



Jean-Luc Moner-Banet

General Director of Loterie Romande, Switzerland

There are two parts to this interview. In the first part, we discuss the gaming industry and the operations of Loterie Romande. In the second part, we discuss the way that “knowledge management” is becoming a science, the importance of which needs to be elevated to a serious object of focus for the 21st century enterprise. The basic conundrum is actually simple. Information is free, ubiquitous, and by itself ... useless. Converting that information into knowledge that is useful and applicable to real-world decision making is one of the major challenges of our digitally enhanced times!

In addition to leading one of the most progressive lotteries in the world, Mr. Moner-Banet is very active in our industry trade associations. The generosity of Mr. Moner-Banet and his colleagues who share their knowledge and skills with others via our industry associations is tremendously appreciated by all of us. His particular area of focus and expertise is in the field of training and educating the next generation of lottery executives. Mr. Moner-Banet is Chair of the Knowledge Management, Congresses, and Seminars Committee for the European Lotteries Association (ELA) and also is a member of a 3-person Training and Education Committee for the World Lottery Association (WLA).

Loterie Romande and the European Gaming Market

Paul Jason, Public Gaming: *There are two lottery operators in Switzerland.*

Jean-Luc Moner-Banet: The lottery and sports betting are governed at the local level. The Swiss government is structured like the United States, albeit on a much smaller scale. There is a federal level and then a state, what we call canton, level. The organization of the lottery sector in Switzerland is also similar to the U.S. in that policy and regulatory frameworks are decided at the state level, while the casino side is regulated by the Federal state. The states have authorized two different operators for lottery and sports betting. But we operate in two different markets and do not compete with each other. Loterie Romande is licensed to operate in the French speaking part of Switzerland. Swisslos is licensed to operate in the German speaking part of

Switzerland. Like Loteries Romande, Swisslos is also a member of our industry associations, European Lotteries (EL) and World Lotteries Association (WLA). We are both licensed to operate on the Internet, offering both sports betting and lottery products.

Can people from eastern Switzerland who speak German and should play on the Swisslos website, can they also play on Loterie Romande, which operates on the French-speaking west?

J. Moner-Banet: They can. Just like anyone from other countries, they can buy lottery products at our land-based retailers. But not on the Internet. No matter where someone is physically located, they can only play on our Internet website if their residence is in one of our French-speaking states. And for Swisslos, only residents of eastern German-speaking Switzerland can play on their Internet site. I should clarify that the restrictions of who is allowed to play are based strictly on geographical location, regardless of which language you speak, especially since most of us speak both languages! These same restrictions will also apply to any expansion of the types of Internet games we are licensed to offer. Right now it is only lottery and sports betting but we expect that to change.

Switzerland is not a member of the European Union, so you are not subject to the decisions of the EU Courts, are you?

J. Moner-Banet: Switzerland is in an interesting position. Officially, we are not a member of the European Union. But we do try to have our laws be consistent with European laws and regulations; or at least as com-

patible as possible in order to facilitate trade and commerce. So we are very interested in the decisions that the European Court of Justice (ECJ) makes in regards to regulation of gaming. But regardless of what the EU Commission and ECJ decide to do, it is within the rights of the Swiss government to block operators who are not licensed by the Swiss government to offer Internet gaming and sports betting in our country. And I expect them to do that, with blocking of illegal IP addresses and illegal bank funds transfer. But that is not enacted into our laws yet and so it is not for me to say for sure what will happen.

What games are offered by Loterie Romande?

J. Moner-Banet: Loterie Romande offers a very wide range of games and programs. On a regular ongoing basis, we offer 25 to 30 different types of scratch card games. We have our national lotto. Plus, we are a member of the famous Euro Millions game. We have two daily kenos. We have sports betting. We have PMU pari-mutuel bets on horseracing that we operate together with the big French PMU. Our ratios and bet structures are all the same as in France to facilitate collaboration and cross-promotion.

