



# Inmaculada GARCÍA MARTÍNEZ

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Member of the Executive Committees of the World Lottery  
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## On Adapting to a Rapidly Changing Market-Place

And see page 58 for more on the Amazing Spanish Christmas Lottery, “El Gordo”



### Loterías y Apuestas del Estado

**PGRI Introduction:** The State Lotteries of Spain (officially the Sociedad Estatal Loterías y Apuestas del Estado or SELAE) is a public Company tasked with managing a variety of lottery games throughout Spain. The SELAE network consists of 11,000 retail outlets, 700 employees, and 55 sales offices. Its 2015 sales of €8,628,345,000 makes it one of the largest Lotteries in the world. The Spanish Lottery El Gordo (the

Fat One) is one of the most successful lottery games in the world. It’s “Christmas Lottery” draw on December 22 awarded €2.24 billion in prizes, considered to be the largest prize pool in the world. SELAE is an amazing operation with a relentless focus on Continuous Improvement.

Inmaculada García was appointed President & CEO of SELAE in September 2013. She brought to this position extensive leadership experience, managing senior executives in the sphere of the public administration of Economic and Financial issues. She joined the High Corps Inspectors of Finance in 1988. As inspector of the State Finances, she was mandated to Olot, Tarragona and Murcia, where she was Head of the Regional Technical Office and Regional Head of Collection. In 2003, Ms García was appointed to the Ministry of Finance in the Region of Murcia and subsequently the Ministry of Finance and Ministry of Economy, Enterprise and Innovation until 2011. From March 2012 to September 2013 she acted as the Commissioner for the reconstruction and economic recovery of the area of Lorca until she was appointed President of the State Lotteries.

As President and CEO of SELAE, Ms García is currently leading the company to improve the business and integrate new technologies in lottery products and services. Since her appointment, she has restructured the company and re-designed the strategy in order to the Lottery playing experience with the technological needs of the 21st century. Due to the size of business, history and experience of SELAE, Ms García is convinced that the participation of SELAE in the Boards of international bodies is crucial. Ms García is a great advocate of the need for Lotteries to have an even bigger and stronger international alliance to defend the interests of our industry and stakeholders.

**Paul Jason, PGRI:** *What do you see as the most important initiatives for SELAE to undertake in 2016?*

**Inmaculada García Martínez:** First of all, I would like to highlight that 2015 has been a very successful year. Many achievements have culminated in our worldwide-known Christmas Draw held on the 22nd of December where we have had a significant increase in revenue.

Looking ahead to 2016, SELAE's main challenge is to continue the path of growing its lottery business, raising funds for the national budget and for supporting sports, culture and other social causes, to which SELAE dedicates 2% of its profits. This is not an easy task in the Spanish gaming industry, where SELAE faces a growing competition from for-profit private gambling operators.

SELAE's games are very well known to the public, but rely heavily on the draw-based games. So SELAE is continuously trying to match its new developments with the general request from its stakeholders to create new games and business opportunities to meet the current needs of the market-place. In line with this policy, we have planned, along with our partners in the Euromillions community, to launch an exciting modification of this game. The details will be announced in the near future.

Next year we are going to introduce our new SAGA digital platform, that will replace our current internet solution. SAGA is the culmination of a great deal of effort made by SELAE in the last three years. This new high performance digital platform has been designed to address the requirements of our players in terms of betting experience, content management, multi-device use, and will be the foundation to build an omnichannel solution to digitalize our point of sales. We have high hopes for this new platform as we are growing at 15% annually on the internet.

In terms of our retail network, during 2015 we have successfully opened more than 600 new retailers in areas of Spain with low population. In 2016 we will continue our plans to increase the number of retailers to bring our games closer to our players.

Another exciting 2016 project is to revamp our brand identity, including our portfolio of games. Although our current emblem is well recognized throughout the country by a great majority of Spaniards, we need to evolve and innovate to ensure we stay relevant and engaging in this ever-changing competitive market.

