



# Boldly Go where Others Have Been Before ...

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When setting out on a journey you haven't made before people often check a map before they leave. There is a high probability that where you're going, someone has been before and there's a well-trodden path. Sometimes that path may be a little less well defined but there are tracks nonetheless. I believe that the journey that NASPL is starting to take into the world of APIs is such a path. Others have been down the same route—we just need to look for the footprints they left and go a similar way ourselves.

In this case, the people who have already taken this route are in the banking industry. Fortuitously there are a great many parallels to the lottery business, so we can learn a lot from where they went, and, more importantly, how they got there. The simplest way to show the parallels between lottery and banking retail systems as they are today is with a table.

If we'd drawn this table 20 years ago, the banking sector and lottery would have looked exactly the same. Since then banks have opened up their systems, securely, and embraced the connectivity and infrastructure that already exists within the retail environment. So how did the banks move from a model very similar to the one deployed by lotteries today, to their current set-up?

Firstly, let's be clear. We're not talking about the systems the banks use in their own offices, we're talking about the systems used in retailers for card payments, the systems that are now integrated to the retailers Electronic Point of Sale (EPoS). And there's a parallel to the current NASPL API initiative, as initially we're aiming to integrate lottery ticket sales into the retailer's EPoS.

The banks started with a dedicated communication network connecting dedicated payment terminals to the banks' systems. The first step was to connect that payment terminal to the EPoS, but it was still dedicated hardware, and it still had its own comms. It was still expensive.

So the banks started using an open network, putting plenty of security around their transactions, but cutting out the cost of maintaining a dedicated network. Then the banks agreed on a common API, which allowed all of the banks to talk to all of the retailers through the open network, using the same language.

But they still had those expensive dedicated payment terminals to maintain. Retailers didn't like it much either because they took up space, and power. So by using the common API banks allowed retailers to connect their EPoS systems directly to the banking systems via the open network.

However, the retailers had to connect their EPoS systems to individual banks. So a number of third party providers (integrators) came along who sat in the middle of the retailers and the various banks. The retailers just connected to their chosen integrator. This was one, simple connection. The integrator then managed a connection to each bank, which was much easier for the retailer, and much easier for the banks. Of course, if any retailer still wanted to connect directly to all of the banks individually they could do so. The retailer had the choice. The banks listened to what the retailers wanted.

So, at the end of this process we have banks with considerably lower running costs, systems which are far less complex, and retail-

ers who are happy. All of this being achieved while remaining a highly secure environment.

This evolution did not just happen. It had to be managed and controlled. Standards had to be set, maintained, and providers had to be accredited. This had to be done in a democratic way, ensuring that no single organisation could veto something that all the other participants had agreed upon. It needed a trade body to take control of the process and define its own outcomes. It also needed to be nimble—this is the kind of initiative that can be hampered by indecision, self-interest, and over-weight committees.

And all of this has been done by the banking industry who were trying to achieve the same thing as lotteries are today with the API initiative. Lessons have been learned, experience gained, best practice defined. As a set of foot prints, that's pretty good!

At Abacus we would advocate following the foot prints left by the banking industry. Building a large, closed system would not be evolutionary. It would create as many issues as it solves, perhaps more. It would require some organisations involved to co-operate where the default position is to compete with one another, just like it would have done if the banking industry took this route. The trail has already been blazed, issues faced, and solutions found.

- Use open APIs, not a “Systems Solution”
- Deploy an open architecture—allow stake-holders to define what works for them
- Define the interface definition and standards
- Define security requirements
- Define business rules and an operating framework
- Create an industry body to manage the standards going forward
- Create an accreditation process



- Create an open process for gaining accreditation
- Create an open environment to allow vendor competition
- Enable vendor independence
- Define what needs to be done, not *how* it is to be done

Finally, going back to the table we discussed earlier, we said that twenty years ago the banking industry would have looked just like the lottery industry. So is it going to take us 20 years to get to the same place? We can't answer that for sure, but what we can say is that Abacus is delivering connectivity in Holland today, using an API, allowing 2,000 retail stores to sell lottery tickets directly from 12,553 EPoS tills. Abacus has been on this journey for a while now, and some of us have already been there whilst working in the banking industry. So Abacus would like to help show you the way! ■

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Key Requirements/Drivers	Banking	Lottery
High level of security	✓	✓
Resilient	✓	✓
Quick response time	✓	✓
Easy & cost effective to implement	✓	✗
Existing retailers' requirements and infrastructure	✓	✗
Flexibility	✓	✗
Openness	✓	✗
Vendor Independence	✓	✗