In addition to that, we have five minute keno that we operate in bars and restaurants. And what we call the Electronic Instant Lottery, which are scratch tickets that are offered on the interactive devices in bars and restaurants. You actually scratch directly on the screen instead of a paper ticket.

Too, I notice that you have a very high sales per capita. Higher than most lotteries in Europe. The variety and number of games, the turnover and

the net profit, and the way you distribute over the Internet and interactive channels, I think makes Loterie Romande one of the most progressive lotteries in the world. That is impressive given that you're not as large as many so your resources are limited. What percentage of the population plays the lottery?

J. Moner-Banet: It's about 55% of the population that buys our products. It is important to engage a large percentage of the population so you don't have problem gambling with a small segment playing too much. Loterie Romande was one of the first lotteries to be certified by both the European Lotteries Association and the World Lottery Association for meeting the highest standards for Responsible Gaming. It is so important for lottery operators to exceed the highest standards for responsible gaming and corporate social responsibility. The long-term survival of our industry depends upon it. Too, from a practical business point of view, it is what sets us apart from other operators so we should reinforce our competitive advantage in these areas that will become increasingly relevant in the future.

Do the shapers of public policy, the political leaders who decide regulatory structures and licensing terms and conditions, do they recognize the legitimacy of the EL and WLA Certifications?

J. Moner-Banet: I cannot answer for France or for other jurisdictions. But the regulators and politicians in Switzerland do give consideration to those certifications. They require us and any potential licensee to prove that they have the systems and mechanisms in place to protect the players and the public. The EL and WLA certifications are typically not required, but they are definitely recognized as evidence of our capabilities in those areas.

I think they also recognize more and more the invaluable service their own state-sponsored lotteries provide to the public and the good causes supported by lotteries. For example, about 2 million people live in my jurisdiction of Switzerland. Loterie Romande contributes about 130 million euro per year to grass root sport and good causes. That's huge, and that is what lotteries all around the world are doing for their people. It is a wonderful mission and I think it is starting to get the attention and respect from our political leaders.

Why do the EL and the WLA have two different certification systems for Responsible Gaming? Why not just have one?

J. Moner-Banet: That could be a long answer but I will try to make it concise. Basic-

ly, the industry is in different stages of growth and maturity in different regions around the globe. WLA needed to have a system that enabled younger lotteries to develop their systems and be recognized for making progress. So the WLA has four different levels of achievement, with level one being a first step for newer lotteries to begin the process of building effective RG programs. Since European lotteries are all in a similar stage of development, we have only one level, you're either certified or you're not certified. It corresponds to the level four of the WLA, the highest level of certification for the WLA.

Could you explain the casino gaming industry in Switzerland?

J. Moner-Banet: We have 19 land-based casinos in Switzerland. They have a very classical type of operation, with slot machines, table games, roulette, blackjack, etc. Very traditional. They are privately owned and operated by French companies like Barriere and Partouche, and also Casinos Austria and local companies. Casino-style games are not yet allowed on the Internet. But the government is actively working on a change to Swiss gaming laws that will license and regulate some casino-style games to be offered on the Internet. That is expected to happen within two years. Of course, we have the illegal operators, those who are operating on the Net without a valid Swiss license. The Swiss government will be taking aggressive action to stop these illegal operators. These operators may be operating legally in other countries, but Internet sports betting casinos and poker is not legal in Switzerland and so they are in violation of Swiss laws. You can find all the regulatory information you need at www.esbk.ch.

Knowledge Management

One of the missions of the associations is to educate newer lotteries so they can get up to speed quickly. How does a newer lottery prioritize the learning process? Do they need to concentrate more on certain areas, like security, when just starting out?

