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JANUARY/FEBRUARY 2022

LOTTERY INDUSTRY LEADERSHIP

DESCRIBES HOW DISRUPTION IS DRIVING PROGRESS, INNOVATION, AND THE IMPORTANCE OF VALUES



FEATURING

PANEL DISCUSSIONS:

Rebecca Paul, CEO Tennessee Lottery & President of the WLA

Industry-Leader Roundtable with

(L to R): Richard Bateson (JUMBO Interactive), Bryron Boothe (INTRALOT), Pat McHugh (Scientific Games), Doug Pollard (Pollard Banknote), and Jay Gendron (IGT)

Mark Michalko, Executive Director, North Carolina Education Lottery leads Roundtable

Re-imagining Online Games

and Interviews with

Hansjörg Höltekemeier, Co-CEO of the Deutsche Klassenlotterie Berlin and President, European Lotteries (EL)

Jannie Haek, Chief Executive Officer, Belgium Lottery

LETTER FROM THE CEO

To our valued clients and partners,

As we begin the new year, I'm overcome with a sense of optimism and gratitude. After nearly two years of having our personal and professional worlds shaken, it appears we are turning a corner. I can't tell you how happy it's made me to see so many of you this year at G2E, SBC Latin America, IAGR, PGRI and LeFleur's. I look forward to seeing even more of you at ICE, the National Indian Gaming Association show, and our own Regulators Roundtable. Nothing is quite as powerful as collaborating face-to-face.

We've had the privilege of working with so many jurisdictions globally in their quest to start new forms of gaming and digitize their offerings, whether it was regulated skill-based gaming, sports betting, iGaming, iLottery or eSports. We've also seen a resurgence in traditional gaming equipment from suppliers submitting new products for testing. Personally, I feel fortunate that GLI has had a chance to help our clients lead that change.

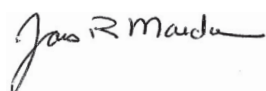
In my last open letter, I told you about how we've been reshaping our leadership team and reinvigorating our compliance and testing road map to better accommodate your non-testing needs. Our GLI Assured Integrated Compliance service has been overwhelmingly welcomed as clients know that failure today is not an option. With time and execution critical to survival, you've invited us to become an even more integral partner, assisting you with trusted end-to-end solutions and thought leadership that goes beyond testing.

New opportunities also bring fresh challenges, with cybersecurity topping the list for many companies. Together with our integrated cybersecurity company, Bulletproof, we've ensured the safety and integrity of our clients' systems by combining our world-class testing with world-class cybersecurity services. It's crucial in today's climate to have a partner who knows both security and gaming; thanks to our combined background, not a single gaming client who used Bulletproof during the pandemic has reported a security breach—something we're immensely proud of.

If 2021 was about diligence and strategic preparation, 2022 is about momentum and execution. We've hired nearly 150 new delivery personnel over the past 12 months to make sure we're ready to help you bring new products to market. Our people are the heart and soul of GLI. Their talent and dedication make everything we do possible and, as we look to the future, their health and safety will remain a top priority. We've also continued to innovate in test automation, offering quicker, more accurate tests for a wider range of scenarios. New opportunities, new forms of gaming and new jurisdictions are emerging every day, and we stand ready, as always, to help you reach your goals for 2022.

I look forward to seeing each of you somewhere on the globe.

Sincerely,



James Maida

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Big Things Happen When Small Things Work Together

Strategic Product Enhancements

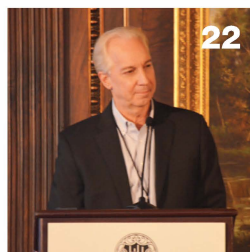
Some lotteries use their revenues to support a variety of important efforts such as infrastructure, education, and healthcare, ultimately creating a better state for everyone. Scientific Games' Strategic Product Enhancements work the same way. From **Sparkle®** to **Scratch My Back®**, from **HD Games™** to holographic paper, our Strategic Product Enhancements are designed to grow sales, improve efficiencies, and deliver maximum profits to the good causes our lottery partners support.



