

Latin America: Moving Quickly into Online and Mobile Lottery

Multi-Sourcing as the Key to Implementing a Best Practices/Best of Breed Strategy

Ingvar Hjalmarsson, Chief Commercial Officer & General Manager Betware DK (below left)
Alejandro Kowalski, Account Manager, Betware Latin America (below right)



PGRI Introduction: Betware has been working with Sistemas Tecnicos de Loterias del Estado in Spain since 2007 – the operator for Loterias y Apuestas del Estado (Spanish National Lottery). With vast experience on this market and a team of experts working in the Madrid office, the company was quick to react when the new regulations for the Spanish gaming market were announced. The offering which includes a Regulatory Vault incorporated into the gaming platform has resulted in 3 more Spanish contracts for Betware. In 2011 the company signed with CIRSA and Grupo Egasa, and followed that in 2012 with Eurostar Media Group.

Paul Jason, Public Gaming: *You have built a strong position on the Spanish market. What is the next step?*

Ingvar Hjalmarsson: The natural move is to look into Latin America for our 2013 target, yet not losing the focus in Spain at the same time. We still see a lot of potential for us in Spain and we feel that we can use our experience there to help lottery operators in the LATAM markets. Betware's offering, which was so successful in the Spanish market, is versatile and can be well-suited to the needs of operators on any other new or already legislated gaming market. The core is always the same – a powerful and open gaming platform and

a regulatory vault which ensures that all regulators' requirements are fulfilled. We see our role not only as a vendor but also as a strategy advisor for the gaming operators, offering our 16 years of experience in bringing lotteries and gaming operators online.

You talk a lot about multi-sourcing strategy as the key to a sustainable business strategy for lottery operators. Could you explain the concept?

I. Hjalmarsson: It is important for operators to be able to offer the

...continued on page 41

family, who overcame homelessness, of Victor, who learned the skills of a nurse, and of other people whose personal stories illustrate how Lottery funding adds a great value to the lives of real people right here in Arizona.

An object of study these days is the manner in which the act of playing the lottery aligns, or not as the case may be, with the self-image of the consumer. Insofar as the consumer does not perceive playing the lottery as something that reinforces their positive self-image, doesn't reflect their values, they are less likely to play, even if they would like to play for the conventional motivation of creating a chance to win. We do hope that "How The Money Helps" appeals to these players, allowing them to play the lottery because it's a form of gaming that

benefits society, helps people in need, in such a profound way. The campaign is directed primarily to the general public and non-players to create awareness for all the good that Lottery does and so engender public support for the Lottery. We believe that a residual benefit is more people feel good about supporting Lottery's beneficiaries by actually playing the lottery.

What is the highest priority initiative or objective of the Arizona Lottery for fiscal 2013?

J. Hatch-Miller: Our highest priority is to create a fabulous experience for players. Toward this goal we will be enhancing existing games with the target of increased player satisfaction. We believe that

if we maintain and expand our player base, growth in sales and revenues will be the natural consequence.

Of course, the end goal is increasing the level of funding for our beneficiaries. Since 1981, the Arizona Lottery has generated over \$2.8 billion in net profit for state programs and beneficiaries. We have a diverse array of beneficiaries from education, to health & public welfare, to economic & business development, even environmental issues. All Arizona residents benefit from the programs and services Lottery funds support.

We've been very successful over the past five years. I am very proud of the accomplishments of the Arizona Lottery and the great team here that makes it all work! ♦

Latin America: Moving Quickly into Online and Mobile Lottery ...continued from page 36

most applicable online gaming experience for the players, taking into account not only what they find entertaining today but, more importantly, into the future as well. New games, new ways of communicating with players, new sales channels – the changes are coming faster than existing platforms are suited for, so being prepared is the key to success. When it comes to gaming markets, basic preparation includes being able to grow and expand the business any way the operator feels is beneficial for its players, thus ensuring its ROI. Offering the most entertaining gaming content and the best services and convenient transaction processes is what catches player's attention. In other words - being able to multi-source and pick and choose best solutions offered on the market. The winners are the ones who can stay in full control of their future business - getting their products right and offering them in the right mix of sales channels and differentiating themselves from the competition. Instead of locking in operations with one vendor, operators and lotteries should grow their potential based on support from the best team of suppliers. Otherwise, the growth and success of the online brand will be as limited as the offer coming from just a single vendor.

Beware believes that building on the openness and multi-sourcing is the best armor for operators and lotteries against growing competition, allowing to keep full control of the system. What about the players and their interests?

Alejandro Kowalski: We think the key is to offer players unlimited opportunities to enjoy the games, allowing them to play when they actually feel the urge to buy the ticket. We strongly advise operators and lotteries to benefit from offering the multi-channel alternative. Locking the sales and player experience within simply one sales channel limits accessibility and attractiveness of the games and in the end can turn out to be a step towards losing players' interest. When looking at the fast growing penetration of smart-phones in Latin America (according to recent research, Brazil and Mexico are on the way to become mobile giants on the global scene!) it is obvious that mobiles and smart-phones are one of the best devices to reach players in these markets.

What about the existing retail chain?

A. Kowalski: It is part of the culture in the LATAM markets to trust the local shop to buy certain things, so the multi-channel strategy needs to take into account not just the booming mobile market, but also the retail shops. Even though it may seem to be a difficult relationship at the beginning, Beware's experience shows that these channels complement each other rather than cannibalize.

Most importantly, the retail channel benefits tremendously from a stronger lottery. The multi-channel approach is a key component to the success of all consumer products marketing programs. And with the implementation of QR codes, a great link can be created between these sales channels. QR codes can be used to tie a particular retailer to a particular mobile purchase - utilizing the retailer network to advertise the smart-phone solution and drive sales within the retail store. The technology also opens the door for selling new products via retail chains, with products like branded instant tickets with design and content that can be changed as often as needed. In short, the benefits of the multi-channel strategy are something a lottery or operator cannot afford to miss: maximized marketing ROI, increased players' satisfaction, and last but not least additional revenue streams.

I understand that Latin America is your target focus for 2013. How do you plan to approach this diverse and immense market?

I. Hjalmarsson: We of course plan to build on our Spanish case and believe that our experience with Spanish gaming operators and the Spanish National Lottery will be something very interesting for Latin American market. We have also decided to augment our team by adding Alejandro Kowalski as the Account Manager responsible for Spanish and Latin American markets. We trust that Alejandro's business acumen along with his strong technical background, great business development experience in software companies, and Venezuelan roots will be a great addition to our team of Spanish speaking experts. ♦