 1987. In 1987 he left the Division to study law and to begin an independent game testing and consulting business.

He co-founded GLI with Paul J. Magno in June 1989, and the company has since grown to more than 650 people in 20 offices globally.

He has testified as an expert witness in numerous gambling cases, and has appeared before the U.S. Senate, U.S. House of Representatives, the National Indian Gaming Commission and before numerous state legislative committees. He testified before the U.S. House Committee on Indian Affairs and the Senate Select Committee on Indian Affairs as a witness, regarding the adoption of the Class II and Class III regulations and their application to finite video pull-tab devices.

In 1995 he was named as one of the "25 Most Influential Persons in the Gaming Industry" by IGWB, and in September 2009, was chosen as the "Most Influential People in Gaming" by Global Gaming Business.

He has numerous Bar Admissions, including Colorado, District of Columbia, Florida, New Jersey and Pennsylvania.

He graduated from Rutgers School of Law with a Juris Doctorate Degree with High Honors, and Honors in Taxation, and from Lehigh University with a Bachelor of Science Degree in Computer Science Engineering.



BRENDAN MCCARTHY
Novomatic Lottery Solutions North America



Brendan has a degree in Manufacturing Engineering from the National University of Ireland, Galway and after over 10 years in manufacturing engineering, he started in this industry in 1998 at GTECH, where he quickly progressed from a product management role to business development in the US market. Subsequently, he worked in Sweden for Aristocrat Lotteries, where he successfully managed the Norsk Tipping VLT design, manufacture, and rollout process. He then transferred to Aristocrat in America for five years and most recently worked for GameAccount Network, an iGaming platform supplier as the VP of Sales. Brendan joined Novomatic Lottery Solutions as their North American representative in February of this year.

MATTEO MONTEVERDI
Senior Vice President, iGaming, and Senior Vice President, Americas Interactive



As GTECH's Senior Vice President, iGaming, and Senior Vice President, Americas Interactive, Matteo Monteverdi guides GTECH's global interactive product development and marketing strategy, while leading the Company's commercial and lottery interactive opportunities in the Americas. He was previously President, Betting and Interactive, and Senior Vice President, Sales & Marketing Services for Lottomatica, GTECH's Italian gaming operator. Before joining Lottomatica, he worked with Promptu System Corp, a voice recognition mobile software company in Silicon Valley, California. Matteo was also a Venture Partner with Innogest Capital, the largest early-stage Venture Capital firm in Italy. Previously, as Vice President of Marketing with Ferrovie dello Stato, he led the company's e-commerce and wireless strategy, and as Regional General Manager, he oversaw a \$200 million business unit with more than 1,500 people. Prior to this, Matteo was with Ford Motor Company in London, where he managed the European Ford branded B2C Internet portals.

GORDON MEDENICA



Gordon is a lottery industry professional who has operated lotteries under both public and private management. Most recently, he was the transitional CEO of Northstar New Jersey Lottery Group, which won the contract to manage sales, marketing and related functions for the New Jersey Lottery. Previously, he served as Director of the New York Lottery from 2007 to 2012, setting new revenue records every year, with \$8.4 billion in sales and over \$3 billion in profits. Medenica was also President of the North American Association of State and Provincial Lotteries (NASPL). Before coming to the lottery industry, Medenica had been a longtime executive and member of the Management Committee of The New York Times Company. More recently, he was the Executive Vice President of Philadelphia Media Holdings, LLC, an owner of the Philadelphia Inquirer and Daily News. Prior to that, Medenica served as an advisor to the Blackstone Group on newspaper acquisitions, and as the President and CEO of DornaUSA, a sports marketing company. Earlier, Medenica was a Senior Analyst at the Marriott Corporation. Medenica earned his A.B. from Harvard College, where he majored in government, and his M.B.A. from Harvard Business School.