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From the Publisher

As James Maida says, there is good reason to be “overcome with a sense of optimism and gratitude.” It does feel like we are turning a corner as we close the books on 2021 and dive into our ambitious agendas for 2022. I think you will find that feeling comes across loud and clear in the interviews, articles, and executive summaries of our conference panel discussions. We are perhaps now just starting to be able to understand how the “disruption” of the last two years is bearing fruit in the form of positive change and innovation. The leadership of government lotteries was prepared with back-up plans for dealing with even major disruptions, and those plans were executed to good effect, keeping the stores stocked with product and the operations of the business not missing a beat. Our leadership continues to adapt and pivot to turn adversity into opportunity. That brings us to a place where, as James Maida points out, Lottery is now poised to leverage its forward momentum into ongoing success in 2022.

I want to thank all of our contributors for an especially action-packed issue to kick off the new year. My interview with **Hansjörg Höltekemeier** is expansive and thought-provoking on many different levels. Hansjörg takes us outside of our own industry to explore the ways in which issues we face in our lottery world have been and are being tackled by other industry leaders. Likewise, **Michelle Carney** agreed to turn her PGRI Nashville conference presentation into an article, and the result is so spot-on for its overview of how the experience of the last two years is reshaping consumer lifestyles, behaviours, and priorities. It's based on copious research as well as insightful projections, and every trend analysis includes a section titled “What does this mean for lotteries.” And Michelle shares James’ optimistic view towards the prospect for a successful year for lotteries. Going hand-in-hand with Michelle’s article is IGT’s “Get Ready for the Next Wave of Player

Experiences” which takes us on a deep dive into how Cloud Computing technology is transforming this industry. IGT is also helping me evolve into next generation publishing by including digital links that are clickable in the digital version of this magazine and these articles.

"If 2021 was about diligence and strategic preparation, 2022 is about momentum and execution."

James Maida, CEO, Gaming Labs (GLI)

Jeff Martineck translates “innovation” from an aspiration or theoretical concept into action-plans and real-world results; and explains how those have manifested in the fabulous success of instant tickets over these past two years (well, past twenty years actually but these last two years have been most striking). Investment is needed to drive progress, but Jeff shows how the off-the-charts ROI makes it all worthwhile. **Alistair Boston-Smith** describes how technological changes have been the catalyst for transforming consumer behaviour, what these new play-styles and preferences mean for lotteries, how COVID changed everything, and the ways in which digital technological progress marches on with the sole purpose of putting the end-user at the center of its functionality.

I want to thank industry consultant Jim Acton for turning the PGRI Nashville panel discussions into great articles that capture the high-points and insights of industry leaders. **Rebecca Paul** led the “CEO Roundtable”, **Mark Michalko** led the “Reimagining online games” discussion, and both are pointing us in new directions with bold visions and a

focus on real-world execution that is driving the continued success of our industry. There are still three more to come, to be published in our March issue.

Thank you to **Jannie Haek** and his Belgium Lottery Team for helping me pull together the article on the incredible celebration of Lottery in Bruges. What a story that is and thank you Jannie for bringing our attention to it. Jannie always has a way of putting our lottery mission into an historical context filled with purpose and significance. Recalling the last EL Congress he hosted in Antwerp continues to inspire me with pride and dedication to the values that lottery represents.

A news item that probably didn't capture much attention but that I find quite telling is about the Disney Corp explanation for why they are moving into sports betting. In response to a question about the compatibility of sports betting with Disney's family-friendly brand image, Disney CEO Bob Chapek told investors that Disney's research showed that “sports-betting pursuits and partnerships will have no impact” on the family-centric brand because “shifting attitudes toward gambling” make sports betting acceptable to their audience. He explains “As we follow the consumer ... we have to seriously consider getting into gambling in a bigger way.” My point is not that lottery operators need to get into sports betting, but that consumers’ attitudes about gambling in general have shifted dramatically over the last twenty years such that there is no longer any negative feeling or aura about gambling and lottery.

We are hoping to reschedule our in-person Miami conference and will let you know as soon as we know. Thank you for your patience!

Paul Jason, Publisher
Public Gaming International Magazine

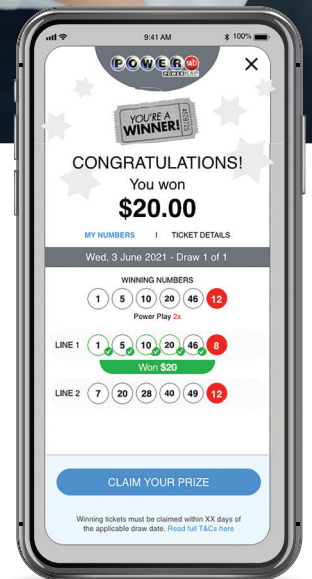
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Regarding the Covid-Pandemic, a German historian observed: “The experience that the unthinkable has become conceivable - this will change our lives.”