*What game categories represent the best opportunity for growth for SELAE?*

**I. García Martínez:** SELAE is working to adapt its portfolio to the consumers' general demand. Along this line of commercial policy, SELAE has modernized our football pool game "La Quiniela;" we have increased the number of draws of our LOTO now which is daily; we have also created new special Lottery Draws; and finally we have implemented the new change in EUROMILLIONS mentioned before.

*Is SELAE licensed to offer online casino-style gambling?*

**I. García Martínez:** No, SELAE is not licensed to offer online casino-style gambling and we do not have plans to enter this segment of the gambling market.

*What percentage of SELAE revenue comes from online sales? How much do you expect that percentage to be in 2016 or 2017?*

**I. García Martínez:** SELAE depends on the retailer network to sell our products. Nevertheless, we realize that we are in the 21st Century and appreciate the important role that new technologies have for the modern consumer. So, in order to support our retailers and help them to increase their sales, we provide them with the opportunity to sell our

products over the internet and through mobile apps. In this way, the online channels have enabled our retailers to extend their selling time to 24/7. This is important to them and it is important for the players to have this improved access to play the lottery. Online sales still represent a modest 1.4% of our total sales, but the pace of growth is high and we expect to reach a 2% in 2017. Most important is that SELAE products be made available through multiple channels so that the consumer can buy them online and on their Mobile. And SELAE's positive relationship with our retailers is stronger than ever because they benefit directly from this online sales model. The retailers remain the true sellers of SELAE lottery products.

*Spain's online gambling market is opening up to multiple commercially licensed operators to offer all varieties of online gambling. Does online gambling represent a competitive threat to Lottery, to SELAE?*

**I. García Martínez:** The Spanish government passed a law in May 2011 that regulates online gambling. Since then, the number of new online operators have increased dramatically, offering all varieties of online gambling, including fixed-odd sport betting, poker, and most other successful casino-style games. Of course, this new offering has impacted SELAE's sales negatively, as it has diverted some of the lottery players' spend over to online betting. However, what really concerns us is that it has cut further into the number of young adults who play the lottery. Additional gaming options in general, and online betting in particular, definitively represents a competitive threat to SELAE. It is a challenge for us. But it also is the inspiration for us to be more innovative and creative in providing attractive and entertaining products to our players while always staying aligned with our Responsible

Gaming Policy. Responsible Gaming is a mission-critical value for SELAE. That is key for sustainable growth of this industry as well as protection of the consumer.

*As Chair of the Public Order and Security Committee for the EL, what do you see as the top priorities for member lotteries to be addressing at this time as regards the most crucial issue of Public Order and Security?*

**I. García Martínez:** We first must properly frame the Public Order and Security Committee activities: its mission is to support the EL strategy. Within that remit, the Committee's concrete activities focus on delivering tools that allow EL Members to strive to create the best benefits and outcomes for society. Those tools include enterprise practices and

management standards that contribute to always moving our performance and behaviour towards excellence, protecting our citizens, and maximizing our efficiency.

Focusing on specific elements, there are two big, somewhat overlapping areas: one is more focused on ensuring compliance, and the other more focused on Continuous Improvement. In relation to the compliance area, as Chair of the Public Order and Security Committee, I consider that anti-money-laundering and privacy are currently top priorities—especially in light of the recently approved 4th AML Directive, and the next directive to be issued General Data Protection Regulation. Pursuing further improvement, we will continue to work on security and integrity, covering both

information and operations. This is a very wide range, as it includes measures to ensure the integrity of the games, to prevent match-fixing, and to ensure game fairness and business continuity and stability. In any case, finally the ordering of priorities and updating of EL strategy lies within the Executive Committee remit.

The best way for EL Members to optimize their value to society is to fulfill our role as operators of the games on behalf of the state and ensuring that all aspects of operations meet the highest standards of excellence, integrity, security, and Responsible Gaming. These are the values that are central to the EL's Public Order and Security Committee and EL Members. ■