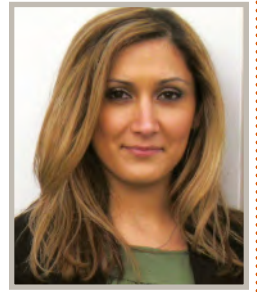
WENDY MONTGOMERY
Vice President, Lottery Marketing & Sales, OLG



Wendy is accountable for Lottery Marketing, Sales, Customer Insights & Data Analytics and Business Development. She joined the Ontario Lottery and Gaming Corporation (OLG) in 2005 as the Vice President, Corporate Marketing and was promoted to Vice President, Lottery Marketing in 2006 and promoted again to Vice President, Lottery Marketing & Sales in 2009. Under Wendy's leadership, the lottery business has grown by \$700 Million from \$2.5 Billion in revenue in 2007 to \$3.2 Billion in 2014. Prior to joining OLG, Wendy held progressive positions with Corus Entertainment, Frito Lay, and Tambrands. Wendy has a passion for building brands and businesses based on leveraging customer and retailer insights.

SARA NAVIDAZAR**Director of Marketing, Diamond Game**

Sara joined Diamond Game in 2011. She is responsible for the marketing and communication efforts of the company, with a primary focus on continually increasing brand awareness to help drive business results. In 2014 she led Diamond Game in rebranding its logo and all associated collateral, improving consistency, personality, and positioning of the brand. Prior to joining Diamond Game, Sara's marketing experience spans across the ecommerce, health, legal, and tourism industries. With more than 12 years of experience in advertising, corporate communications, branding, digital marketing, and strategic planning, Sara brings broad tactical and strategic value to Diamond Game's marketing team. She holds a B.A. in Sociology from the University of British Columbia, a Marketing Management degree from the British Columbia Institute of Technology, and an MBA from California State University Northridge.

**ANNE M. NOBLE****President and Chief Executive Officer, Connecticut Lottery Corporation (CLC)**

Since coming to the CLC in 2008, Anne's focus has been on maintaining and increasing the return to the state's General Fund, with the highest standards of good public policy and social responsibility. For FY 2014, the CLC provided a record return of over \$319 million to the state's General Fund to support a variety of valuable state programs and services. Prior to joining the CLC, Anne was a Partner at two different law firms in Connecticut; Robinson & Cole LLP and Pepe & Hazard LLP. She has over eighteen years of legal experience, with a focus on litigation, counseling and labor, employment and benefits law in the public and private sector. Anne received the Connecticut Bar Association Public Service Recognition Award in 2005. She was named Connecticut Super Lawyer from 2006 to 2008, and named New England Super Lawyer in 2008 by Super Lawyer magazine. In 2010, she was a recipient of the Hartford Business Journal's Women in Business Award for her work at the Connecticut Lottery. Anne also served as the Honorary Co-Chair for the Greater New England Minority Supplier Development Council Awards Gala in April 2011, and now serves on their Advisory Board. Anne is a graduate of Cornell University (B.S.) and the State University of New York at Buffalo (J.D.). She has volunteered for over twenty years in the greater Hartford area, including serving as President of the Children's Law Center of Connecticut. She serves on the Board of the Aurora Women and Girl's Foundation and on the American Red Cross Board of Directors, Connecticut Chapter. She is a member and former President of the Connecticut Women's Council, serving as a Director from 1994 – 2009. Anne is also a member of the Advisory Board of the Burlington Bell Community Fund. She resides with her family in Burlington, Connecticut.

**CYNTHIA F. O'CONNELL****Secretary, Florida Lottery**

Secretary O'Connell has an extensive background in the public and private sector including strategic planning at universities and financial institutions. She returned to the Florida Lottery as Secretary in 2011 after previously leading the agency's efforts to implement Scratch and Terminal games as part of the Lottery start-up team. Secretary O'Connell is focused on ensuring sound business principles continue to guide and maintain the Florida Lottery's status as one of the most successful lotteries in the nation. Secretary O'Connell led the Lottery's efforts to successfully rebrand its image during its 25th anniversary year. She is committed to continuing the Florida Lottery's mission and legacy of generating the maximum revenue for Florida's education system. In Fiscal Year 2013-14, under Secretary O'Connell's leadership, Florida Lottery sales reached \$5.36 billion, the highest level in the organization's history, resulting in an all-time record transfer of \$1.49 billion to Florida's Education Enhancement Trust Fund (EETF).