Hansjörg Höltkemeier

*Co-CEO of the Deutsche Klassenlotterie Berlin
President, European Lotteries (EL)*



Paul Jason: How has the world of lottery-gaming been changed by the disruption of COVID over the past two years?

Hansjörg Höltkemeier: First, it does seem that at least for the lottery sector, the pandemic has been downgraded from crisis to disruption. A rather severe disruption to be sure, but the lottery sector has managed it the best possible way and now we are thinking about the future. Second, we may be approaching the end of another COVID-wave, it looks as if various forms of pandemic will continue to be with us for the foreseeable future. Overall, the lottery sector appears to have adjusted to these new circumstances and the players have responded positively to our approach and our offer as well as our role in this pandemic.

How have the “Lotteries approach” and offer changed?

H. Höltkemeier: At first glance, it is not a dramatic change, as consumer still love to play the lottery, even during a crisis and times of uncertainty. Customers expect stability and serious operations more than “fireworks” from us.

During this pandemic, we could observe that more and more customers have moved toward online channels and called for contactless services. So behind the scenes,

there was a significant and rapid change in operations for the benefit of the players, regulators and good causes. The pandemic has speeded the adoption of new technologies, a digitization of the in-store shopping experience took place towards new formats that enable digital customer interactions.

We do see also new approaches to player protection, e.g. with artificial intelligence used for player behavior screening, and a new perspective on operational cost reductions through automated processes. In the end, this also changes the competitive landscape.

By the way: to deliver stable and secure services, the importance not only of new offers and appropriate technologies but also of cybersecurity has become a much bigger priority.

It sounds like the dominant role of Retail is coming to an end?

H. Höltkemeier: Though more customers have chosen the online channel during the pandemic, the discussion is not about Online versus Retail, not even Online beside Retail (Multi-channel/ cross-channel). The future is an integrated offer of all relevant channels (Omni-channel). This will continue to leave lots of room for the ongoing growth of Retail-sales.

First of all, the majority of our players, we estimate close to 70%, still play regularly at retail stores. Many behavioral patterns – like going into the store on a special week-day before the draw to buy \$5 or \$10 of lottery tickets – have not changed and perhaps will not change for a very long

“I think over the course of the next year we will see much more granular analyses and insights into how the world is changing and how lottery might continue to adapt to deliver ongoing improvements to its games and the playing experience – not just in the online space but in every aspect of business operations, distribution, and brand management.”

time, in spite of the disruption of COVID. It is the overall player-experience, including the playing environment and also the different offers like anonymous play and the real experience of scratching a ticket, that is included in every ticket-sale. For retail players, Online is just a back-up to be chosen if they are not able to follow their routine.

A very important second argument for retail is its role as a point of contact, of personal interaction between players and others in the store, including the retail clerk. Online and mobile offers always require an active role and involvement of the player in navigating to the online-offer, registering, payment-procedure etc. But nearly every potential player has several contact-points in real-life and Retail is at least one of the most important and most regularly used contact-points.

On the other hand, players who had rewarding experiences with digital platforms over the last twenty months, especially those who are new to lottery, will likely concentrate more of their play in those channels. But even they represent an opportunity for lotteries to promote

the omni-channel play-style with the new players, and for our retail partners to acquire new customers. All channels will drive together to create an individualized player-experience, and Retail will have its important role in this.

Does this mean that the same products, same games as before will now simply be offered on multiple channels?

H. Höltkemeier: Until recently, online lottery games have tended to resemble the games that we have been offering in retail stores for decades. Games, services, and the player experience provided on digital channels were not effectively differentiated from the off-line player experience and so offered little added value. That is changing. Everyone sees the incredible potential to re-imagine the entire online playing experience and I think we will see lots of progress and development of exciting new ways to add value to the online player experience. Those aspects of the player-experience that do not translate well to the online-channels will be replaced by new added-values through modernized games and new services.

In the past years, we've seen exciting innovations in the Lottery Industry. Still, we have recognized the need to inject a higher level of entertainment into lottery games, especially to appeal to young adults. Now, though, the need for alternatives to traditional sources of entertainment that involve gathering together in groups at concerts, theatre, bars, and other recreational venues is more acute than ever. This represents an opportunity for Lottery to fulfil a void in the marketplace, a human need for diversion and recreation. We need to respond to consumer interests through offering more variety and more enjoyment, by enhancing the player experience at retail, maybe with things like animated scratchers and games that promote social group plays. There is lots of potential for connecting shop-oriented players in the online world, for promoting social interaction in the virtual world, and for making online games more fun.

