

Scratch-Mart: taking lotteries to the next level on facebook

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Being an industry pioneer and a company specializing in the development of interactive scratch cards, lottery games, and instant win games, we at NeoGames constantly invest in research and development. We focus on trying to identify new playing trends and playing habits as well as new channels used by players to play their favorite games. Once identified, we spend time investigating the various possible solutions, their probability and ROI. Then and only then do we dive in and start developing what we believe is the preferred solution by players. Utilizing this strategy ensures our ability to keep on being at the fore-front of our industry and to introduce innovative games and solutions for our customers and players.

With 1.1 billion active users, out of which 751 million are mobile users, Facebook is by far the #1 social network service out there today. Facebook, which started as a simple tool for students to stay in touch with each other, has since progressed to the point where it now hosts more than 15 million business

pages, with 8 million that are active monthly. Furthermore, about one in five Facebook users—some 250 million people—play games on the social network. That data is impressive—and certainly not lost on the eyes of those in the gaming industry.

Facebook has become a powerful tool for business. It enables them to enhance their brand awareness. It is a place for them to engage in a direct conversation with their customers; learn about them and what they think about their business, products and services; what they would like to have and what they dislike. It is a place for businesses to engage with new audiences and create new customers and players.

With ~159 million users, the United States has by far the highest number of active users on Facebook. But other countries like Brazil (72 million), UK (31 Million), Germany (25 million), and Canada (18 million), are also home for some very active users. The age distribution of these users, no matter which country they come from, is very similar. About 24% are between the ages of 25 – 34 and almost 40% are between the ages of 35 – 60. The Female \ Male ratio across the different countries is 55% Female and 45% Men.

For those in the lottery industry these numbers (age distribution & Female \ Men ratio) sound very familiar as they resemble our own industry statistics. As such, one would expect that lotteries would be the first to take advantage of Facebook as being the new home for gamers and adopt this platform for their needs. But that wasn't the case.

In early 2011, casino games represented a small portion of the games available on Facebook. Since then, more and more so-

cial casino games have been introduced, making it the fastest growing game category on Facebook. Independent game developers along with big casino industry names like Caesars Entertainment Casino Group, Caesars International Entertainment, IGT and Aristocrat have launched and continue to launch new casino style games (in particular, slots and table games) every day as they are hoping that this is where they will find their next generation of players. "At some point, part of that audience is going to say, I want to play for real. They may say, I've won all these virtual prizes, how about some cash?" (Andy Choy, President and chief



executive of the Riviera, 22 June 2012).

By late 2011, at NeoGames we saw what was happening with Facebook and asked ourselves how we can bring to this platform the type of games that our customers and players like to play. How do we take scratch cards, instant win games and lottery

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ies can't just push the easy-button and bundle everything. The only final comment I'll have is to revert back to Doug's point that contracts will never guarantee a good partnership. As an industry, we depend upon a collaborative approach towards solving problems and driving progress. We all want to create a future that is productive and prosperous for lotteries and their beneficiaries and so we all need to work together to accomplish that.

Question from Don Feeney, Minnesota Lottery: The conventional view of the "good government model" stipulates that government agency maintain an arm's length relationship with the vendors. It does seem to derive from the traditional function of buying commodities, like asphalt as Sean pointed out, instead of the more complex systems required to run a lottery. Procurement, I would think, would actually discourage the Lottery from engaging in a collaborative approach to building an RFP, wouldn't it? Are you inviting unwanted press scrutiny and perhaps legislative questions by pursuing a more cooperative relationship between Lottery and vendor?

Jeff Anderson: I think it comes down to the mindset of how we approach our business. We do operate within this government box, one in which compliance with rules and laws is required and not negotiable, and some things we may feel are counter-productive are in fact immutable just because it is the way the system works, and monitoring performance and every detail of the conduct of business is our way of life. A key to ensuring that we never encounter problems with the press and our legislatures and governor is to always act with complete open-ness and transparency. Communicate in the most forthright way so that we are never accused of deviating from

what we say we are going to do. If we operate in that fashion, I do believe that we can make an effective case for the fact that operating a gaming business is not the same thing as buying a box of pencils.

Gardner Gurney: *That is so right, so critical. Our RFP's go out to as many vendors as possible, and they also go to whomever in state government may need them, like the Office of the State Controller.*

Sean Athey: I had one customer indicate that they were criticized by the purchasing department for working too closely with us. That is so unfortunate because we are your revenue-producing arm. It is important that we be integrated into your business to be effective and to translate your will into action and results. Purchasing did come around to appreciating the way this business operates once they were integrated into the decision making and execution process.

I'm wondering if perhaps we can't push back a little against those who do not understand the way this business works. After all, the lottery industry has a 70% approval rating in the United States. Who else can make that claim? And lottery generates billions for Good Causes. And operates to the highest standards of security and integrity. It's amazing that anyone has cause to criticize.

Jenny Canfield: I don't disagree with your sentiment, Sean. I just wish everyone else felt the same way! I think the problem is exactly what Jeff described as a mindset that is based on operating in ways that work well for most other sectors of state government and so are applied to lottery as well. The pattern is changing, though. It will take time and patience, but state legislators are very smart, they do have the interests of their own constituents at heart, they are recognizing the value of their state lottery, and exploring ways to increase that value. So we are on the right track! ♦

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games and make them social. How do we make them sexy enough for players to want to play them without the chance of winning any real money?