NIKKI ORCUTT

Deputy Director of Marketing, West Virginia Lottery



Nikki Orcutt has served as Deputy Director of the West Virginia Lottery for more than six and a half years. In this role, she manages and directs all marketing, sales and advertising related functions of the West Virginia Lottery's Instant and Online gaming portfolio. Prior to joining the Lottery in 2008, Nikki was a Specialty Pharmaceutical Representative for Eli Lilly and Company with responsibility for the sales growth in the Osteoporosis business in West Virginia and Southern Virginia. Nikki began her career at The Dow Chemical Company in 2001, and quickly advanced within the company leading Dow Public Affairs in West Virginia in 2004. At Dow, she was responsible for community relations, internal and external communications, as well as the management of all philanthropic contributions from The Dow Chemical Company Foundation in West Virginia. Nikki graduated from The Ohio State University in 2001 with a degree in Journalism/Public Relations and a minor in Sociology.

PAULA OTTO

Executive Director, Virginia Lottery



Ms. Otto was a member of the original group of people who worked to build the Virginia Lottery from scratch in 1988. As the Lottery's first Director of Public Affairs, she was instrumental in shaping and protecting the Lottery's public image. In 1997 she left the Lottery for a faculty position at Virginia Commonwealth University, rising to the position of Associate Director of the School of Mass Communications. Eleven years later she was asked to return to the Lottery as its Executive Director, a position she has now held for seven years. With the unique experience of having been there at the start, Ms. Otto understands how the Lottery must straddle a line between government and business. Since taking over as Executive Director, she has fostered strategic planning and the use of technology to optimize the amount the Lottery raises for Virginia's K-12 public schools, while maintaining the Lottery's reputation for integrity, innovation and fun. In FY14, the Virginia Lottery had record of \$1.8 billion and raised more than \$500 million in profits.

ADAM PERLOW

Founder and Chief Executive Officer of Hudson Alley Software, Inc.



In this role, Adam is focused on corporate strategy, growth, and product direction. He works very closely with customers to ensure that Hudson Alley's products are meeting their needs and helping to improve their business success. Prior to founding Hudson Alley Software, Inc. in 2008, Adam served as Vice President of Technology at Cole Systems Associates (which Hudson Alley was spun-off from), where in 2004 he launched OrderPad for Lotteries, the world's first lottery-specific sales force automation solution. In mid-2012, Hudson Alley launched OnePlace, its next generation sales force automation solution which has become the most widely used lottery sales force tool in the world, while OrderPad remains the second most widely used solution. Hudson Alley's solutions are currently used by more than 20 U.S. lotteries.

RICK PERRONE

President & CEO—GameOlogy® a Tournament One Company



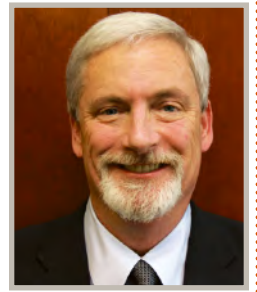
As the leading US lottery developer of games, content, technology and Apps for Online, Mobile and Kiosks, GameOlogy® is doing business with major OLSP's including: GTECH, Scientific Games and Intralot with games running in 6 States and 4 more going live in the next 4-6 months. Rick was a Senior Time Warner Marketing and Operations Executive. He launched and marketed new premium channels—HBO, MTV, ESPN, TBS, CNN and the Movie Channel. Following Time Warner, Rick founded and operated Eastern Cable and Wireless TV. He started with several cable TV systems on the East Coast and in Michigan and consolidated them into a \$100 Million wireless system that was sold to MCI. Founded Tournament One Corp® in 2004 based on a vision of future gaming in the Worldwide Lottery and Casino markets.

JOHN PITTMAN

Vice President Marketing, INTRALOT USA

John has been assisting Lotteries in their start-ups, expansion, operations and philanthropic distribution to good causes for over thirty-eight years. During that time, he has made significant contributions to the industry and to major vendors who support the sector. After spending 5 years as a C.P.A., he left public accounting to become the tenth employee with Scientific Games (SGI). During his rise to the position of Executive Vice President of SGI, John held a number of positions in finance, customer service, marketing and sales. His passion became Lottery start-ups and he left SGI after 12 years to form his own company, Lottery Support Group, Inc. For the next 14 years, John and his colleagues helped many new lotteries in the US and abroad with successful start-ups. In 2002 John accepted a position with newly formed INTRALOT USA and embarked on another successful lottery journey. Over the years, John has assisted 38 Lotteries with their start-ups and has consulted with dozens more.