I think over the course of the next year we will see much more granular analyses and insights into how the world is changing and how lottery might continue to adapt



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to deliver ongoing improvements to its games and the playing experience – not just in the online space but in every aspect of business operations, distribution, and brand management.

What have we learned so far – what are some insights that we can begin to act on now?

H. Höltkemeier: We have learned that in future we will not focus on just one main aspect: It's not just about iLottery, channels of distribution, or even the “omni-channel” relationship to the players. The digital transformation offers our business tremendous opportunities to innovate and gain competitive advantage, to mature in our ability to engage customers and to answer their needs. Like other businesses, we've recognized the technology's strategic importance as a critical component of our business, but the way we integrate our products, services, brands, sales channels, etc. is also crucial for us to add value to our relationship with our customers.

This is true for all businesses, not just lottery. Apple and Tesla are a couple examples of how the relationship between customer and merchant has been turned into a community of like-minded people whose connection to each other is as important to the consumers as their connection to the product. The brand represents something bigger than the product or service. It represents an eco-system which delivers a sense of purpose, belonging, and affiliation that the consumer values as much as the material product or service. We need to tell our story and nurture the development of a lottery eco-system that engages all stakeholders, including political constituents, beneficiaries of lottery funds, the general media, the general public, and of course the players.

Are there any attributes or values of traditional lottery that we should hold onto?

H. Höltkemeier: Of course. Funding for good causes, responsible gaming, service to society, and a sustainable approach towards evolving the lottery eco-system and market-place will continue to be the core pillars of the Brand Lottery.

Public awareness of the value of lotteries seems to be increasing again, as we are facing uncertainty over the pandemic. Lottery's contribution

to funding of good causes isn't taken for granted anymore and is getting more attention. The broader range of stakeholders that include the general public, the media, and our political constituents are looking more positively at the role of lottery in society. While social distancing disrupted sports betting, casinos, movies, and other forms of recreation, and tax revenues declined – lotteries remained as a reliable source of good-causes-money as well as entertainment. The future eco-system for lotteries will continue to be based on the traditional values of service to society, protection of players, and the most popular games that consumers love to play – perhaps now more than ever.

Coming back to Retail: How might we reinforce the symbiotic relationship that Lottery has always had with its retail partners?

H. Höltkemeier: This is a very important question! Lottery operators depend not just on the shops to stay open and have an active customer base. As said before, the shops play an important role as touch-point and as part of the player-experience. This leads to two vital initiatives: Driving traffic to Retail-partners and supporting them in delivering a unique player-experience.

I personally believe that our obligation to support our retailers is not fulfilled just by paying the commission and having sales reps call on them twice a month. We want to work more intimately with them to help them achieve their goal of bringing more customers into the store, increase the dwell-time in the store, and help them to increase the basket size at check-out. Of course, those goals are somewhat aligned with lottery's own goals anyway so the ROI on increased effort to support our retailers is very positive. That is how we will increase the sales of lottery products. I think there is

lots of potential for the lottery product, and the lottery playing experience, to enhance the overall in-store shopping experience. That benefits the retailer and players as well as the lottery operator.

It looks like competition increased over the last two years. There are more legal offers like in the US and in Germany now but also illegal operators that seem to benefit from the restrictions that legal operators faced over the last period. How does this affect the lottery-business?

H. Höltkemeier: Private operators like sports betting companies and casinos are impacted much more than lotteries by the governmental restrictions due to the pandemic. And that is causing them to push even harder for regulatory changes that will help them recover economically. They may ask for direct government aid, fewer and more lenient regulations, and lower taxes. And of course, regulatory and taxation changes can have significant impact on the competitive landscape within which lottery operates. The pandemic also brings to light the threats that unlicensed online gambling operators represent. Some countries, like Spain for instance, closed even the lottery shops and this opened the doors for unlicensed online operators to meet the demand for recreational gaming, including lottery. While governments are starting to apply stricter constraints on the amounts and kinds of advertising of online gambling, they need to take a more aggressive stand against illegal and unlicensed online gambling.

I do not know whether governments will increase support for lottery going forward. But I have cautious hope that they will recognize the importance of lottery funding for good causes, the need for a stable and sustainable approach towards expansion of recreational gaming, and that this recognition will cause them to increase their support for their own government-licensed lotteries.

