

PGRI Introduction: By connecting the individual with the world, sending and receiving the instructions that enable a universe of activity to hum along with seemingly limitless speed and capacity, digital technology has completely reshaped the way business operates, and the way we live as consumers. The amazing thing is that we are just scratching the surface – there is so much more potential for digital technology to improve our lives. Forward-thinking leaders in the world of Information Technology (IT) are working hard on the next step, which is to integrate the systems and multitude of devices so that communication and information flows smoothly between our smart-phone, our home-computer, and the servers that drives business.

In the past, technology was sometimes acquired and implemented without paying much attention to how everything works together. Now, IT is all about creating seamless communication and transaction of data and information. To accomplish this move to integrated systems and devices, lottery and gaming operators need a new skill set for IT professional services and support. Application of best practices from the global universe of technological expertise must combine with a deep understanding of the issues and unique priorities of the lottery and gaming industry. GLI is the one company prepared to deliver that set of competencies and capabilities.

For the past 25 years, GLI has focused on one mission: ensuring the integrity of the gaming industry. That role, though, was traditionally focused on the testing and certifying of electronic games, devices, and systems. Over that time, GLI has secured a uniquely important role for itself, establishing an incomparable team of professionals to test and certify electronic gaming equipment. That includes hardware, software, compliance, systems, and communication engineers, high-tech engineers and mathematicians, and quality assurance specialists. GLI is now applying its decades of experience and the full weight of its resources to build out a comprehensive portfolio of Professional Services.



Greg Doucette

Director of Global Professional Services, Gaming Laboratories International (GLI)

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GLI'S DIVERSIFIED PORTFOLIO OF PROFESSIONAL SERVICES

Paul Jason, Public Gaming: *GLI's business philosophy is to stay highly focused on its primary area of competence. Be the very best at a focused portfolio of services. Your customers, though, have been asking for years that you not limit your support to testing and certifying. Thankfully, GLI is now applying its brain-trust and decades of experience to a wider range of support services. Why now – why are you expanding into the broader range of professional services now?*

Greg Doucette: Three reasons. First, as you point out, our customers do not want us to limit our services to testing and consulting of gaming equipment – the drumbeat of requests to provide the complete portfolio of professional services has been steadily increasing over the years. Second, after 25 years of fine-tuning our capabilities in the area of testing and certifying equipment, building our team of engineers and technology specialists, and acquiring the industry-specific expertise in all areas of

technology, it's time to leverage our skill-sets into other aspects of professional services. Third, the critical skill-set is now the ability to integrate devices and systems. And that means applying our capabilities across the entire spectrum of IT and business process.

I would also say that this really is a natural progression, an organic growth that GLI is undertaking. We developed a core business in technology, and testing in particular. Now it is time to expand, applying the same values that drive GLI to excel at whatever service it provides. GLI has a corporate culture that over-delivers, that resolves to be the very best at whatever it focuses on. Now we are taking the breadth and depth of knowledge acquired as a gaming testing lab and leverage that into four service channels: project management, governance risk and compliance (GRC), technical services, and training.

I am noticing that general business and IT consultancy firms are attempting to enter the gaming business. These are the big consultancy names that everyone is familiar with. Their expertise is generic, gleaned from text-books and consulting in other, non-gaming, business sectors. The problem is that lessons learned in other industry sectors do not necessarily translate over to the gaming industry.

G. Doucette: GLI has been immersed in the business of gaming from the beginning. That is 25 years of dedication to helping this industry evolve its technology and preserve the integrity that is so vital for sustainable growth. That's 25 years of building a team of professionals whose sole purpose is to understand the gaming industry. Our brain-trust of 800 engineers and IT specialists delivers a breadth and depth of gaming industry expertise that nobody else has.

GLI has a track record for developing standards for the industry that everyone is free to use and apply as they wish. Now we are being asked by our clients to do that for security, risk, auditing, training, and other areas of professional development. You do not want to apply some kind of generic best practice standard that was developed for other industries. The process and procedure needs to be tailor-made to our industry and to the individual application. When auditors arrive, it is vital to be able to explain exactly how and why these specific procedures were implemented, how and why they mitigate risk and achieve the business and public policy objectives unique to each individual operator.

It is very exciting that your service to the

industry is now expanding into those other areas of professional services and IT consultancy and support. Let's start with Project Management. What exactly does that entail?