J. Moner-Banet: In my opinion, everything is of equally high priority. A lottery needs to be operational and competent in all areas from the very beginning. You can't scale-up one step at a time. Before you even sell one ticket you need to have designed the games, set up your retail network to sell the tickets, installed the terminals and communications infrastructure, implemented security measures that are 100% effective; there really is no part of the business that can be allowed to slide until it's more convenient to deal

with. In our business as in all businesses, it is a global market and that is the standard that everyone needs to perform at. That means that the benchmarks used to measure performance are not your peers in your local or even regional markets. From the very beginning, you're expected to perform, in every business area, to a level comparable to well-run lotteries wherever they might be located. That's why the requests for training and education are increasing so much from the emerging economies and younger lotteries. That is why this is becoming such a vital part of the mission of both the EL and the WLA.

How are the skill sets and knowledge required of our leaders likely to change over the next 10 to 20 years? What will be expected from the next generation of leaders, and how will it be different from the current generation of leaders?

J. Moner-Banet: In my opinion it won't be so much different. More than ever before, a leadership role in this business requires a broad range of competencies, a working knowledge of all the different disciplines. A marketing executive needs to have at least some understanding of finance, logistics of distribution, IT, sales, product development, even production. Leaders will need to be inter-disciplinary because the ability to integrate the different functions will be important. And they will need to be educated on how lotteries and gaming operates all around the world because the Internet and Mobile are connecting us whether we want to be connected or not. Another change that is already happening, in my opinion, is the need to integrate a keen awareness of the public service mission into all aspects of the business. Responsible gaming and corporate social responsibility will be cornerstones to the missions of all lottery and gaming enterprises. And that fact needs to be built into the training and education agendas of our trade associations so that our next generation of leaders is shaping their organizations around a solid and principled foundation. It is what will be expected of us by our players and our political constituencies. Again, from a practical perspective, it will also be expected of other operators and we have the opportunity to differentiate ourselves by shoring up our strengths in the areas of RG and CSR. And we can do that through education and training.

More specifically, the very nature of gaming is evolving and the next generation of leaders needs to be ready and able to take us to the proverbial next step. Social gaming isn't just about community and chat and making

friends. It's about integrating games into our social lives and vice-versa. The sense of that and of how business is changing to be interactive at all levels will be hallmarks of the next generation leader. All lotteries need to create an image of progressive leadership to attract young adults. We need to continue to educate in the fundamentals of our business, because most of those will remain the same. But we also need to make room for execution of those fundamentals to be informed by an understanding of how lifestyle and technologies are changing and how that will change the behavior of our customers. So, we educate and train on the fundamentals of operating the business, but we are also evolving to put more focus on forward-leaning priorities like Responsible Gaming and the interactive world of the 21st century.

The rate of change is accelerating and so the ability to learn, the capacity to assimilate new information in very large volumes will be increasingly important for the next generation. But we can't really teach that.

The main thing, though, is that there are no institutions of higher learning that teach lottery, how to run a lottery. And yet it is a complex business that needs leaders to be educated in the business of running a lottery. That's what WLA and EL are dedicated to providing. The teachers are not professorial academics. They are lottery executives with direct experience and knowledge about organizing a lottery, designing the games, setting up retail networks, creating promotions, building RFP's, and mission-critical functions like security. There's really no other educational forum that teaches these things.

Knowledge management. Should we think of it as the knowledge that's held within the minds of employees and also in various digital forms, and the challenge in larger organizations as how to leverage that knowledge and free it to actually contribute in a meaningful way to real world applications. We have an explosion of information, and the trick of it now is to enable that knowledge and information to be applied in a way that actually makes a difference.

J. Moner-Banet: You're right. Too, you make a distinction between knowledge management and information management. That is the key. The amount of information has exploded. We also have incredibly powerful tools to share information. What we need are the tools and systems to convert all this information into useful knowledge. I don't have the answers to this problem. But it will have to do with organizing information in ways that enable us to separate the relevant from

the irrelevant so we can focus on precisely the information that will make a difference to our understanding and ability to make effective decisions. Converting information to real knowledge is the challenge.

