

Innovate to Generate

By Charles Cautley, Senior Vice-President and Chief Technology Officer, GTECH Corporation



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What bright idea did you have today? We all come up with “innovative” ways to perform our duties and get the job done. But many times, when a truly creative idea comes to mind, we’re too busy with our daily activities to expand on that idea, letting it slip us by, only to be kicking ourselves later when a competitor has beaten us to the punch. The end result: a potentially lost opportunity that could have directly affected your company’s bottom line.

The capture and development of new ideas has taken on much more significance for top-level executives worldwide.

Today, “innovation” is the competitive differentiator. In fact, creating a culture of innovation is the key to survival in today’s competitive global marketplace. This is true for companies like GTECH and for the lottery industry as a whole.

An idea alone is of no value. The successful application of innovation is a multi-step process. It is not just about creating the idea but creating a culture that takes an idea through implementation and producing value in the market faster than anyone else. In my years of experience, I have seen companies use innovation to build substantial business and accelerate growth. Across the board, the following three business practices are key to innovative success.

To begin, complacency kills creativity. Shake up the status quo often so ideas that simmer below the surface have the opportunity to rise above the fray. There is great value in creating teams consisting of employees with diverse outlooks and mind sets that challenge each other, challenge the corporation, and question assumptions. Every employee should be encouraged through objectives and rewards to find time to work on solutions that will impact the future.

Second, an idea must be supported by a process that pursues it and implements it. Unfortunately, most corporate cultures and bureaucracies inherently stifle our risk appetite; only ideas that have a high chance of success are chased. This often leads to incremental improvements only, while the big ideas are chased by others. Break away the best employees from the bureaucracy of the mother ship and grant them the flexibility to follow through with their creativity.

Third, management holds the key for innovation to blossom. Be unfailingly committed to improvement and change. Failure of trying should be rewarded over not trying. ROI (Return on Investment) is important but many innovations take time to find their sweet spot and meet their potential. Be patient. The customers will reward you for it.

There are many examples of companies that are leaders in the innovation process including 3M, General Electric, and Google. At 3M, innovation is at the heart of its culture where failure is tolerated and innovation openly rewarded. General Electric embraces change by rapidly adopting ideas across the business units (e.g. Six Sigma) and build-

ing diverse teams to challenge the status-quo. Google has organization principles dedicating more than 10% of work time to innovation.

Innovation is the Lifeblood of GTECH

As Architects of Gaming, GTECH is uniquely positioned to provide the value that our customers need to grow in a rapidly changing industry. As part of GTECH’s ongoing innovation process, we launched a global campaign this summer to challenge our employees to come up with as many new ideas as possible. We asked for new product ideas; better ways of developing, delivering, and selling; and how to get to market quicker and less expensively. We received more than 2,100 ideas. Employees who participated were entered into a raffle for great prizes such as a plasma television, X-Box 360, iPods, and \$300 gift cards.

The idea generation was just the beginning. A team of “innovation champions,” which includes the senior leadership, went through each idea and narrowed the list down to high-value ideas. Organizational improvement ideas with high-internal value were immediately handed to the respective department managers. Product ideas that were already in progress were injected into our product plans, and the remaining thoughts were evaluated against GTECH’s strategic business goals. The top ideas are now being reviewed for IP protection and are being included in our Marketing and Technology three-year plan.

Since joining GTECH four months ago, I’ve been listening to our customers and understanding their urgency to create more value in the marketplace. Our global innovation initiative goes hand-in-hand

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with this revenue imperative. Our commitment is to anticipate market trends in order to create technology and products for the future. The more effective and efficient GTECH is at developing and delivering its products and services, the lower our costs are to our customers. This, in turn, will enable our customers to generate more income for good causes. Here are some of the key growth ideas stemming from our

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worldwide innovation initiative. Although these concepts will take time to develop, we are excited about their long-term potential.

1. Content Execution: With GTECH's unique leadership position in handling so many channels, we clearly see the opportunity to liberate the content delivery from the technology supporting it. We will provide a highly efficient common technology platform that allows for rapid game introduction across all channels enabling better player choice/engagement and responsible gaming.

2. Player Registration and Corporate Social Responsibility: There is a great need in the industry for an intelligent solution for age verification that will not impede consumer participation and ultimately help grow same-store lottery ticket sales. This solution – coupled with the new retail scanning technology – will prevent potential retailer fraud and increased consumer protection.

3. New Media: The Internet has become an intrinsic part of our lives and the use of mobile computing and communications devices such as cellular phones, digital assistants, and pocket computers continues to grow globally. GTECH already has a leading New Media suite and our new coming release embraces key changes that will offer new exciting growth potential to our customers.

4. Green GTECH: We're looking at innovative ways to support the environment through paperless wagering, reducing power consumption, and reducing hazardous material. The potential for paperless wagering is significant and the innovations we are pursuing will make it a reality.

5. Simplicity at Retail: This innovation would create technologies to simplify retailer accounting, cash register reconciliation, winning-ticket verification, and expand GTECH's current retail solutions to encompass more flexible consumer-friendly self-service products.

The lottery industry has seen such substantial growth over the years that success has come without the need for great risk. However, players have more choices today and their appetite for more engaging content has grown. Some lotteries have been more proactive at addressing these needs, particularly those lotteries with higher target commitments or those that have been more challenged by the threat of convergence and the private sector. The lotteries that are seizing this challenge and embracing innovation have an exciting future ahead of them. GTECH stands ready to partner with lotteries to foster innovation and maximize their returns to good causes. ♦

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