And how might current events re-shape our approach to Responsible Gaming?

H. Höltkemeier: Responsible Gaming and creating a safe user experience that protects players from developing unhealthy behaviors was and is always on top of our minds. The more we re-shape our products, the more

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we have to differentiate our approach in responsible gaming. Just like “omni-channel” is about integrating all consumer touch-points into one seamless relationship; just like “digitization” is about the application of technology to enhance the player experience – so too is Responsible Gaming really about enhancing the whole player experience. We need to create a feeling of community and affiliation that embraces healthy, responsible play along with fun, entertainment, and interaction.

Just one example: Private operators often use the new technology and aggressive advertising and bonusing to entice consumers to play more. Lottery operators focus instead on reinforcing the positive approach to gaming that is both healthy for the player and sustainable for both player and operator. Digitization is the tool that can help us to mitigate the trade-offs, so the players can experience exciting entertainment in a responsible way. We can refresh our approach to Responsible Gaming to gain trust by being an integral part of the overall enjoyment, and not something that diminishes the excitement of the lottery playing experience.

How is the regulatory environment likely to evolve going forward?

H. Höltkemeier: Regulatory policy in Europe continues to be a fight between harmonization and subsidiarity. Private operators want the EU Commission and the Courts to impose a standard regulatory regime over all the EU. The “harmony” that they envision includes open borders, multiple operators, and for this free-market system applied to gambling and lottery to be imposed on all nations throughout the EU. Their position is that the EU was created to facilitate trade and commerce between nations. And, to be sure, open markets and free-market competition is a guiding principle of the EU Commission.

Subsidiarity, though, is the principle that there are some sectors of economic activity that should remain within the authority of the member states to decide. Gambling and lottery fall into a category of activities that are not like other consumer products because, unlike other consumer products, the fundamental goal of gambling is not to maximize consumption. Gambling and even Lottery have social costs. And the cultural values differ from country to country and should be considered in the whole calculus of what regulatory framework best serves each jurisdiction. The original treaties that established the

EU recognized these facts and stipulate that regulatory policy for gambling and lottery are to be decided at the member-state level and not at the EU level. The trend over the last twenty years has been towards harmonization. I think the EU Commission has changed over the past few years, and even more over the past eighteen months, to recognize the authority of the member-states to determine the policy objectives and regulatory framework that is best for their citizens. Of course, all EU member states must comply with EU laws. But we hope and expect that the EU Commission also respects the dominion of its member states, and their rights as regards to the regulation of gambling and lottery.

The real driver of regulatory policy is the consumer and the market-place. It used to be that operators and the market followed regulatory policy. Now the market-place leads and regulatory policy follows. That means that lottery operators are competing for the player-ship of the consumer – by creating the best products, by bonding with our players on all channels and media, by nurturing the most productive relationship with retailers, and by embracing the opportunity to serve society and good causes.

Continued on page 34

The Belgium Lottery, EL, and WLA Celebrate the 580th Anniversary of the world's first lottery



This article is excerpted, with permission, from the websites of the Belgium Lottery (brugge1441.be), the WLA (world-lotteries.org/insights/editorial/blog/necessity-is-the-mother-of-invention), and the EL (european-lotteries.org).

To commemorate the anniversary of the pioneering 1441 lottery in Bruges, the Belgian National Lottery organized a 4-day festival and exhibition. Lottery players, industry leaders and lottery fans from Belgium and across the world gathered in Bruges to relive the draw of 1441 during a historical evocation at the Christmas market, complete with tombola and a chance to win great prizes. Between December 1 and 4 of 2021, an exception was made to bring the special Extra Lotto and EuroMillions draws to Bruges. Guests were also treated to a festive open-air performance of Carmina Burana, and enjoyed city walks to experience the atmosphere of the first-ever draw in virtual reality, as well as an exhibition about the origins of the game in medieval Flanders, with an accompanying book being published.

