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PGRI Introduction: The World Lottery Association (WLA) was formed in 1999 with the mission to advance the interests of government-authorized lotteries. This global professional association includes government lottery and gaming organizations from more than 80 countries on 6 continents. Member revenues exceed \$200 billion U.S., with the majority of the net proceeds going towards the support of Good Causes. Government gaming operators share many common purposes. Among other things, they all offer the consumer a safe and secure place to play games of chance, protect the player and promote responsible gaming, and endeavor to channel the economic benefits of the gaming industry back to society. And all members adhere to the strictest standards of social responsibility, responsible gaming, and security and risk management.

The world is in a period of significant change and evolution. The tremendous social, political, and economic changes are catalyzing change both in the way business operates and on the regulations that have dramatic impact on our industry. We need leadership with a vision towards how each of us can contribute to the most positive outcomes for the beneficiaries and stakeholders of government gaming. The values of the WLA—responsibility, integrity, professionalism, and innovation—are well known to all of us (and you can read more about the activities of the WLA at www.world-lotteries.org). But the manner and methods of accomplishing its objectives are evolving too. The goal is to work with the regional associations to implement an agenda that makes a real difference, one that supports and helps its members to achieve their vision for their own businesses, their own communities, and their stakeholders and beneficiaries.

Having just come off of the biggest industry conference in North America, NASPL (held this year in Indianapolis, Indiana – congratulations to everyone for producing such a fabulously successful conference!) it's not too soon to start promoting the biggest event ever to be held for the government gaming industry, which is the World Lottery Summit 2012. This will be a combination of two separate symposiums (the global biennial WLA conference and the annual NASPL conference) into one giant convention and trade-show of unparalleled depth and quality. The theme for WLS 2012 is "a world of opportunities à la Montréal", reflecting the world of opportunities arising from the rapid pace of change in the lottery industry, and the world of opportunities that awaits you in multicultural, cosmopolitan Montreal. For more information about WLS 2012, see the convention and trade show web site at www.wls2012.com. We look forward to seeing you in Montreal, September 9–12, 2012, for the World Lottery Summit.

Paul Jason, Public Gaming: Looking Ahead: Where will we be in ten years?

Jean Jørgensen: The challenge will be to protect the exclusive province of traditional lotteries. The threat to the basic model is not only from regulatory change. It comes also from the increase in gaming options, and the technology that is enabling easy consumer access to the explosion in gaming options. The problem is that operators in all the other gaming categories are envious of the one thing that lotteries have and they do not, which is high profit margins. So, as operators strive to develop their businesses, they will be looking for all manner of ways to get the lottery customer to move their lottery spend over to them. Regulatory change is but one of their weapons. Another weapon they have is capital resources and the ingenuity to create more and more gaming options, to employ more and more sophisticated customer acquisition strategies and loyalty incentive programs, and to implement an array of customer user interfaces through all the different media channels that will, over time, become very difficult for the consumer to resist. Even though lottery revenue results do not now reflect major inroads from these competitors, we can see this happening already. That's why we need to communicate with our political constituents, shapers of public policy, and with the general media about the importance and validity of the lottery model that depends on exclusivity.

It has been explained to me that most of the non-lottery gaming operators are not making much money in European markets where the competition has intensified. Internet operators are being forced to abandon their B2C consumer-facing model and try to develop B2B strategies.

J. Jørgensen: That may be true. However, the commercial community is starting to innovate, developing new products and approaches. For example, the traditional sports-betting space used to be owned by the lotteries in Europe. Fifteen years ago, nobody thought that would ever change. But change it did, so that there became lots of operators—typically operating out of tax heavens—and new forms of betting like in-play betting developed. Now extrapolate this one little corner of the betting world across all categories and imagine how similar innovations could attract more and more of the recreational gaming dollar. Lotteries need to be at the forefront of this technology development to remain relevant. I'm glad to report that many are.

We fight the regulatory battles. How do you see this going?

J. Jørgensen: Defending the lottery model from regulatory change is and will continue to

be a top priority. Without market exclusivity, the business disappears, for the simple reason that there is no tax in existence that comes close to the margins that lotteries command and that are needed to maintain funding for the Good Causes supported by lotteries. The benefits accrued to society by this exclusive model are so compelling that we have good reason to believe they will continue to be upheld. But constant and effective communication is needed to make sure legislators and the general media understands what is at stake and the need to preserve it.

Do you see that as being part of the mission of the WLA: Communicating with the shapers of public policy to defend the lottery model?

J. Jørgensen: Our role is to facilitate communications up and down the line. It is not our role to engage politically at the local or national level. That is the purview of the regional associations or the national lotteries. But the WLA acts as a communications hub, facilitating access to the people, data, and research that can help lotteries accomplish their objectives. The WLA magazine, website, and staff are dedicated to sharing information with our members, helping all of our members understand our industry from a global perspective, and trying to connect our members with each other in ways that will reinforce the power of Brand Lottery throughout the world as well as helping one another with our specific challenges and issues. The dedication of lotteries to player protection, responsible gaming, integrity and security of games, and in particular respect for the laws of the land in general, is what separates us from the offshore commercial gaming community. That is an important message and we need to make it known.

