

Having read about the regulatory changes in Mauritius, and having known Michelle Carinci for many years, I called to see if she could describe what a CEO does when your portfolio of revenue generating products is cut down by more than 25% and the ability to advertise your products is taken away.

During her career that spans more than 40 years, Michelle Carinci's drive, vision and commitment to the industry are unparalleled. Her invaluable contribution was recognized with her induction to the Lottery Industry Hall of Fame in 2006.

Prior to her appointment to lead Lottotech, operator of the lottery in Mauritius, Michelle spent 10 years as President and Chief Executive Officer of the Atlantic Lottery, where she had the responsibility of delicately balancing the gaming initiatives of four different government lotteries in eastern Canada. Prior to Atlantic Lottery, she held leadership positions with gaming supplier GTECH Corporation (now IGT), the British Columbia Lottery Corporation, and the Western Canada Lottery Corporation.

Mrs. Carinci also served as President of the Interprovincial Lottery Corporation, a member of the Executive Committee for the North American State and Provincial Lotteries and as an elected member

of the Executive Committee of the World Lottery Association (WLA). She was the founding co-chairperson of the WLA's Corporate Social Responsibility Committee.

Carl Ah-Teck, Chairman of Lottotech: "This region of the world presents an environment that requires skill sets only a few people in the industry master. Michelle's vast experience in sales and marketing during the early days of modern lotteries, to her framing of worldwide standards for responsible gaming, to her leadership in deploying the first regulated Internet gaming platform in North America, will benefit Mauritius at the highest level."

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— Introduction by Paul Jason



MICHELLE CARINCI
CHIEF EXECUTIVE OFFICER,
LOTTOTECH LTD



ADAPTING TO AND OVERCOMING MAJOR REGULATORY DISRUPTION

The success story of Lottotech, the operator of the Mauritius National Lottery (MNL), began in October 2009 with fireworks, a lot of fanfare and an inspiring speech from the Prime Minister outlining the vision of how the funds from the lottery will be invested, ultimately making a significant difference in the country. The game plan in Lottotech's winning bid to be the operator of MNL included the usual line-up of two weekly Lotto draws, Instant games, Daily and Keno games and VLT's. However, following the very successful launch of MNL, things changed and Lottotech was limited to one weekly Lotto draw and the Instant game category. In spite of the limitations imposed upon Lottotech, MNL's performance was stellar. Over 70% of adults participated, there was 100% awareness and 86% approval ratings of the lottery realized within a few years. The responsible gaming strategy was effective resulting in a lot of players spending a little on a weekly basis.

Five years later MNL proved to be truly the people's lottery. In 2014 Lottotech successfully listed on the Stock Exchange of Mauritius (SEM) and was three times oversubscribed. Over 12,000 shareholders invested in Lottotech, most of them individuals investing for the first time on the stock exchange. 2014 also proved to be a record year of sales as a result of a series of jackpot rollovers that peaked at MUR120 million.

And then the environment changed again. During the 2015 election it was stated that Mauritius is a "nation Zougadere," a nation of gamblers. In fact, Mauritians do enjoy participating in gambling. Horse racing has an active and significant following; there are 20

gaming houses and four casinos in addition to a large network of sports betting shops. The lottery represents less than 14% of the overall gambling spend and yet in March 2015 a ban on lottery advertising and the abolition of the Instant games category was imposed, leaving MNL with one weekly Lotto draw. The immediate impact of the advertising ban was a drop in lotto sales of 19% and a 37.5% reduction in the fund for good causes.

Lottotech's response was one of resilience and creativity. Given the overwhelming responsibility to its 12,000 shareholders, the team responded immediately by "right-sizing" the operations and developing alternative means of communicating relevant information to its players.

The objective of the communication strategy is to keep Lottotech in the news on a weekly basis, ensuring that the jackpot was a part of any story. A great emphasis was made on publicizing CSR initiatives. Point of sale material is allowed, so Instant game posters were replaced with 6th Anniversary messages thanking players, and the responsible gambling campaign was revved up. A major effort was introduced to create and grow the player data base. An SMS service was introduced pushing the jackpot size, emailers and winning numbers to subscribers. The Loterie Nationale website had a makeover. In less than a year Lottotech acquired 100,000 Facebook fans (adults). Depending on the post, Lottotech is seen by 300,000 users weekly. Native communications was introduced on the most popular websites and the draw was introduced on YouTube.

A Quick Response (QR) code is now on all tickets. This month, a Lotto "app" MauLoto is being launched that will include a QR code scanner so that players can check their ticket using a mobile device, locate the closest retailer, join a VIP club and pick their lucky numbers. This development paves the way for mobile transactions in the near future.

It has been a year since the "bans." Lottotech is profitable, in fact due to the restructuring, profits in the first quarter of 2016 are over 50% higher than the first quarter last year, albeit significantly less than 2014.

The team discovered that Horace was right when he wrote "Adversity has the effect of eliciting talents, which in prosperous circumstances would have lain dormant."

Throughout this past year the Lottotech team was repeatedly reminded that the strategic collaboration between Government and regulated lotteries around the world did not happen overnight. But, it did finally happen over the years through hard work, continuous communication and education.

Eventually governments do come to the realization that it is human nature to play and the activity is going to happen whether it is regulated or not regulated, so safe regulated fun becomes the best option. Of course, the commercial aspect of keeping the money "at home" for good causes is a contributing factor as well. A turning point that reinforced the need for collaboration between government and gaming operators is the understanding that corporate social responsibility (CSR) is more than a trendy initiative. It has to be genuine, collaborative and effective. It has to be part of the DNA of all gaming operators and stakeholders in the industry.

The Mauritius National Lottery is only 7 years old. That is how old most lotteries in Canada were when the weekly online Lotto 6/49 was introduced. MNL is already ahead of the game!

While there remain a lot of challenges ahead for MNL, the model of Government/Operator collaboration that exists in the majority of mature gaming jurisdictions around the world is a beacon of inspiration and proof of what is possible through resilience and, most of all, patience. Lottotech has both. ■

