

Oh, the Difference a Year Makes

Instant games sales and
funding for education
Grow in Ohio

Just over a year into the Ohio Lottery's new instant games management program, the Buckeye State's Scratch-off retail sales have already grown 13% thanks to hard work, focus and a whole lot of attention to detail. In fiscal year 2019, Scratch-offs generated an estimated \$338 million in profits to help build strong Ohio schools. Add ability to adapt during a global pandemic, and it's a story worth telling.



In July 2019, the Ohio Lottery partnered with longtime primary instant game provider, Scientific Games, to grow its \$1.68 billion Scratch-off category and ultimately, proceeds to Ohio's Lottery Profits Education Fund. Scientific Games celebrated the opening of its new 65,000-square foot facility just 26 miles east of the Lottery's headquarters in downtown Cleveland. The company also has several offices in the Ohio Lottery headquarters to support the partnership. A year later, the Lottery's team and Scientific Games' 36-member team on the ground in Ohio are collaborating and getting the job done.

With population approaching 12 million in the Midwestern state, Ohio is 19th in the world for instant game total sales (*La Fleur's Almanac*) but Ohio Lottery Commission Director Patrick McDonald believes Scratch-off products have room to grow across the network of 7,800 instant game retailers.



"Scratch-off game sales are extremely important to our future growth based on the Ohio Lottery's potential compared to other Lottery jurisdictions," shares McDonald. Currently, 54% of the Ohio Lottery's revenues are driven by instant games.

The Ohio Lottery joins more than 20 lotteries around the globe participating in *Scientific Games Enhanced Partnership (SGEP)* program, including four of the Top 5 lotteries in the U.S. based on weekly instant per capita sales performance. The new four-year partnership expands Scientific Games' services to the Lottery to include analytics and insights, game development, portfolio management, inside sales, advanced logistics for warehousing and distribution, and retail optimization.

During COVID (mid-March to present), Ohio Lottery instant product sales grew 30%, while other U.S. lotteries using *SGEP* experienced an average of 20% growth in instant sales and non-*SGEP* lotteries grew 9%.

"The *SGEP* contract is a true partnership, where both Scientific Games and Lottery staff are able to work together for a common goal. With the utilization of enhanced data analytics and predictive modeling, we were able to ensure that our retailers maintained optimal inventory, which ultimately led to record sales for fiscal year 2020," says McDonald.



Michelle Simon
Marketing Director for Scientific Games

Michelle Simon, Marketing Director for Scientific Games, heads up the *SGEP* program in Ohio, bringing her expertise in marketing and creative to the program's success.

"We have instituted our proven *SGEP* services to expertly manage the full lifecycle of the Ohio Lottery's instant games and in just one year seen tremendous growth," says Simon. "The Lottery wanted to

optimize some of its processes, and we're putting some important new technology and analytics tools in place that will help grow sales for years to come."

The four marketing pillars that *SGEP* is founded upon are product solutions, advanced logistics, retail optimization and digital engagement. Scientific Games' Tel-Sell (inside sales) team serves the Ohio Lottery's retailers, making sure Ohioan's favorite games are always in stock.

"Players enjoy our entire instant product portfolio but right now, long standing games like *Cashword* are experiencing even more popularity. Their extended play value is especially entertaining now that many players are staying home more often," explains McDonald. "Having the Scientific Games staff in Ohio has enhanced our collaboration and enabled us to map out sales growth for the coming year."

The company's patented *SciTrak™* system, which includes *OrderCast™* predictive ordering technology, has been continually improved over the years. In fact, the more advanced *OrderCastML* is coming this fall to Ohio. *OrderCast* not only keeps games rolling into the warehouse where they're packaged for distribution, it makes sure the right games are going out in the right quantities to the right retailers. The company also provides retailers with bet slips for the Lottery's Pick 3, Pick 4 and Pick 5 draw-based games.

"There are between 50 and 60 Scratch-off games on sale at any given time in the Ohio market, and the same games selling well in a suburban neighborhood north of Columbus are quite different than games selling in downtown Cincinnati, or the many unique rural towns throughout the state. Because it's a huge state with many different cultures, our systems' insight into what quantity of games sell where and when makes a big difference," explains Simon.



