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European Perspective: Scientific Games' 360 Degree View of the Player

PGRI Introduction: In his 33-year career in the lottery and gaming industry, Kevin Anderson has covered a great deal of ground professionally and geographically. Anderson, vice president of sales and business development EMEA at Scientific Games Lottery, a division of Scientific Games Corporation, oversees sales for a vast area of the globe stretching from Europe to the Middle East and Africa, and he serves as global head of sports betting. In that time he has managed lotteries in Latin America, spent six years in Greece running sports betting for OPAP, and led the company's joint venture with Française des Jeux in France. We spoke with Kevin about product convergence—currently a hot topic in the industry—and how Scientific Games is providing innovative solutions to help lotteries serve the needs of consumers across all gaming entertainment categories.

Paul Jason, PGRI: *How has the expansion of Scientific Games through the acquisitions of Bally and WMS changed the company's lottery innovation?*

Kevin Anderson: We now have a 360-degree view of the player and the global gaming environment. My interactive and gaming colleagues at Scientific Games help me think about what's important to Europe's gaming consumers, retailers and operators of today and tomorrow. Coming together as one, large omni-channel company has given us a new perspective. We now look at software and systems architecture in a new and more complete way. We are developing technology for our customers that's more flexible and agile. We are creating faster solutions that can accommodate the continuous changes that regulation and competition bring.

The mergers have driven Scientific Games' innovation in systems solutions, content and services that are more closely alignment with requirements of the European marketplace, where gaming convergence has happened sooner than in other regions. We are architecting gaming systems that are easier to implement, more cost effective to operate, and most importantly, able to accommodate third-party products and services with minimal disruption.

Content remains very relevant. Scientific Games is well known for our game design capabilities, and we now have four content development studios that focus on gaming consumers as well as delivery channels. Another important benefit from the acquisitions is scale—we are bringing the best and most exciting licensed properties to our clients in many sectors.

How have your lottery customers and consumers benefited from the company's expansion?

K. Anderson: Scientific Games has more focus on R&D than ever before. We have centralized, larger and more diverse resources. We have more innovation and creativity happening across the company. And we can provide more value and engagement for players. In our development work, we are looking at the overall player experience and how much value we are giving players by extending game play, offering cash and experiential prizes, even virtual prizes and social sharing opportunities. We have found that the deeper the consumer engagement, the greater the benefit to the lottery and its stakeholders.

The gaming sector is extremely focused on player retention, so we do everything we can to make sure that the player journey is satisfying and entertaining. Also, you hear a lot about "big data" in our industry, actually in every industry. Business intelligence, along with Scientific Games' ability to transform our global insights into products, is key to innovating programs and products that ensure our lottery customers' success.

How do you believe the convergence taking place across gaming channels benefits European players?

K. Anderson: There are more gaming choices for European consumers than ever before and Scientific Games products

are more relevant than ever before with the convergence of gaming channels. We help our customers more accurately target their offerings to individual players or segment of players, ultimately resulting in a better rate of redemption. Players want to play when they want, where they want, and how they want on different devices, whether it's at retail, in the home, or on the subway. They want game entertainment to be more convenient and more accessible. And of course, there's also the desire to collect their winnings without necessarily going to a store. So new distribution channels are clearly beneficial to European consumers because of the immediacy.

With the multitude of gaming entertainment available to consumers, how do lotteries in Europe adapt to greater competition for the gaming spend?

K. Anderson: Most lotteries in Europe have adapted quite well. They have faced or are facing deregulation, which opens up their markets to an array of new gaming companies entering the marketplace, particularly in the online or interactive space. There has always been offshore competition in certain product areas, most prominently in fixed odds, sports betting, online casino and poker. New competition definitely has helped lotteries up their game to become more consumer-focused, to be more judicious about what, how and when they deliver.