John is currently the Vice President of Marketing for INTRALOT USA and, with his team, is responsible for all marketing and sales activities for the company and its Lottery partners.



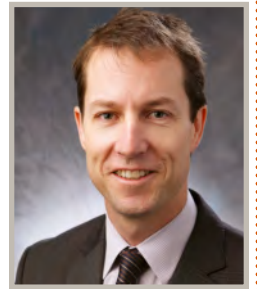
DOUG POLLARD

Co-Chief Executive Officer, Pollard Banknote Limited

Through 17 years leading several of Pollard Banknote's operations, to his appointment as Co-Chief Executive Officer in 2011, Doug has demonstrated leadership in the lottery industry in a variety of roles that range from managing Pollard Banknote's international subsidiary in Paris, France (Imprimerie Spéciale de Banque)—which provided lottery tickets for France, Eastern Europe, and Africa—to running the company's lottery management efforts in Michigan, Maryland, Arizona, Saskatchewan, and Puerto Rico.

Doug Pollard is focused on achieving excellence in all aspects of company operations. He summarizes Pollard Banknote's customer-centric philosophy as follows: "We must earn our clients' trust as a partner and bring forth relevant ideas that will drive their sales and excite their customers." Doug's experience with, and application of, innovative ideas plays an integral role to the company and to the industry. His industry presentations focus on technical, web-based, and digital applications for increasing the player base, extending play, and driving sales revenue.

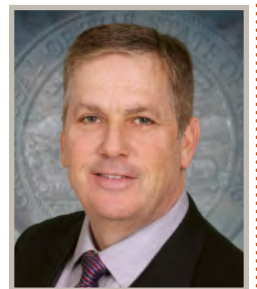
Prior to joining Pollard Banknote, Doug was a senior consultant with Price Waterhouse Cooper in their supply chain management group. He worked on projects in the hospitality and consumer products industries that emphasized business process redesign of core order fulfillment processes (raw material purchasing, shipping, invoicing, and cash collection). Doug holds a Masters of Business Administration from the University of Western Ontario and a Bachelor of Arts from the University of Manitoba. In addition to English, he is fluent in Spanish and French.



TERRY PRESTA

Executive Director, Kansas Lottery

Terry was a college student when his father died unexpectedly. He came home to "temporarily" run his dad's service station, but planned to sell it and go back to school. It soon became apparent that this path would be ruinous for his mother, so he decided to keep the store and acquire others. Thirty years later he owned 47 Presto Convenience stores, which he subsequently sold in 2010 to the Pantry out of Cary, NC. As a retailer, Terry sold lottery tickets for 26 years, only ending when he took the job of Kansas Lottery Executive Director in January 2014. Terry is heading up the Retailer Relations Committee for NASPL. This committee is looking for new and exciting ways to do more business with different and larger format retailers.





LEVI PUTNA

Product Development Coordinator, Jumbo Interactive

Levi Putna is a lottery industry specialist, combining his software engineering qualification and a passion for technical innovation to make his mark on the international lottery market. His background in mobile and internet technologies has led him to be involved in lottery projects around the world including Australia, Germany, USA, Mexico and Spain.

Recently Levi has been involved in the adaptation of the successful Australian OzLotteries.com website to other markets, including Germany with the production of jumbolotto.de. Another project of note has been The Lottery Rewards loyalty program, Levi's experience helped this start-up introduce one of the first non lottery funded and run loyalty programs to the US, and the world.

His technical background and creative thinking has helped Jumbo Interactive to evolve its products to become more interesting to a younger lottery playing generation. Jumbo Interactive now boasts one of the best young player engagement numbers in the lottery industry.



FRANK RASH

Chief Operating Officer, Shoutz, Inc.

Prior to joining Shoutz, Rash served as President & CEO of Dineplex International, a portfolio company of a private investment firm. Prior to joining Dineplex, Rash served as senior vice president of strategic development and as a member of the senior leadership team at AMC Entertainment Inc., one of the world's leading theatrical exhibition companies. Through leadership roles in operations, marketing and real estate, Rash distinguished himself over the course of a 25-year career with AMC.