What can companies do, or what do you do at Loterie Romande, to convert information into useful and applied knowledge?

J. Moner-Banet: A particular area of importance and focus for us is Responsible Gaming. We are dedicated to understanding the topic, implementing the tools, and conducting our business operations to fulfill the highest standards. In the course of doing that, we collaborate with universities to do studies that guide us on how to create and market the games in ways that are both appealing and fun for our players but not dangerously addictive or over-stimulating to vulnerable players. That creates a lot of information; a lot of studies; hundreds of pages of studies. In practice, the volume of information is really too much for anyone to process and apply. For mature lotteries, the challenge to convert too much information into applicable knowledge is just overcome with time. If you've been chunking away at it from the beginning, an ad hoc system of organization emerges. The task of separating the wheat from the chaff is done in increments over time and it's possible to end up with a process of identifying quickly the most important and useful information and integrating that into the portfolio of other useful information and in effect re-create an action plan as you go along. Not necessarily very efficient, but it does work.

When you think about it, that describes the rather clumsy process in which vast amounts of information is turned into useful and applicable knowledge in most situations, doesn't it? Necessity being the mother of invention, we needed to do something to enable new lotteries without the time or resources to wade through this giant body of information to get started immediately with a Responsible Gaming program. Our programs have evolved over many years. The new lottery does not have the luxury of that much time to build an effective RG program. They are not able to implement everything instantly. They need an agenda that enables them to go from A to Z in a compressed period of time, say two to five years. So we created an RG program that is organized in a way that enables the new lottery to implement the program in stages. The EL and WLA organizations took that huge volume of information and converted it into a comprehensive but coherent action plan.

In my mind, this is an example of converting information that could be useless into real knowledge that is applied for a very useful objective and done so to very effective purpose. That's what has been done for RG. But I would propose that this same process could be applied in many areas of business. Areas like marketing, product development, game design, retail management, even IT and finance, could benefit by taking a more scientific approach towards the business of organizing the vast amounts of information into a form that can be more readily applied to real world challenges and opportunities. That is what is meant by Knowledge management.

That puts into a new context the mission of the WLA and EL educational mission. It's not just about training and imparting information about how to do things. It is about taking that information and turning it into real knowledge before sharing it with the members. It is about sharing the results of a more far-reaching knowledge management agenda.

J. Moner-Banet: Exactly. These associations, the EL and WLA, are actually in a uniquely interesting position to help their members. You have two basic dynamics. One, there is a range of developmental stages that our members are in. Some lotteries have been around for decades and longer, have developed processes and technological expertise, and other skill-sets and knowledge resources, that would be impossible for a new lottery to acquire in a short period of time. Two, we all operate in separate markets and do not compete with each other. So it is an ideal circumstance for knowledge to be transferred in a most efficient way. That is why education and knowledge management has become such a high priority for our associations. Of course, there is no single template that is applied to all lotteries. But we can create a knowledge resource that is tremendously helpful to all lotteries, whether new or mature, to help them understand the business, analyze and assess their particular objectives and formulate stratagems that are unique to them but informed by a wealth of experience.

You use the words "workshop" and "seminar" in the association literature. I'm thinking that topics like interactive gaming and forging collaborations with business partners and other lotteries, and integrating an increasingly complex variety of products into an optimal portfolio management system, many of these things that will need to be accomplished in the coming years are so new that there's not prior knowledge about. In fact, some-

times, younger people are going to perhaps know more about a particular topic than the senior management just because they grew up with digitally interactive type activities. Is there a difference between a seminar in which there's a teacher and student relationship and a workshop in which all parties are engage as peers in the business of finding solutions.

