

How has (or hasn't) the pandemic changed the future of recreational gaming?

Ian Hughes, Chief Commercial Officer, GLI (Gaming Laboratories International)



PGRI Introduction: 2021 is shaping up to be a landmark year for regulatory and policy changes impacting the gaming industry. States budgets are stretched, and funding for good causes is needed more than ever. State lottery operators have performed well in this time of crisis, fulfilling their obligations to generate funds to support good causes that serve society. Lotteries have the tools, the trusted brand, the highest standards for Responsible Gaming, the distribution network, and the operational infrastructure and expertise along with the real-world experience to be the operator of choice as policy-makers assess the different pathways to regulate games-of-chance. And consumers continue to want safety, convenience, and more ways to engage.

Since 1989, GLI has been the industry's trusted advisor in all forms of gaming technology, including iLottery, iGaming, and sports betting. GLI assists regulators, manufacturers, suppliers, and operators to successfully navigate the exciting world of land-based and online gaming and all its spaces – iGaming, sports betting, iLottery, Esports, proxy gaming, live dealer gaming, social gaming, casino gaming, and more.

Paul Jason: GLI has always expanded in a conservative way, ensuring that they are always best at whatever service they rendered for clients. How are GLI's capabilities being leveraged to help its clients prepare for a future that is not only uncertain, but rushing at us in warp-speed?

Ian Hughes: The GLI culture, engendered from the very beginning by co-founder and CEO James Maida, has always been about the science and delivering superlative service to our clients and excellence at everything we do. That is much more important than expansion and financial growth. To that end, we always want to make sure that the addition of new business units complements and augments, and does not distract from,

our current services and operations. GLI's original business focused on testing and ensuring that equipment and technology performed as intended, and as specifications claimed it does and as regulators and contracts require them to. Over the years, though, the range of technical and security issues surrounding the operation of electronic gaming machines and the IT platforms that support the whole gaming ecosystem have expanded. The need to integrate best-in-class solutions from multiple service and hardware suppliers increased the complexity of the challenge to future-proof the business.

Operators want to invest in the technology that will support their operations into the future, that ensure security and reliability and meet the needs of their customers. And

as prudent shepherds of limited resources, everyone wants to maximize ROI. They need to understand how the life-cycles of technology are evolving. Where will advancements come from; what areas of the IT infrastructure are less likely to be replaced by new inventions and technological innovation? Conversely, what areas are poised for change that will render the current technologies obsolete before their ROI time-lines have reached maturity? How do we manage the whole investment process to meet short-term needs and also be flexible to evolve with the times? These are the issues that preoccupy us at GLI.

There are no easy answers to these questions. GLI has built its business and its reputation on the foundational principle that it is about merging the needs of the real-world market-place with the science. We have from the beginning been immersed in the business of understanding in granular detail how the technology of games and gaming IT platforms work. Our clients asked us to leverage this special vantage to provide a comprehensive range of consultative support services and so that is what we have done. The core of our philosophy is that every service we provide be a core-competency. Each product, capability, and service is integrated into the GLI portfolio with the same attention to excellence as testing and forensic auditing was more than thirty years ago. We must all work together to preserve the integrity and security of this industry, and modernize its IT infrastructure for the next generation of players. The healthy long-term sustainability of the gaming industry depends on it.

How have the technical issues and the requests for guidance from changed over the last nine months?

I. Hughes: I don't know if anyone thought COVID19 would last as long as it has, and of course we are still dealing with it. The short-term need was for contactless transactions and guidelines and tools to enable players and operators to continue to interact in social environments. GLI was tasked with figuring out how to create the testing tools and systems that will keep players and staff safe while engaging in recreational gaming. The business of sanitizing everything on a regular basis would seem to be rather low-tech. Technical solutions, though, can help to flag the frequency of machine play or when a player leaves a specific game and the timing for when the equipment should be cleaned. Digital wallets, ePayments and other digital tools enable us to get away from the unsanitary currency of cash. Many of these trends were in place already. But what may have taken three or four years to reach mass-market acceptance is now getting there in three or four months. Fintech (Financial Technology) has burst onto the scene as a whole new sector poised for radical innovation and rapid penetration of the market for financial management and transactions. This rapid adoption of new technology and tools does create a pressing need for testing to ensure all systems are performing as desired and intended. GLI is investing heavily in the business of testing these new products and helping everyone understand how to integrate them into existing IT and gaming infrastructures. We are also helping regulators understand the implications of innovation in Fintech for anti-money-laundering and Responsible Gaming objectives. Further to that, GLI is assisting the community of commercial manufacturers and suppliers in their quest to develop the products and services that prevent fraud and criminality, and protect the players from harmful behaviours. We are advising gaming operators in the building of process and internal control

procedures that support the implementation of the new technology tools that address these next generation issues. And in addition to testing new products and solutions, GLI functions as an information hub to support the entire industry and accelerate development of technological solutions.

The industry was perplexed last March about how much should be invested in solutions that address what we hoped would be a short-term problem. Now, while we do not know how priorities might change when the concern over the pandemic is mitigated, we expect much of these changes to be seen for what they are – improvements and enhancements that will stay in place and contribute to the long-term sustainable growth of the gaming industry.

You point out that much of the technological solutions brought to bear over the last ten months were already in the pipeline and ready to launch. But wasn't there a bottle-neck when it came to the testing and vetting of these next gen' products and solutions?

I. Hughes: GLI works with manufacturers and regulators on an ongoing basis, typically in the development phase and definitely in the beta stages of readying a product for the market. It's true that the work-load has been more intense over the last year, but it's not as if we were starting from ground zero. iGaming, iLottery, sports betting, mobile-centric gaming and initiatives that appear to be new have been on the front-burner for years now. So while we did not predict anything like the COVID19, we were ready. Along with manufacturers and commercial technology providers, GLI responded quickly to deliver solutions that met the short-term needs caused by the pandemic. And many of those solutions are making us better as an industry.

Continued on page 49

The willingness and ability of the consumer to experiment with other brands will make the cost of new player acquisition go down. But it will also make it more challenging than ever to retain repeat player-ship.



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