His accomplishments include serving as the company's senior executive in the formation of many high-profile, industry-changing businesses, including: establishing the world's largest IMAX joint venture; the formation of Digital Cinema Implementation Partners, which was designed to create and implement a plan to deploy digital cinema technology throughout the United States and Canada; the formation and successful IPO of National CineMedia, an integrated media company; and the formation and launch of Movietickets.com, a world-wide leader in internet ticketing for theatrical exhibition.

Past private company boards on which he has served include: MovieTickets.com, Digital Cinema Implementation Partners and Midland-Empire Partners. Rash graduated from the University of South Dakota, where he received a Bachelor of Science degree in Business Administration and Master of Business Administration.



TERRY RICH

President and CEO of the Iowa Lottery.

Prior to joining the Iowa Lottery in February of 2009, Terry was CEO of the Blank Park Zoo; President and CEO of Rich Heritage Inc., a national marketing and television production company which produced shows for HBO, ESPN and Comcast, among others; and Vice President of Marketing for Heritage Communications Inc. As an entrepreneur, Terry developed Rich Heritage Inc., along with four other companies including radio station KBBM, US Digital Video, Newsletter Ease, and the World Championship Soccer League, LLC. He has appeared on national television in many roles, including a lottery industry expert on ABC, NBC, CBS, CNN, Fox News; a movie host on Starz!; and as a panel guest on the "Tonight Show."

Terry was recently named President of the North American Lottery Association which is responsible for raising over 68 billion dollars and also chairs the US Powerball marketing and PR game group.

MAY SCHEVE REARDON

Executive Director, Missouri Lottery

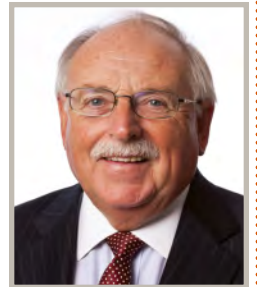
Reardon has been the executive director of the Missouri Lottery since December 2009. As the first woman in this position, she brings extensive leadership experience from the financial, non-profit and government sectors, including serving 12 years as a Missouri state representative. She is passionate about promoting the Missouri Lottery's "why" to her employees and all stakeholder groups. The Lottery's "Play It Forward" branding campaign has made the Lottery more relevant than Mc Donald's, the NFL and Starbucks in Missouri. As a leader in the area of improving Lottery retailer relations and performance on the national and local levels, she has proactively approached retailers at all levels regarding POS, POP and self-service optimization; more uniform accounting and inventory practices; cross-promotion; and the critical issue of higher Lottery debit/credit processing fees. Reardon has a bachelor's degree in communications from Saint Louis University and a master's in communications from Webster University. She currently serves as second vice-president for the North American Association of State and Provincial Lotteries (NASPL); is a member of NASPL's Government Relations and Business Product Development Committees; and serves on numerous committees of the Multi-State Lottery Association (MUSL).



BRIAN J. ROBERTS

President, Jumbo Interactive North America

Brian's background is rooted in systems development. His computer skills lead to the design and development of the first lotto system for a U.S. Lottery. The New York Lottery implemented the system in 1978 under a full facilities management contract with Games Management Services; a subsidiary of the UK based Vernon's Organization, which Brian subsequently managed making lotto a success in the U.S. Since then Brian has spent over 40 years in all sectors (Lottery, Pari-mutuel, Casino and Charitable Gaming) of the gaming industry. Recognized as a creative thinker and innovator in the industry, Roberts holds over twenty issued and pending industry related U.S. patents, including the ITVM. Brian's career has been truly international; developing, implementing and managing gaming systems for several domestic and international lottery jurisdictions. Some of the most notable organizations in the industry have employed Brian in senior management and executive positions: The Vernons Organization, Ladbroke, ILTS, On-Point Technologies, Interlott and GTECH. He has also consulted and advised several companies both domestically and internationally.