J. Moner-Banet: Precisely. I think that there is still a place for teacher-student relationships that a seminar format is appropriate. Even then these sessions are far more interactive than the old style of professorial lectures. Enabling a teacher to more efficiently transfer knowledge in a traditional sense continues to be a useful method of accomplishing that task. But your point is also right on because we are definitely evolving towards a more and more interactive workshop approach in which all parties are actively engaged in the process of building solutions. The workshops are usually focused on the objective of producing a result is uniquely applicable to each individual participant.

The learning experience of the future is going to be one in which there's not a wealth of prior knowledge.

J. Moner-Banet: That's why one of the main benefits of our associations is the creation of a communications network. Not Facebook or Twitter, but the network each of us can build for ourselves for the benefit of our organization. A network of colleagues doing the same things in other jurisdictions, engaged in the same mission of helping our lotteries grow and prosper; people that you can call, that you can collaborate with when it is needed.

Do you think that this could also form the basis for other creative forms of collaboration? Could these knowledge management objectives along with multi-jurisdictional games form a foundation that could spawn new and creative collaborative ventures?

J. Moner-Banet: Absolutely. I am a huge supporter of multi-jurisdictional games of all kinds. I think the Internet could be the new frontier for collaborative ventures. Lotteries have the unique advantage of not competing with each other. We are typically the biggest and strongest operator of games of chance in each of our markets. I think there are huge opportunities for us to consolidate that strength even more with a collaborative approach to the business. We should be open to these possibilities because whatever success we achieve benefits our good causes. Our public service mission makes it even more imperative that

we have the vision and the fortitude to innovate on every front and stretch to improve our operation and the results we produce.

International collaboration is also required for activities like sports betting. The challenge to protect the integrity in that space can be problematic.

J. Moner-Banet: Yes. But again, we're coming back to our main topic, which is about knowledge management and exchanges of knowledge. It requires a specific knowledge about a complex issue about which we have much information but not so much knowledge. We need to forge an international collaboration to harness the knowledge and put that sort of structure in place to fight against match fixing. We have initiated a collaborative venture between the European Football Federation (UEFA) and the World Wide Football Federation (FIFA) to try to address these issues.

There are so many different operators, and there's going to be more and more operators that conduct sports-betting. How can they all be controlled?

J. Moner-Banet: It's not easy but it can definitely be done. There are already effective methods of controlling Internet wagering and they are being improved as we speak. But it's not only about the number of operators, but the number of matches that are wagered on. The huge increase in the number of operators combined with the number of events that are used to bet on them does pose a challenge to ensure integrity. I think that everybody - all the governments, all the official entities, official bodies and the sports federations, the sports betting operators, lottery operators, they all have the same interest. If we want our industry and the sport itself to be safe in the future, we all need to have these security supports in place. It's a challenge that must be addressed on a global scale. The matches may be in Europe, for instance, but the betting operators based in Asia. This is a new problem. It used to be very limited in the past when only a few bookmakers were operating sports-betting. But now it has changed and will be addressed, but will take time.

I sometimes criticize operators who don't comply with the laws and of each member state. I would side with Portugal over Bwin, and Netherlands over Ladbrokes. But am I wrong in thinking that when it comes to protecting the integrity of sports betting, that their interest is actually aligned with yours; that it would be

as important to them to cooperate with you on a system to protect the integrity of sports betting because their business model and ability to make money depends on the confidence of the customers?

J. Moner-Banet: I think that's right. Those who are serious operators do have the same motivation to protect the integrity of sports betting and the confidence of the customers. But there are always among them some who have a very short-term approach, people who are not interested in creating the awareness to deal aggressively with the problem of match fixing. Those are the dangerous ones. The operators you have just mentioned such as Bwin or Ladbrokes or Unibet, they are serious operators. They need to respect our laws and not offer the games where they are illegal, but they share our interest to protect the integrity of sports betting. There are some, who shall remain nameless in this manuscript, who may say they are aligned but who are unwilling to work in a cooperative way to address the problem. There needs to be a way to enforce a system and process of security on everyone for it to be effective. ♦