Many of Europe's most prominent lotteries have chosen not to abandon the online space to the competition. They have added new product lines to their traditional, core businesses, to the extent that it's no longer unusual to find that several major lotteries now include all of the best-known product verticals in their portfolios. They have a very broad range of products, from lottery numbers games to instant games, bingo, interactive, and in some cases land-based casino, e-instants, fixed-odds sports betting, pari-mutuel sports betting, dog and horse racing, video lottery and virtual sports. Many lotteries deliver these in specialized outlets, across wide-area networks—usually their lottery retail network—and via a range of digital devices, such as smartphones and tablets.

How are lotteries using technology to adapt to convergence of gaming and lottery markets and player-ship?

K. Anderson: Of course technology

has been very instrumental in ensuring European lotteries' ability to compete with these new market entrants, particularly in the interactive space. Lotteries here have been quick to react to the competition, and they were quick to adopt best practices in the fields of content management and customer relationship management, which are very much enabled by technology. That all-important relationship with the player is underpinned by powerful analytical tools. This has been an area of major focus for our gaming division and it has been transported across the broader company, and by extension to all of our customers globally.

We focus on providing lotteries and gaming operators with tools to drill down and understand the various segments of player behavior through the analytics, which are essential for customized offerings. And of course, Scientific Games applies our learnings from One™, our motivation-based player segmentation study across lottery and gaming – the first study of its kind in the industry. Our study included both the U.S. and Europe, and the findings are driving our game and technology innovation.

How can a player account management system, such as the one Scientific Games is implementing for Danske Spil, improve lotteries' understanding of their players?

K. Anderson: The player account management system which we are delivering to Danske Spil is a great example of the value of our mergers with Bally and WMS. We now have knowledge from our larger gaming business, knowledge that was previously in silos or were product-based or were based on business units.

Our cross-jurisdictional player segmentation study focused on the motivations behind gaming behavior. When we see so much competition for the discretionary gaming spend, we know that consumers want to be treated very well. Scientific Games understands what drives consumers, what triggers their involvement, what they like, what turns them off, when they engage, and when they don't. It's why a huge portion of interactive marketing budgets is devoted to player acquisition and retention. And yes, a unified player account management solution like the one we are delivering to Danske Spil allows the lottery to be fully conversant with the behavior of each individual player.

By providing open interfaces, our uni-

fied PAM solution allows the operator to choose best-of-breed solutions from the open market, which are then integrated into one master framework that can analyze the player's previous behavior and help predict future behavior. It can simplify the management of promotional campaigns that are better targeted and much more relevant to the recipient. The unified PAM gives us a 360-degree perspective that allows the lottery to track the player, understand the player, know when to engage with the player and when not to bother the player. Ideally this results in less spend on player retention and in a more satisfied consumer.

We look beyond the operator and the retailer, and we have to get everybody in the game to value the gaming consumer. It's very difficult to win that consumer, it costs a lot of money, and it can be challenging to retain their loyalty. If we deliver the right tools to our lottery customer, and share our deep understanding of consumers and games, we can seriously save our customers money. And that means more net proceeds from gaming revenues for lotteries.

What can U.S. lotteries learn from their European counterparts?

K. Anderson: Overcoming challenges is tantamount. European lotteries have responded very well to the threats and challenges to their erstwhile monopolies, particularly in the interactive space. Lotteries in Europe will remain leaders in the sectors where they have chosen to compete, despite new market entrants. These lotteries have learned how to leverage their strong brands, and the integrity, respect and security that those brands have engendered as part of the fabric of society over many, many years, and in some cases over centuries, to the extent that they have remained not only relevant but dominant in the wider gaming space.

I believe the challenge that U.S. lotteries will face in the future is the inevitable move towards a more heterogeneous gaming industry as has already happened in Europe. As the situation evolves in the U.S. and as regulations change, even if it's going to take a few years, there will come a time when they will be able to learn from their European counterparts, particularly in the area of sports betting and interactive gaming. ■