Fun Facts about Ohio

1

Ohio is known as the Buckeye State because of the buckeye trees commonly found throughout the Ohio River Valley. The plants produce small brown nuts that look like the eye of a deer.

2

The Ohio State University teams are named the Buckeyes. Go Bucks!

3

Peanut butter and chocolate candies called buckeyes are an Ohio specialty.

4

Ohio takes its name from the Ohio River. Ohio originated from the Iroquois word *ohi-yo* which means great river. The state has over 40,000 miles of waterways to ski, float or paddle!

5

Ohio loves football. The American Professional Football League was founded in Ohio in 1920 and the Pro Football Hall of Fame is in Canton.

6

Ohio is among the top producers of corn in the US. We even have multiple festivals dedicated to corn...dipped in lots of butter!

7

Ohio's state flag is the only state flag in the U.S. that's not in the shape of a rectangle.

Fun Facts about Ohio

8

Shoot for the stars! NASA Astronaut Neil Armstrong, the first to walk on the moon, John Glenn, first to orbit the Earth, and Katheryn Sullivan, first woman to walk in space, are all from Ohio.

9

Ohio is one of the country's leading producers of tomato juice, so it might not be surprising that the state's official beverage is tomato juice.

10

Ohio has some of the best roller coasters in the world at Cedar Point, a.k.a America's Roller Coast.

11

Cleveland is home to the Rock and Roll Hall of Fame.

12

Ohio has the largest Amish population in the U.S.

13

Ohio is the birthplace of aviation. The Wright Brothers were born here.

14

It's pop, not soda.

15

The state's population has three distinct accents. You can easily tell if someone is from Cleveland, Columbus or Cincinnati.

Another reason the program has met so much success is continual insights from Scientific Games full-time data scientist in Ohio, and dedicated marketing analyst who serves the team locally but benefits from the scale and connection to Scientific Games' larger Analytics & Insights team at its Lottery global headquarters in metro-Atlanta.

"We have their team of professionals, including a marketing analyst and data scientist, dedicated to help our product team with scratch-off game planning and research from game launch through the entire life-cycle of the product," explains McDonald

Leveraging Scientific Games' enterprise business intelligence tool, *Infuse*™, both of these insights professionals provide more information about sales and out-of-stocks than the Ohio Lottery has ever had at their fingertips, helping their team understand every nuance of their business and collaborate on ways to grow.

This particularly comes in handy during the global pandemic, a crisis no one could have predicted. The Ohio Lottery was ready to protect its revenues and its beneficiary funding thanks to the scale and flexibility of Scientific Games' *SGEP* operations.

"*SGEP* has been able to quickly adapt to market changes to meet both retailer and player demands," says McDonald.



Like every jurisdiction, the state has instant products unique to its culture. One of these is a game tied to the long-running weekly *Cash Explosion* TV game show in Ohio. The Lottery's \$1 and \$2 *Cash Explosion*

Scratch-offs are driven by players' desire to be on the TV game show. The Scratch-off gives players the chance to be on the show - which has continued during the pandemic with *Cash Explosion Play at Home*, so players and their families get to join the game virtually.