Why doesn't the WLA position itself to be the business intelligence resource for its members all around the world? Somebody should organize all relevant information in such a way as to turn this data into positive action. The trick of it is that for it to be most powerful, this business intelligence resource should integrate the information from lotteries all over the world into one giant data-base. That somebody should, it seems to me, be the WLA. Nobody else is in as centrally connected position to succeed at turning a vision like that into a reality.

J. Jørgensen: That is on our agenda, and we already serve this purpose in part. I will give just one example. Recently, the WLA debuted a new business intelligence initiative, the WLA Quarterly Lottery Sales Indicator (QLSI). The QLSI provides WLA members with a timely and accurate summary of lottery sales around the globe. With this regular digest of sales, the WLA aims to provide member lotteries with a barometer for trends in global lottery sales, as well as with a gauge to calibrate individual lottery performance. Issued every three months to WLA members in the form of a quarterly report distributed by e-mail, the QLSI consists of a news bulletin and

accompanying spreadsheet. The press release summarizes regional and global lottery sales of participating lotteries over the last quarter, while the spreadsheet comprises the actual quarterly sales data for participating lotteries together with an elementary descriptive statistical analysis. All WLA members and WLA associate members receive the summary news bulletin. Lotteries participating in the QLSI also receive the sales data and statistical analysis. The advantage of participating in the project is that the collected sales data is only made available to the participants. Currently, some thirty WLA lotteries from four continents are participating in the QLSI, with the resulting compendium accounting for fifty percent of total lottery sales globally.

The QLSI is a good example of business intelligence that the WLA is uniquely placed to offer, because of the global focus of the Indicator. To be even more effective in our provision of business intelligence services, however, we need to be still more comprehensive and include data from all the lotteries. This is a function that would complement the role of the regional associations, some of whom do collect this data. Our ultimate goal is to enable all of our members to systematically identify and replicate the best practices of lotteries throughout the world. Lotteries and shapers of public policy are all trying to understand their businesses, the markets, the trend-lines, and the potential outcomes of different kinds of decisions, policies, and new initiatives. Strategy that will determine the future success of their businesses depends on business intelligence that is truly comprehensive, encompassing our entire industry. The industry is now global. The data and statistics that describe our industry should therefore come from all over the world. The business model of lotteries that sell the traditional products of Instants and Lotto is quite similar throughout the world. And yet lotteries and their markets are all in different developmental stages, and other external circumstances also vary throughout the world. What a tremendous opportunity this is to learn from the events and experiences of others. Our mission is to quantify that information to help lotteries have greater visibility into the future. It is a huge task, of course, but well worth the effort.

The WLA is organizing the data about revenues, both aggregate and broken down by product category, funds transfers, correlated with demographic data and such?

J. Jørgensen: The WLA is trying to organize data collected by the regionals into a global resource that can be made available to all the members. Again, our mission is to complement what is being done by the regional associations to add value to our membership.

What does the WLA do that the regionals don't do?

J. Jørgensen: That is an important question. To some extent the business of clarifying that is

a work in progress, and will always be a work in progress. The basic mission of the WLA is to serve its members. But that does not exactly answer your question because the membership of the WLA is made up of lottery operators that are also members of the regional associations. There are five regionals, NASPL in North America, EL in Europe, APLA in Asia-Pacific, CIBELAE in South America, and AALE in Africa. We serve our member lotteries but we strive to also serve and work with the regional associations. So it is partly a matter of clarifying how we can best coordinate our mission with the mission and objectives of the regionals.

California is the most recent U.S. lottery to earn the Level 3 certification for Responsible Gaming, and I know they are convinced that the certification process has helped them systematize best practices in every area of business.

J. Jørgensen: The process has been fine-tuned over the past three years. It includes reviews by a world-class panel of experts from outside of the lottery industry. These experts are from the fields of marketing, operations, and government relations. The certification processes for Responsible Gaming and Security are highly valued by our members because they in effect promote a best-practices approach to the business. Responsible Gaming and Security are central to the business model of all lotteries and, we feel, a key to differentiating lotteries from all other operators. Responsible Gaming and Security are both focused on the protection of the consumer, both are associated with the brand value of lotteries, and both are critical to the shapers of public policy.

Education and training are such a vital part of both your charters. But that is also true for the regionals. How do you coordinate who does what so you don't end up competing for the attention of the member lotteries?

J. Jørgensen: First, the WLA would never compete with the regionals. We design our services to complement those of the regional associations. In this as in all areas, our mission is to serve the membership and help them in whatever ways we are able. If the regional association is meeting the needs of the membership in a particular area of education, then we have no reason to duplicate those efforts. And the one who decides if the need for education and training should be met is the regional association. In other words, we take direction from the regionals and work with them rather than compete.

We are working with all the regional associations to clarify a way forward for us to contribute to their goals, to help our members optimize their business. As you point out, the WLA is in a unique position to serve needs that are best met on a global scale. Creating a higher level of service and helping the lotteries optimize their business and build a sustainable approach to serving their stakeholders is the goal of all the lottery associations. ♦