LYNNE ROITER

Corporate Secretary and Vice President of Legal Group, LotoQuébec

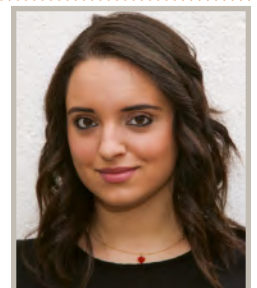
Lynne Roiter, a member of the Quebec Bar since 1972, joined Loto-Québec in 1985 as Director of legal services. She played an instrumental role in establishing the legal and regulatory framework that permitted LQ to diversify its gaming activities. In 1996 she was named Secretary General and Vice-President Legal Group at Loto-Quebec. She is a board member of the Interprovincial Lottery Corporation and was its Chairperson from 1999 to 2001; she is the incoming Chair for 2015. Lynne was the Secretary General of AILE and since the creation of the WLA, in 1999, has been its General Secretary and Legal Adviser. In this capacity, Responsible Gaming comes within her purview.



FIVI RONDIRI

Corporate Marketing Coordinator, INTRALOT, USA

Fivi was born in Greece, and earned a 5-year Diploma in Electrical and Computer Engineering from the University of Patras, Greece. While an undergraduate student, she became involved in university societies as Secretary of BEST (Board of European Students of Technology) and President of the IEEE branch (Institute of Electrical and Electronics Engineers). She completed her Masters in European Business at the ESCP Europe Business School (London-Paris) with Distinction. Fivi came to the U.S. in September 2010 as an Intern with the Corporate Marketing Department of INTRALOT, Inc. She became fascinated with the Public Gaming industry during her internship and, in recognition of her exceptional abilities, was offered a full-time position with INTRALOT.



In a little over four years, Fivi has established herself as one of the leading Lottery marketers in North America.

BUDDY ROOGOW

Executive Director, DC Lottery



Buddy Roogow was named the D.C. Lottery Executive Director in December 2009, after serving 13 years in as Executive Director with the Maryland lottery. He now brings over 18 years of valuable experience to the lottery industry. Roogow served as President of NASPL in 2012–2013. With Roogow leading the D.C. Lottery team, his vision and expertise is the driving force propelling DC Lottery growth. Before joining the lottery industry ranks, Roogow served as Deputy Chief of Staff to two Maryland governors. Immediately preceding his career in Maryland state government, Roogow served as Chief Administrative Officer of the Howard County Government from 1988 to 1991.

JULIN SHAW

Manager of Interactive Sales & Marketing, NeoPollard Interactive



Julin brings forward her years of experience in the lottery industry with Pollard Banknote to newly formed NeoPollard Interactive as Manager, Interactive Sales and Marketing, where her focus is on supporting lotteries in their efforts to maximize revenues in the digital space.

Julin is excited to apply her interactive knowledge gained through Pollard Banknote's innovative lineup of Space Between products to the adventure that is iLottery.

GREG SMITH

Executive Director, Vermont Lottery



Before being appointed to head the Vermont Lottery Greg was the Director of Strategic Cost Management. He also served as Director of Operations and Finance Manager at The Vermont Country Store, a catalog and retail shop located in Manchester Center. Prior to that he owned and operated the Vermont Inn in Mendon, worked for SmithKline Beecham Corp. in Philadelphia, and the Hyatt Hotels Corp. in Chicago.

FRIEDRICH STICKLER

Managing Director of Austrian Lotteries; President, The European Lotteries



Friedrich Stickler has been a member of the board of Österreichische Lotterien GmbH (Austrian Lotteries) since 1986. In June 2009 he was elected President of the European Lotteries (EL), the umbrella organization of state lotteries in Europe. He was re-elected to this position in June 2011. In his role as EL President, Mr. Stickler represents interests of the European lottery sector towards the Commission and the European Parliament and is fighting for the preservation of the lottery model based on sustainability. As EL President, Mr. Stickler is also in the forefront of the fight to defend the integrity of sport and sports-betting.

CHARLES STRUTT

Executive Director, Multi-State Lottery Association (MUSL)



Chuck Strutt was the first employee at MUSL, beginning in December 1987. He manages the daily operations of MUSL and has primary responsibility for implementing the decisions of the MUSL Board of Directors. He was named one of the Top 100 Marketers in the nation by Advertising Age magazine; has been profiled in Forbes magazine; was awarded the Power's Award for significant contributions to the lottery industry, shared Public Gaming Research Institute's Lifetime Achievement Award with Steve Wynn, and has been inducted into the Lottery Hall of Fame. Before joining MUSL, Chuck's lottery experience included managing the instant game show and the on-line game for the Iowa Lottery. He was also a member of a technical committee to establish a multi-state lottery game. He received his doctorate of jurisprudence

degree from Drake University Law School and has worked as an administrative law judge presiding over hearings regarding occupational safety and health, bingo licenses, sales tax permits, corporate and individual income tax, and professional licenses. Chuck also has a degree in Journalism and, for several years, wrote a humor column appearing in Iowa newspapers.

