

Australia to Germany—a JUMBO Size Step

Jumbo Interactive selling for all 16 German Lotteries to a population of 80 million people

JUMBO INTERACTIVE THE RIGHT COMBINATION

PGRI Introduction: U.S. lotteries are working hard to forge a more collaborative relationship with their retail partners. This is challenging for a number of reasons. For one thing, the National Association of Retail Stores (NACS) is obstinate in its opposition to internet sales of lottery products. How can we overcome that opposition and convince our retail partners that the multi-channel approach will drive store traffic and generate more sales and ultimately benefit them?

In the U.S. and all around the world, INTRALOT has been most progressive at the business of bridging the on-line and off-line worlds at Retail. I asked Tom Little to sort out the strategies for how this could be a pathway towards building a more collaborative relationship with our retail partners. Couldn't we partner with retailers to make sure they truly do benefit by Lottery's migration towards the multi-channel model?

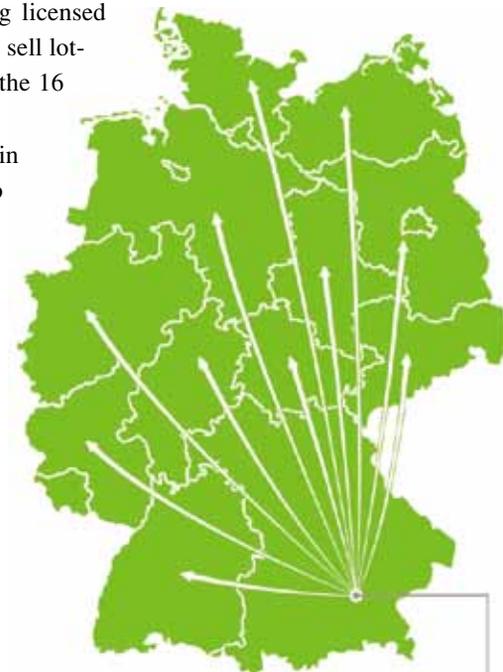


Jumbo has just completed a major milestone by going live on the internet with all 16 German states. With the population of each state on average around 5 million people (similar to most US states). The total population to 80 million people is almost 4 times the population in its native Australia.

Capitalizing on its experiences as an e-retailer to the Australian state lotteries, and on the experience and skill-sets gained as the operator of the flagship website www.ozlotteries.com, Jumbo embarked on a business plan to seek opportunities to provide services to the global membership of the World Lottery Association (WLA). The experience gained in the process of implementing i-lottery in Germany and Australia will be most applicable in highly regulated markets all around the world, particularly in the U.S. The Jumbo solution provides a pathway to i-lottery that is compliant with the regulations of almost all jurisdictions while meeting the needs of the retailer community.

In 2012, federal legislation changes in Germany opened the lottery market permitting licensed companies like Jumbo to sell lottery online on behalf of the 16 state lotteries.

From its head office in Brisbane, Australia to Germany, two continents or nearly 10,000 miles away, Jumbo began the process of applying for a license. The Company opened its offices in Munich in October 2012 and began prep-



arations for the launch. Jumbo's technical staff met the specific requirements of the state lotteries and built the Jumbolotto.de website. Developments specific to the legislation include age controls, geo-location verification, and responsible gaming measures, as well as specific game rules and regulations of the 16 lotteries.

Five months later, on December 20 2013, the Jumbolotto.de web-site was launched in the largest Lander, North Rhine-Westphalia, with the Jumbo site interfacing with the lottery's gaming system to record each lottery purchase in real-time. Another significant aspect of this implementation was that Jumbo launched a completely new systems platform. This next generation platform was developed in-house by Jumbo's development team to take advantage of the latest web-development and security technologies.

Progressively each of the 16 Lander lotteries was added to the network and on the final day, June 26 the last three lotteries were launched. The Jumbolotto.de site B2B interfaces with: twelve gaming systems supplied by Scientific Games, three gaming systems supplied by GTECH and one system supplied by Intralot.

Collectively the 16 lotteries form the Lotto Bloc, the first multi-jurisdiction group of lotteries. Formed in 1955 when Bavaria, Hamburg, Nordrhein-Westfalen and Schleswig-Holstein joined together to market and promote the Lotto 6/49 and eventually being joined by the other 12 lotteries. Today, the draw games portfolio includes several additional games including the Euro-Jackpot. As a whole the 16 Landers occupy a geographic area of approximately 140,000 square miles and a population of 80 million. An area and population that is roughly equivalent to all of the eastern seaboard states from New Hampshire to the Carolinas.

Under the German model companies like Jumbo are permitted to apply for licenses to operate as Lottery retailers in the digital channels. Just like the brick and mortar retailers create a diverse network of physical retailers, e-retailers represent multiple sales points on the web to reinforce lottery awareness and provide convenience to capture sales. Re-



tailer expansion is a proven lottery best practice to increase sales; the German lotteries have simply taken this expansion to the digital world to promote and sell their draw games to a broader retail network that provides convenience and appeals to a new demographic of potential customers who live in a mobile digital world.

While in competition with other online retailers, including the lotteries themselves, Jumbo considers this a healthy business model for the lotteries as competition breeds innovation. Armed with its years of experience and its extensive digital marketing tools and retailer partnership programs, Jumbo is confident that it will find new customers and re-engage customers with a new value proposition; a value proposition that will build a loyal customer base through its proven customer relationship management system.

Under the leadership of Gerhard Sparrer, the Jumbo team has, over the past six months, built the business infrastructure and launched the Jumbolotto.de site.

Now the Jumbo Germany marketing staff, supported by a marketing team from Brisbane, has launched a comprehensive marketing and promotions campaigns to help all 16 lotteries maximize sales through digital sales channels.

Armed with the momentum and experience gained from its German venture, Jumbo continues to pursue opportunities for its e-retailer i-lottery services and help lotteries worldwide maximize sales for the good causes they support. ♦