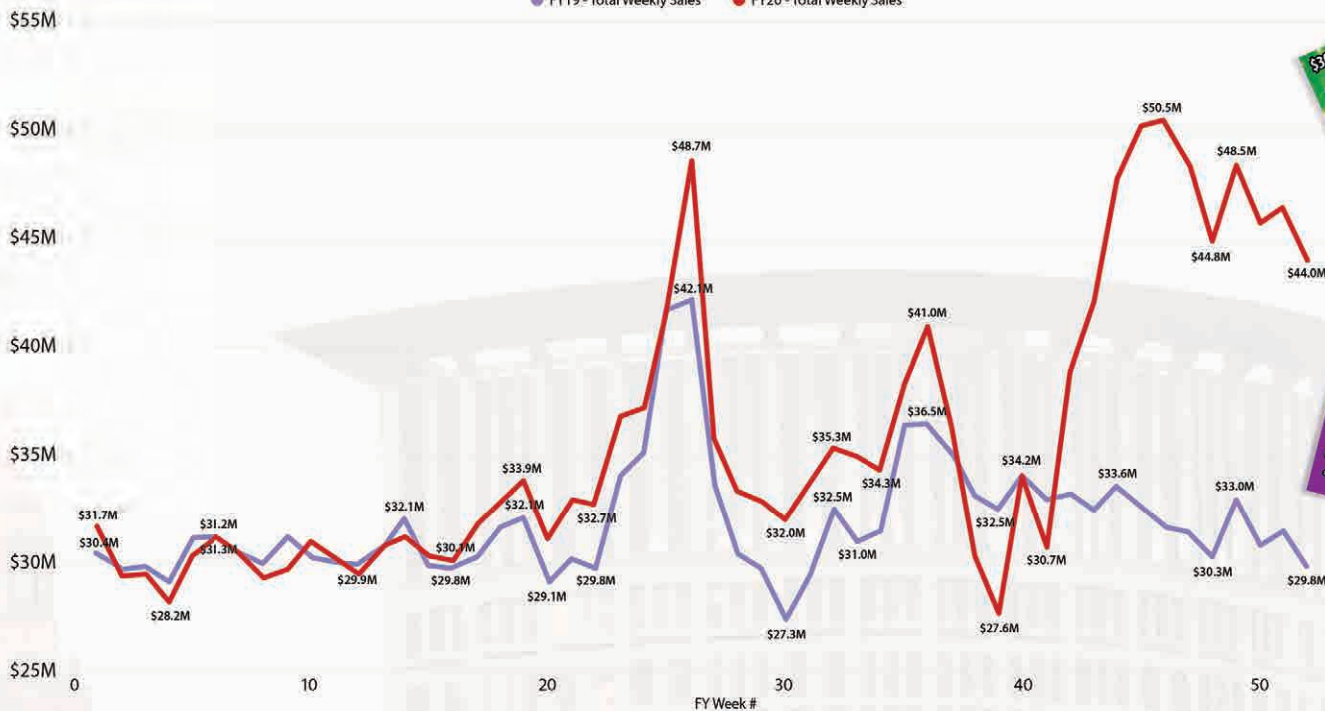
One of the most popular seasonal games every year is *Holiday Cash*.

"*Holiday Cash* games have been part of our holiday offering since 1992 and even though it is only on sale for several months, our players love using this for gift-giving," shares McDonald. The games are offered at \$1 and \$2 price points, making it a low barrier of entry for new players.



Fiscal Year 2019 vs 2020 Weekly Sales

● FY19 - Total Weekly Sales ● FY20 - Total Weekly Sales



Currently, \$10 games are the most popular price point with Ohioans - which holds true across the U.S. right now where \$10 games are currently No. 1 in sales and No. 1 in gross gaming revenue.

“We’ve seen incredible growth in our \$10 games, and this year much of that growth can be attributed to the \$50, \$100, \$500 Blowout game that launched in January. It’s averaging \$3 million a week in retail sales,” says Simon. “Part of the appeal is all of the prizes are tax free and can be paid at retail. It’s just been a great addition to the \$10 category and we’ve already re-ordered.”

COVID-19 concerns, safer. The technology was developed by Scientific Games through years of talking with retailers about automating the shift accounting reconciliation process, significantly reducing staff labor to manage the category in store. The system securely displays games and automatically tracks every unit of product sold in real-time. SciQ also offers customers the ability to advance-order games via mobile device and further reduces their time in-store.

“It’s been an incredibly rewarding experience to collaborate with the team at the Ohio Lottery. We look forward to continued growth, innovation and partnership in the years to come,” says Simon.

In a year that been extraordinarily challenging, the Ohio Lottery has proven that it’s possible to protect funding for Ohio education and maximize revenues by committing to three areas of resilience: partner services, investment in game entertainment and retail modernization.



Additionally, the Ohio Lottery re-ordered an entire family of MONOPOLY™ branded games that are performing well. The Lottery’s attention to retailer needs, however, extends beyond out-of-stocks.

As the lottery retail environment continues to rapidly evolve, the Ohio Lottery is leading the way with modernization efforts. The Lottery is rolling out 300 units of SciQ®, an intelligent instant game ecosystem that makes selling and buying lottery games more convenient - and with



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