SUGGESTED ORDERING IN TODAY'S RETAIL ENVIRONMENT

The demands of retailers today mean that a lottery must go the extra mile to make sure the right games, in the right quantities, are delivered to the right store. A suggestive ordering system with real-time information and pinpoint accuracy will help your lottery achieve that goal.

GROW SALES, IMPROVE CUSTOMER SERVICE, AND MAKE PRODUCTS MORE ATTRACTIVE TO RETAILERS

Inventory and order management of instant tickets are often perceived as burdens by retailers, which makes retail network expansion and increasing instant game same store sales a challenge. Today, retailers, especially chain retailers, are looking to lotteries to simplify their instant ticket business, much in the way that other Fast Moving Consumer Goods (FMCG) companies have simplified the process for products such as Coke and Pepsi, bread, and milk. Retailers rely on these firms to make sure the right products, in the right quantities, are delivered at the right

Send retailers the exact games that appeal to their specific customer base.

time. For example, retailers do not tell their PepsiCo drivers what to deliver. The drivers themselves make sure that each retail location receives the brands and flavors their company wants in the marketplace.

An accurate, automated suggested order process that simplifies the ticket ordering process is vital to retail expansion. It not only brings the ordering of instant tickets in line with other FMCG products, it offers distinct advantages. Because a state-of-the-art suggested ordering tool considers so many unique variables, the methodology used to calculate orders is virtually limitless. Plus, where PepsiCo counts on its route driver to physically count stock to decide what to put on the shelves, your telemarketing team can have real-time inventory information and suggested orders at the click of the mouse.

↓**15%**

Lost Sales per Empty Bin
per Texas Lottery Study

Not having the right games available for sale means loss of revenue for a lottery. The key to successful supply chain management is to have a suggested order process so precise that it eases retailer apprehension, by not only making sure that retailers do not have overstocks or understocks, but making sure they have the exact games that appeal to their specific customer base.

That's why GTECH has invested considerably in making the suggested order so accurate. NextGen ProCall, just released in October, is the latest generation of the proven ES ProCall software, which supports more than 75% of the instant ticket sales for lotteries, including the top-selling lotteries, in the U.S. A fully customizable sales tool, it drives real sales growth by recommending an instant ticket order for each retailer that will ensure that the lottery's newest, best-selling, and/or other games of the lottery's choice are replenished in quantities sufficient to avoid stock outs before the next scheduled order date. It works in concert with the recently enhanced GTECH Business Intelligence (BI) package, which enables lotteries to measure the order effectiveness and take action when necessary.

TAKE THE GUESSWORK OUT OF INSTANT TICKET ORDERS

NextGen ProCall has many features, such as real-time inventory and sales information and improved usability, that will allow lotteries to better support their retailers than has ever been possible before. The advanced software, configurable by each lottery, can ensure that top selling games are faced at every retailer.

Minimize the chance that your retailers will ever run out of inventory without overloading them.

Because it measures sales using actual validations, as opposed to previous methods that were limited to tracking only packs activated or settled by the retailer, the NextGen ProCall application takes the guesswork out of instant ticket ordering. Tracking activity of tickets cashed at retail enables it to accurately estimate the number of tickets sold to the consumer on a day-by-day basis. The pinpoint accuracy of the real-time information supplied to your telemarketing team will not only result in bins filled with the right product, but also help you avoid wasting resources

by saving your inside salesperson's time, avoiding human errors in calculations, and reducing or eliminating the need for manual workarounds and negotiating replenishment orders with retailers.

NextGen ProCall has considered all types of marketplace anomalies and built them into the algorithms. The application addresses each retailer's unique situation, whether it's differing rate of sales, ability (or refusal) to handle certain price points, or whether they are selling from a self-service machine or on-counter dispensers.

Besides tracking all basic inventory functions such as pack movement, sales history, security monitoring, and out-of-stock conditions, NextGen ProCall uses sophisticated data tracking and analytic techniques to:

› Anticipate the end of the game life cycle; as specific game sales slow down in the marketplace, the system makes sure not to clog inventory dispensers with these stale games.
› Take into account your lottery's key or core games and their importance to the order mix.
› Anticipate upcoming initial distributions and the effect they have on games already in the field.
› Proactively alert your inside sales team when retailers face shortages of best-selling games due to unanticipated spikes in sales.
› Ensure the right game mix is out there by tweaking games and/or price point mix store by store, by different geographic areas and/or trade style segment, or by whatever group your lottery configures, all based on sales potential.
› Meet the needs of each individual chain, by matching orders to a chain's specific business rules.
› Exactly match lottery-defined planograms and deliver the right inventory mix to fit the needs of lottery

marketing departments and their goals for the instant ticket program.

The result is a suggested order tailored to each of your retailer's specific needs, based not only upon her or his sales, but also on the retailer's and your lottery's market requirements.

With such accuracy built into the algorithm, lotteries may choose to use the automatic ordering capability without human intervention to place orders. Automatic ordering can preclude lost sales when unforeseen events, such as ice storms, disrupt your supply chain. When (in February 2014)

> *"We literally use almost every possible feature that NextGen ProCall provides here in Georgia."*
>
> *– Erica Owens, Retailer Sales Manager, Georgia Lottery*

severe weather prevented many Georgia Lottery staff from reaching headquarters, the Lottery, using the computer logic of NextGen ProCall, simply turned on Auto-Order to automatically generate orders, which the warehouse was able to fill. The Lottery shipped $54 million in orders that week, which generated $57 million in sales, as compared to a similar situation in 2011 when they lost more than $15 million in sales for the week.

NextGen ProCall is just one of the many solutions that GTECH offers to identify sales and profitability opportunities and drive growth for its lottery partners.

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