

Let the Force of Disruption *Inspire* You

There is a cause and affect force in the universe that has driven
human progress since the beginning of time.
Disruptive Change—Adaptation to Survive.
BAMM! A powerful force.

By Frank Cecchini, CEO and Managing Director NLS

Change occurs in any environment. A meteor strikes. Ice caps recede. Inventions are created that change our everyday world. And then change comes again, and again, and with every change new parameters for survival are set. Adding to the challenge to survive in this century is the fact that change now happens at digital speed. It is not enough to keep up with the pace of innovation, it is necessary to run ahead of it with big, strong and capable strides—boldly, assertively ... Bamm ... Bamm ... Bamm ... running to be the agent of change rather than becoming a casualty of change.

This force has been abundantly evident in the retail environment for years. We don't buy record albums or video tape movies anymore, we stream music and click on Netflix. The mobile phone and tablet have become the current retail hub for ecommerce. But even though as much as 85% of lottery revenue is still associated with the retail channel, lottery at retail is not ahead of the force of change. For years we have been watching lottery become marginalized in the retail environment as fewer people are playing in less retail locations. And yet, the change to our retail-based operational paradigm has been minimal while we simultaneously acknowledge the need to revolutionize our customer connectivity in the retail environment.

We have been offering the same thing in the same place in the same way knowing we need different results.

Up until now!

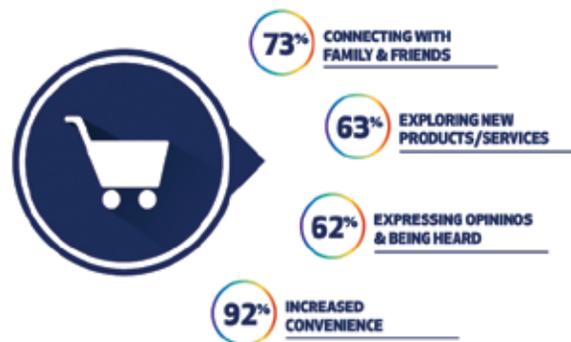
It is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change.
—Charles Darwin

It's A New World

To state the obvious, the retail environment has changed, dramatically. As consumers, we all enjoy that change every time we place an online order from our mobile phone or stream music through our tablet. Yet lottery at retail, which represents as much as 85% of lottery sales, continues to require unique points of presence, separate and costly hardware and software, and significant processing.

We must accept that as the retail environment changes, the parameters of survival change. Such a disruption to the status quo requires assertive, inventive, and courageous action to survive. The force of this type of inevitable disruptive change is the catalyst of progress, but only if it is used to sharply break from the past and adapt to a new present.

CUSTOMERS LOVE CONNECTIVITY FOR MANY REASONS



The Power to Say NO!

The one sure way to anticipate and successfully triumph over the force of disruptive change is to say NO to the status quo. To identify what must change in order to succeed in protecting the most important dynamic in any business; connectivity with the customer.

While consumerism continues to move away from the physical toward the more personal, “noline” experience that directly connects to the customer, lottery operators are largely still a step

Since 2013 customers expect the same service offline and online.
If you lack one channel you are blind in one eye.

—Dietmar Dahmen, European Lotteries Presentation

away from actual contact with the players in the retail channel. It is time say “no” to being marginalized and “yes” to taking action to heroically break through to the next paradigm. It is time to utilize an omnipresent approach to connect to the retail player on their terms, in their sphere of interests, so that lottery becomes relevant and within the scope of attention of a far broader base of players. To do this we need to engage in the power of social media, be visible and meaningful to all players, with relevant sponsorships, marketing and initiatives.

The Run to Adapt

The existing paradigm for lottery at retail is transaction centric with a focus on retailers as customers. The change that must occur is to move toward placing the player in the center of the business model, while unobtrusively enabling secure transactions in any circumstance. We have the technology to seamlessly offer the opportunity to buy/sell lottery anywhere and to collect player data to gain relevance to players and serve their preferences. Now, lottery must join the type of ecommerce customer service model used by Amazon, for example, that caters to the customer through customer knowledge, without being intrusive.

Novomatic Lottery Solutions (NLS) has embraced the “Bamm” philosophy of saying “no to the status quo” as one of the company’s core values. The company is wholly engaged in the run to adapt to this player-centric model through several points of change. Beginning with the lottery platform itself, NLS suggests an increased use of integrations with major retailers’ back office systems, enabling retailers to sell lottery products from their systems and report the transaction to NLS in real time.

Under NLS integration plans, not only is the traditional lotto terminal unnecessary, but innovative games can be created that bring entertainment

(and lottery relevance) to the shopping experience. For example, retail system integration can allow a retailer to offer a shopper the chance to purchase a dollar lottery ticket with the prize being a payment of the cost of their retail purchase. There is an instant win decision at checkout, the retailer and the lottery benefit, the shopper is entertained and connected to lottery, and he/she may even win a prize of a free purchase at their preferred major retailer.

In addition, NLS embraces convergence to bring an omnipresence of products and services to players. This convergence will allow customization of games, prizes, prices, promotions, services and experiences. It will create personalized communication tailored to preferences and greater convenience with seamless play across channels and services. It will enable better, more personalized responsible gambling tools and preferences. This is what today’s customers expect and this is what will cultivate sustainable long-term player relationships.

Let the Force—of Disruption—MOVE You

Leveraging the disruption and speed of change in the current retail marketplace is essential to lottery’s continued viability. As captured in NLS’s solution strategy; “One size fits NONE”—each lottery market is different, operational regulations are different, people are different which means players are different and above all, the environment is, and will forever be, different. It is time to run toward our players with the full force of the vision and brilliance that has been the trademark of our industry. Bamm, Bamm, Bamm. ■

This article is based on keynote presentation made by Dietmar Dahmen representing NOVOMATIC Lottery Solutions (NLS) at the European Lotteries (EL) Industry Days.

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