G. Doucette: Let's say a lottery wants to implement a brand new system, whether it be the traditional network of terminals, or internet-based transaction processing, or something else entirely but based on central server architecture. The lottery then contracts with vendors to provide the technology and ongoing support for the new system. GLI can perform a project management role that includes independent oversight and auditing of the implementation and ongoing maintenance of the system. We represent the interests of the lottery. In that sense, we think of it as project governance; that is, making sure projects are delivered on time, on budget, complying with all the terms and conditions of the contract, and meeting the business objectives of the lottery.

That role is more important now that lotteries are expanding into new games and new channels of distribution. Integrating systems and functionality from multiple vendors creates a whole new level of complexity, doesn't it?

G. Doucette: It does. It's called multi-service or multi-source integration. For example, right now we are managing a number of Video Lottery modernization for lotteries. The thing is, VLT's are only one part of the program. GLI represents the lottery, but we manage a number of different vendors. We integrate the technology and service of those vendors, ensuring that the interests of the lottery are kept center-stage. It involves managing budgets and vendor relationships in a way that optimizes the end result for the lottery.

That is just one aspect of our project management role. GLI's engineers understand IT and gaming systems inside and out, understand all the protocols in the testing, understand the requirements of regulators, and understand how to manage the interaction between operator, vendors, and regulators. These are industry-specific skill-sets and they're necessary to achieving the desired results.

Your core competency of technology and systems testing would seem to be central to the task of project management.

G. Doucette: The integration of systems across multiple vendors does involve constant testing. But it's not just about the technological know-how. GLI has developed a unique brand of independent oversight that

is very clear on the aspect in which it is the gaming operator and regulator that makes the decisions. We advise, support, consult, and give the client all the tools they need to make an informed decision.

Lotteries depend upon the commercial community to manufacture the terminals, the central server and IT infrastructure. Vendors design the system that produces and delivers games of chance to the consumer. Additionally, most lotteries outsource system implementation and ongoing support. GLI acts as the independent resource to translate the directives of the lottery into the technology action-plan that achieves the intended results. Our value proposition is simple: When tens of millions of dollars are being spent on IT infrastructure; when security and reliability are mission-critical, when delivering an end-result on-time and within budget can mean millions in costs savings and millions more in revenue, the investment in effective project management delivers the highest ROI of any part of the budget.

Lotteries are outsourcing more and more. The technology, the systems and process, are all becoming more complex. When it comes to design and implementation, the difference between effective and not so effective amounts to many millions of dollars. That's why the role of project management is so important.

In his presentation at Smart-Tech last year, Mr. Maida (President/CEO of GLI) talks about the challenge that legislators have in setting a course for regulations to keep up with changes in technology, media, and consumer behavior.

G. Doucette: Defining the regulations and shepherding them through the legislative process takes time. That process is just not keeping up with the changing market-place. The regulatory frameworks apply to the industry as it existed in years past but not in the current and future environments. There are ways to deal with this problem, to enable the formulation and implementation of regulatory systems to be more dynamic and responsive to the changes in technology and consumer behavior. Regulators and legislators could become more outcome-focused. Use the legislative process to define the outcomes you want from a public policy perspective. But instead of defining prescriptive measures for how to achieve those outcomes, give the regulators the flexibility they need to produce the desired outcomes. Enable the design and enforcement of regulations to evolve with technology and consumer be-

havior. For instance, nobody knows the precise role and impact that cloud computing will have on this industry. So it would not be productive for the legislative process to attempt to define limiting parameters. Instead, clarify public policy objectives in a way that the regulatory process can be flexible to meet the needs of a fast-moving industry. Legislators may be concerned that this mitigates their control over regulatory policy, which it does. But the trade-off is far superior to the situation of having a perennially obsolete regulatory structure.

James' Smart-Tech presentation illustrates how current regulations are not adequate to deal with the changes in technology, player behavior, and the market-place. Games of chance are being developed and launched that defy the ability of current laws to define and regulate. Internet cafes are one example. Sweepstakes-like promotions that are used by marketers of consumer products are being used as a loophole to operate high-volume games of chance. State legislators are currently acting to regulate them, or close them down as the case may be. There is clearly the intention to regulate such games from a public policy point of view, but the frameworks need to be updated to deal with current and future games of this type and new types that will be entering the market in the future. If regulations are not updated, the ability to fulfill public policy objectives will be impaired. The Internet café problem is being solved as we speak, at least in some states. But they are just the tip of the iceberg.

Clever game developers will collaborate with gray-market operators to combine social gaming and wagering games that fall outside of current regulatory structures.