WOJCIECH SZPIL

Chief Executive, Totalizator Sportowy, Poland

Wojciech Szpil has been the CEO of Totalizator Sportowy since 2012 and Member of the European Lottery Executive Committee since June 2013. Holding a degree in Industrial Design from the Academy of Fine Arts of Warsaw, everything related to art has always been and always will be close to his heart. He also enjoys practicing extreme sports and travelling. From the very beginning of his career he was involved in advertising and marketing. From 1991 to 2005 he was Creative Director responsible for international clients and co-owner and President of the Management Board in Upstairs sp. z o. o.—the first creative agency for the Poland market. Between 1999 to 2005, after the merger between the Upstairs Group and Young & Rubicam agencies, he was the President of the new structure, one of the biggest communication agencies in Poland. In 2008 he held the position of Director for strategy and communications in the international enterprise Instaexport. Prior to appointment to the Management Board of Totalizator Sportowy, Wojciech worked as Advisor to the Management Board being charged with development and strategy in Art NEW Media SA, a listed company seeking to effectively combine business and culture domains.



SARAH TAYLOR

Executive Director at Hoosier Lottery

Sarah Taylor is a veteran public servant. She served eight years as Marion County Clerk in the late 1980's and early 1990's. She served as Director of Constituent Services for Mayor Greg Ballard for nearly six years. Sarah Taylor was appointed to lead the Hoosier Lottery in October of 2013. Prior to the appointment, Sarah was the Director of Constituent Services for the Mayor of Indianapolis. Twice elected as the Marion County Clerk, where she served for eight years, she acted as the chief financial officer for court receipts including child support monies and as chief election official for Indianapolis/Marion County. An Indiana native, Taylor, of Indianapolis, earned her undergraduate degree from Indiana University.



CHRISTINE THOMA

Business Development Manager, Lottovate

Christine has been a vital member of the Business Development Team since 2012 currently specializing in new business opportunities mainly in the USA and Europe. Excited about the huge opportunities of digital, Christine relocated from Germany to the UK to pursue this ambition a year ago and has been fully committed to the work involved in achieving this major drive. Previous professional experience includes invaluable experience within Management Consulting, with great insights into many industries and countries. Christine enjoys to visit the United States as it reminds her of a rich junior high school experience in New Jersey.



ZURINE DE SAEZ VITERI

Managing Director, Lottovate

Zurine has been working since 2010 in the digital lottery sector in Europe, specializing in the marketing part. Passionate about both—marketing and the digital approach—she defines herself as bilingual, “speaking” the two main languages in this industry: the one of the customers and the other one of the technology teams. With a professional experience of more than 25 years, spending several years as the former Sales and Marketing Director at ABN AMRO Bank in Spain and as a Strategic Alliances Manager at American Express, among others, her main focus during her entire career has been on Business Development, Sales and Marketing, setting up and managing any kind of offline and online media channel. One of the things she enjoys most is being part of a multicultural team.



PHILIPPE VLAEMMINCK
Partner, Altius Law Firm



Philippe heads the ALTIUS EU Regulatory and Trade Practice. He has more than 25 years specialist experience in EU law (Regulatory and Litigation) and trade law (WTO and anti-dumping). Vlaemminck has considerable litigation experience before the Court of Justice of the EU and the EFTA Court and was among the first private lawyers who were granted the right to appear in a WTO dispute settlement hearing. He is widely regarded as a leading player in the current debate on gaming and gambling in the EU, and has been involved in every gambling case before the CJEU and the EFTA court. Vlaemminck also acts as a legal advisor to various EU Member States and operators. He regularly speaks on gaming issues and is a frequent contributor to gaming law periodicals and journals such as Public Gaming International (USA), European Gaming Lawyer (UK), IGaming Business and World Online Gambling. He has been awarded the IMGL President Cup award 2010. Philippe Vlaemminck is ranked top tier in Chambers Global 2013—Gaming & Gambling.