At this point we decided to invest in this opportunity to bring something fresh and new to the lottery world. Like any other product / solution developed by NeoGames, we went through the process described at the beginning of this article. We studied the market, studied the games and the playing habits of the players, and analyzed the potential for our customers and what would be a suitable solution for them and their potential players. We did all of this so that the end result would be something our lottery customers will be happy to use for their own business and that the players will be happy to come play with.

And so, after almost a year of research and development we launched scratch mart, <https://apps.facebook.com/scratchmart/> the first Social scratch card & instant win games application on Facebook.

NeoGames designed the application in a way that enables us to tailor-fit and customize it to suit the look and feel of any lottery. We can apply the lottery's marketing strategies and business requirements as

well as provide similar interactive and social versions of games that are already sold by the lottery through their retail network and other channels to enhance the lottery brand and create synergy between the different sales channels used by the lottery.

Although the application is free-play and players move up (and open new games) by gaining points, we have developed the application in a way that enables us to switch it from free play to money play once such a method is permitted by Facebook and by the lotteries (and their governing gaming bodies).

The solution offers a Built-in Social Networks Integration so that it can work on various social networks and not just on Facebook. It includes a Game Mechanics Control (GMC) that controls the payouts, bets, bonus games for when money play will be allowed. Specialized Social CRM applications including bonuses, promotions, deposit offerings, and notifications are offered as well as other features, along with an extensive capability for reporting and monitoring built-in tools.

The application supports various sharing mechanics such as the ability to exchange gifts among your friends, play weekly

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You may also be thinking that just because that may be the case in Europe does not make it the case in the U.S. Again, we must wake up to the realities of the modern world. There is no stopping the globalism that rules the market-place. There is no more stopping the globalism of consumer-driven changes in the gaming industry than there is stopping the globalism of all other markets, including the market-place of ideas, technology, culture, political movements. Europe is the first line of defense against illegal i-gaming operators and we must work together to preserve the government-lottery model as it operates all around the world. If we fail to stop the illegals in Europe, the entrepreneurial talents and immense capital resources of private operators will combine with amazing new game content that does not fall under the current regulatory classifications. The power of this combination will overwhelm your markets

and ability to regulate and tax them. And when that happens, it is misguided to think that your current customer will stay loyal to an offer that delivers a 75% payout when they have instant and ubiquitous access to exciting games that offer 95% payout. As you know, the U.S. market is by far the biggest and most attractive to operators all around the world. So, they won't stop with just Europe. One of the strategies just now emerging is the one-stop gaming-shop. The incubator for this is Germany, where the lottery revenues have declined about 30% over the past seven years. The problem there is that not enough is being done to prevent the activities of illegals. In the mean-time, the illegals are fine-tuning their business strategies and approaches, they are applying them to other markets, and it is just a matter of time before they will be applied to yours. ♦

E-CRM Customer Relationship Management in the Digital World ...continued from page 14

ditional off-line methods. For instance, instead of surveying small samples of consumers, the actual activity of all consumers can be captured and measured in real-time. Market testing on an e-CRM platform is less about asking for feedback as just trying different things, measuring the results, isolating the different attributes of a product and promotion that drive those results, adjusting accordingly, and continually fine-tuning the products and approaches to deliver more value to the consumer. It is a dynamic and ongoing process of staying in sync' with the play styles and preferences of the consumer. Of course, e-CRM is also about creating a friction-

free platform for the player to give feedback and for the operator to communicate directly with the player.

Land-based retailers will always be integral to our distribution channel mix. But relating to the consumer directly, with no filter to separate the lottery from its customer, is the key to building a sustainable business, one that is based on a two-way conversation with the customer. That is what e-CRM provides. Instead of creating products that we hope the consumer will buy, we become a partner with the customer in a dynamic process of growing and evolving our products together. ♦

Scientific Games Partners with IWG and Nektan in Third-Party iLottery Game Development ...

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Studio's services also include game play analysis for all third-party game content to help lotteries better understand their players and plan new game releases.

Scientific Games will continue to work with select third-party game development partners such as IWG and NEKTAN on exclusive partnership opportunities worldwide to support their innovations. ♦

DR. JERRY BOWSKILL is chief software architect at Scientific Games. With a background in interactive media research and development, his 10 years of internet gaming platform technology experience was gained by launching open content integration solutions for a wide range of operators in highly regulated markets around the world.

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tournaments, view leaderboards, and publish game actions and player's social feeds, timeline, and ticker, as well as Facebook notifications.

Open-ness and inter-operability is important for lotteries. that's why like all other solutions developed by NeoGames we developed this solution to enable 3rd party games integrations and Independent In-Game enhancements such as game leaderboards, notifications on high scores, big wins, consecutive wins, and more.

Since January of 2013, when the application was soft-launched we have experienced a tremendous response and satisfaction by players. As of last month we had over 100,000 unique users playing games and sharing their scores and activities using the different sharing mechanics available to them within the application.

NeoGames is in advanced talks with several lotteries on how to take this application and incorporate it into their social marketing activities. For the players of these lotteries, this application is accessible through the lottery fan page or website and will look and feel like any other lottery product. This level of customization is key to the success of this application, just like any other lottery product.

Research, development, innovation, understanding what our customers and their players want and being able to deliver it – this is what makes NeoGames a leader and what enables us to launch once again a winning solution for the lottery market. ♦