G. Doucette: It does not have to be that way. But we do need to understand the dynamics and respond accordingly. Fundamental concepts like Chance, Consideration, and Prize may need further clarification as to what constitutes those attributes. Does "chance" mean that no skill is involved? Or, if some skill is involved, as in poker, does the definition of gambling require that the degree of skill versus chance be somehow quantified? Legislators in some states are just now deciding, for instance, that payment for internet services at an internet café qualifies as "consideration," and that the sweepstakes promotion in these operations qualify as a prize payout. We are just beginning down this road of confounding issues!

Gaming operators will come up with new

and more creative ways to comply with the letter of the specific laws, so regulators need to be able to determine that, for instance, a skill-game played for money on Facebook qualifies as gambling even though the legislation may not specifically address that particular situation. The whole issue of online operators, and social networking hubs like Facebook, opens up a whole new realm of policy and security issues that nobody, including legislators, can predict the implications of right now.

The one constant that courses through everything GLI does is integrity and security. Your business is really about protecting the integrity of all stakeholders in the gaming, lottery, and gambling industry.

G. Doucette: Our simple message to lotteries is just that – the most valuable asset you own, the one most important thing you have that keeps you in business, is player trust. If you lose player trust, your game is over. And the preservation of integrity relies directly on security of the systems. That's why GLI has collaborated with the World Lottery Association (WLA) to build certification processes to enable lottery operators to ensure that their systems will not be compromised. As a WLA Security Control Standards certification service entity, we have accredited auditors who will provide the certification audit, and make the recommendation to the WLA Security Council for certification. The WLA will review our audit and then issue a certificate if appropriate. Likewise the WLA's standard is built on an ISO standard 27001.

We are also working with Mike Randall and Paul Peinado and the WLA on promoting the importance of WLA's certification for Responsible Gaming.

The expansion of lotteries into new game categories and channels of distribution mean more points of vulnerability to security-compromising events. Doesn't that have rather profound implications for IT infrastructure in general, as well as security?

G. Doucette: Technological systems are no longer just about the way that the server connects to the terminals at retail. Systems are expanding in different ways and in different directions. A fault anywhere in a system, an entry point for a hack or a compromise anywhere, threatens the entire edifice of integrity and brand value that is so vital to the operation of the lottery or any gaming operator. The purpose of security testing is to

ensure that standards are met. The purpose of certification is to build the trust on the part of players and all stakeholders.

We have been talking about GLI's technological expertise. There is also the relationship you have developed with regulators, operators and vendors. I would think that is a proprietary asset that helps you get results for your customers.

G. Doucette: It is that relationship, combined with our resources and skill-sets, that is really the driver for our expansion into professional services. There really is nobody able to fill that void of bridging the communication gaps in this increasingly complex environment.

Security is now as much about process and procedure as it is about technology. And process is about people, the people who are responsible for developing and maintaining the websites, the software and the systems that enable the games to operate. Networks exposed to the Internet always have existing keyholes, a way for external users to access internal resources such as websites. The security of the fire-wall typically remains intact while the hacker finds the way into the system through the existing keyhole. Enterprise risk assessment looks at the entire infrastructure and process as well as the technological security. Internal audit identifies opportunities for process improvement as well as technological and network vulnerabilities.

GLI's is a unique value proposition. You deliver higher value for lower cost because you don't have to charge again and again for the resources and competencies that have been acquired over many, many years.

G. Doucette: The majority of our engineers and professional staff have at least 15 years of gaming industry experience. Management and IT consulting firms tend to think of business in generic terms, as if the issues in one sector, like consumer products, are really not much different from those in other sectors, like gaming and lottery. Of course, there are many solutions which are transferable from one sector to another. But we feel that it is a big mistake, and a common mistake, for consulting firms to overlook the aspects in which lottery and gaming are different from other economic sectors. Are there similarities between lottery and consumer products; or between the security needs of lottery and the security needs in financial services? Of course there are. But if you are not clear on the differences, your solutions will be faulty.

GLI is unique in our ability to bring to the process the skill-sets and experience to enable us to identify those differences, to recognize how we can leverage the tools that have been perfected for other sectors versus the areas where we need to build the tools and solutions unique to this industry. That is our essential value proposition.