RUSSELL YOUNG
Senior Vice President of Interactive and Mobile Experiences, Stratacache



As Senior Vice President of Interactive and Mobile Experiences, Russell Young works within STRATACACHE's ActiVia product group to develop new digital experiences for consumer engagement, establish critical strategic partnerships and originate new business opportunities.

Prior to joining STRATACACHE, Russell has spent 10+ years deeply involved with the digital signage industry, representing Fortune 100 technology companies and speaking at industry events on global trends and technologies. Russell graduated from St. Leo University in Florida while carrying out an eight-year enlistment in the U.S. Navy where he served in Desert Storm and Desert Shield. A native Texan, Russell lives in Dallas with his wife and three children. ■

Antonis Kerastaris Interview ... continued from page 48

these changes and carve out a growth strategy for themselves in this new world of multiple channels and media?

A. Kerastaris: The dotcom world is building global brands. They are branding the operator, not just the games, applying the idea of a global brand to their businesses. This kind of branding has not even touched our industry. And this is one of the key things that INTRALOT is working to change.

The dotcom operators have taken advantage of the fact that regulatory frameworks have not evolved with the market-place. They operate in a global market-place and regulatory frameworks apply to national market-places. The fact that their operations are not licensed in every country they operate does not prevent them from building powerful global brands. Illegal

gambling far exceeds legal gambling, which is absurd, and unfortunate. All forms of gaming, gambling, and lottery need to be regulated and taxed. That is the best way, if not the only way, to get control of the illegal gambling markets. That will also provide the basis for the development of global brands for legal gaming operators.

Government-lottery operators do have a huge competitive advantage, though. Their land-based connection to the consumer will help them to consolidate a higher degree of brand loyalty. They just need to augment that land-based retailer connection with a more robust online connection. Online operators are building global brands, but there is no customer loyalty to those brands. The online consumer quickly migrates to whomever has the best value proposition today. Lottery

can leverage the online connection to reinforce its long-term position of strength in the land-based market-place to become far more powerful than the countless online brands which are entering the market now and in the coming years.

In fact, it is very exciting to think about the potential for growth for the government-gaming sector. Sure, there are things we need to do differently, and building out our multi-channel connection to the consumer is one of those. But the competitive advantages that lottery has over all other sectors include its bond with the consumer that has been built up over many decades. Its reputation for integrity, security, corporate responsibility, affiliation with good causes, and great games—these are assets that nobody easily can replicate. ■

PGRI 2015 Lottery Expo Conference

September 9, 10, and 11, 2015

Eden Roc Miami Beach

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Thursday & Friday, Sept 10 & 11

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Wednesday, Thursday, and Friday

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PGRI CONFERENCES are about pushing fearlessly into a future that is rich with opportunity. It's about struggling with the tough decisions. It's about keeping up with a consumer that expects more than ever, and with a competitive environment that is changing rapidly to meet those expectations. Team Lottery is already setting the highest standard for the entire games-of-chance industry and is bracing to raise the bar higher. It has all the tools to make it happen, and the courageous leadership to show us the way.

AND NOW, MORE THAN EVER, IT'S ABOUT INTERACTIVE. Lotteries are building out the infrastructure, game content, and strategies that connect the lottery operator to the consumer over Interactive channels.

IT'S ALSO ABOUT MODERNIZING THE ENTIRE RETAIL SHOPPING EXPERIENCE, and that includes bridging the gap between Interactive and land-based retailing. Collaboration on promotion and brand messaging is augmenting the success of multi-jurisdictional games, innovation is improving all levels of operations, and navigating (and perhaps influencing) the changing regulatory environment, are top-of-mind issues that are addressed at Lottery Expo. So join us at Lottery Expo to push into new frontiers that will secure a bright and prosperous future for government-gaming.

LOTTERY EXPO provides a unique forum for industry leaders to address the challenges and opportunities that face our industry today. We hope to see you there! Visit www.PublicGaming.org for updates and conference info.

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1973

World's First Secure
Instant Lottery Game



Now

Growing Global Production
for Instant Games



Now

First Fully Integrated Instant
Game with HTML5 Mobile
2nd Chance Game



Now

Live with First Comprehensive iGaming Offered
by a State Lottery in the U.S. Featuring Poker,
Casino Slots and Table Games



Now

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