We also bring a business risk-assessment approach to the process. Solutions should be strategic and focus on optimizing long and short-term financial objectives. It's easy to prescribe solutions. What is not so easy is to assign specific values based on costs and ROI to the solutions. That is what GLI does better than others. We do not deliver pre-packaged "best practices" recommendations. We draw on our knowledge of best practices to make recommendations that are most effective for each and every unique customer. We think of this as a collaborative process, integrating the outcome-focused perspective of the customer with the solution-driving resources of GLI. And our customers come to think of us as trusted advisors whom they can call on for ideas and insights outside of the specific purview of our contract.

You have become the standard bearer of educational and meeting formats for the regulatory industry. You also provide training for operators working to improve their standards for security. Now you are expanding that approach towards using your role as hub of interaction to bring people together in all sectors of information management.

G. Doucette: We do hold meetings and Roundtables to smooth the path for more and better communication, and to create a forum for regulators to meet with operators and manufacturers to wrestle down the issues and move the industry forward. We also have formal and structured training programs in which we help operators clarify what they need to do to meet WLA and ISO standards. We impart the knowledge and understanding for what the requirements are, how to implement the changes to meet them, and how to conduct the audits internally so as to measure your progress yourself.

Training is not just about security. Business continuity, iGaming, and risk management are now vital components to an overall IT management system. So we offer a number of different training courses.

An adjunct to Project Management is what we call our Project Health Check. New systems invariably involve a capital expenditure, often a very large investment. Surveys

indicate that 68% of IT projects come in over budget, over time, and under-delivered on the value that they promised. The Project Health Check is a quick triage of audits on major capital projects. It is a tool to identify opportunities to improve performance during the implementation. As opposed to the post mortem following the conclusion of the project, we identify ways that the end result can be enhanced in time for something to be done about it. The cost/benefit ratio of the Project Health Check is, frankly, incredible. When the project is going along perfectly, which is rare, even then it is good to do a health-check just for insurance. But truly, I don't think there has ever been a situation in which the health-check did not reveal an opportunity for improvement that easily paid for itself. Within a couple weeks, we can determine if the project will come in on time, within budget, and whether or not it will fulfill the terms of the contract, or at least whether the mechanics are in place for it to be successful.

And the clients know that GLI would give them an honest diagnosis, not one designed to create more consultancy income.

G. Doucette: There is a project that we are managing right now in which we are recommending that the client modify the contract to reduce their payments to us. We are able to fulfill the management objectives for less money. The entire industry expects that kind of integrity from GLI and it is just smart business for us to always meet that expectation. We are a very cost-conscious company ourselves and we do not want to see our clients waste money. We are paid to help our clients accomplish and exceed their goals. At the conclusion of the contract, we want to make sure the client is confident that they received superlative value and feels good about the service we rendered.

How does your traditional competency of testing transfer over to Project Management?

G. Doucette: To start with, our core competencies of engineering and technical talent are exactly what is needed for Project Management. What makes GLI rather unique, though, is the tools that we have developed for our traditional business of testing and certifying systems and devices. Security, and we are talking about process as well as technology, is at the heart of everything, all technology, especially in the lottery industry. Security is our specialty and that is what makes GLI especially good at all varieties of Professional Services.

What is the most important trend in technology today?

G. Doucette: Virtualization. I don't know if it is the most important trend, but it is definitely something that all IT leaders should understand because it has the potential to dramatically enhance their entire IT infrastructure. Everyone talks about "process improvement". And they have been talking about it for years and years. The thing is, the technology that drives process improvement is changing on a daily basis. Wouldn't it be better to outsource the cost of new technology and re-engineering new processes on a continual basis? That is the promise of virtualization – cloud computing. Virtualization reduces your on-site server requirements by a factor of twenty or more. Of course that reduces costs on many fronts. But most importantly, it keeps the operator on the cutting edge of technological capabilities, eliminates the need for disaster recovery and readiness programs, and allows the operator to focus instead on their core competencies like game development and building relationships with the retailer and the consumer.

And back to our original theme, wouldn't it facilitate the goal of integration as we move forward?

G. Doucette: Absolutely. In the virtualized server environment, you have easy and limitless scalability. Inter-operability is also limitless because the newest technology enables virtual images or snapshots to replicate programs on other servers all around the world. The virtualized environment has the most sophisticated technology and capacity that can be increased as needed, with little time delays. These are critical capabilities for enabling the operator to consolidate and integrate internal operational functions like accounting, auditing, transaction processing, etc. But it also enables the operator to deploy unified easily navigable user interface. The retailers and the consumer have the benefit of interacting with the operator on the most user-friendly platforms that are never obsolete because they are constantly upgraded with every new step in progress. ♦