Necessity is the mother of invention: The story behind the world's first Lottery

In the mid-15th century, Philip the Good, Duke of Burgundy, imposed a hefty fine on the city of Bruges as punishment for a violent revolt by the local craft guilds. This action inadvertently set the stage for the development of the modern lottery. The fine was so huge that it depleted the city treasury. The restive population was hostile to higher taxes, so the city authorities needed to innovate to create a new source of revenues. City authorities then realized that their control over licenses to do business could be monetized. Specifically, the wine porters or schroders of medieval Bruges (now part of Flanders in Belgium) had the monopoly on unloading barrels of wine in the city's port. The barrels of wine were then dragged to customers' homes and lowered into their cellars. It was a lucrative business, because the porters were allowed to levy taxes on the imported barrels and keep the money for themselves in lieu of wages. The office was a privilege granted for life and awarded by the city for a fee. It occurred to the city

leaders that, in addition to the fee that was collected on a regular basis, and in addition to raffling off the position of schroder and the economic rent that went with it, they could create additional raffles, or lotteries, to raise more money for other purposes as well.

As time went on, these lotteries came to be held for other prizes, such as allocating prime positions of market stalls, with the proceeds earmarked to fund public works like strengthening the city walls and ramparts. These first documented lotteries, which also bore the name "Lottery" and had the characteristics of a present-day lottery, took place in Bruges, Belgium, in 1441. The lottery model invented in Bruges was quickly replicated in cities across Europe.

The lottery goes public

In 1441, when the schroder's craft of a man named Pieter Den Hondt was due to be raffled off, the city authorities made an important decision. In addition to the first





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prize of the municipal office of Schroder, additional cash prizes of varying amounts would be offered. As a result, large numbers of people wanted to take part, even if they had no intention of becoming a Schroder, resulting in a lot more money ending up in the coffers of the Bruges city administration. This “brand extension” of lottery was a welcome development, helping the city fund additional projects. Instead of placing the burden on its citizens by raising taxes, the city decided to offer cash prizes in the lottery to coax them into buying a ticket voluntarily.

The idea quickly took root. Other cities in the region sent envoys to ask for advice and soon copied the Bruges example. Over the next few decades, at least 82 lotteries were created across Belgium and the Burgundian Netherlands before spreading to Germany, Rome, Genoa, and Venice. By the sixteenth century, lotteries existed all over Europe.

Even the name given to the 1441 event in Bruges, *lotinghe* – which is based on the Middle Dutch word “*lot*”, meaning “fate” – would be adopted by many other languages: *lotteria*, *loterie*, *lottery*, *lotereya*, etc.

“We are proud to be celebrating the anniversary of the world’s first cash lottery in 1441. A lot of things have changed in 580 years, but the Bruges aldermen’s ability to innovate, inspire the populace, and share their experience with other cities undoubtedly helped to lay the foundations for the vibrant worldwide lottery community we know today.”

– **Jannie Haek**, CEO, Belgian National Lottery

Collective fun, collective benefit

These very early lotteries had all the essential characteristics of the games we know today: They were public events → anyone could

take part, and everyone had the same chance of winning. The additional cash prizes persuaded large numbers of people to play, and although the tickets were not cheap – the equivalent of several days’ wages – they were affordable by any burgher or merchant in medieval times. Players would not run the risk of financial ruin in a reckless game of chance, but would just try their luck for a bit of fun.

Of course, players hoped to win a prize, but the collective aspect of taking part and attending the draw together was just as important. The medieval lotteries turned into community festivals. A stand would be erected in the marketplace so the citizenry could gather for the draw. As trumpets blared, an “innocent hand”, the drawperson, would solemnly pull the names of participants from a basket, and a reader would announce who had won a prize. The habit of writing a saying or poem (often salacious) on the lottery ticket instead of one’s own name soon developed, causing hilarity when it was read aloud from the stage.

Nearly 600 years later, this underlying objective of having fun together while collecting funds for good causes still inspires lottery players all over the world and will continue to drive the lottery industry forward. By finding innovative solutions to its own challenges, and sharing the secrets of its success with other jurisdictions, the burgemeesters of medieval Bruges laid the foundations for the worldwide lottery community we know and love today! The organiser’s aim, usually a city but sometimes also sometimes a private organisation, was obviously to make a profit. But the attribute that makes the modern lottery, as invented in Bruges, so special is its service to society for its ability to finance collective needs: strengthening the city walls, building a hospital or a church, or paying off debts, as in the case of that first draw in 1441.

Lotteries were the first form of “Crowd-funding” – long before the word was even invented.

“Good causes around the world today owe a debt of gratitude to Bruges’ city leaders during medieval times for their foresight and pragmatism. Lottery players everywhere have embraced the same sense of collective responsibility and upheld the underlying principle of having fun together for the greater public good.”

– **Rebecca Paul Hargrove**, WLA President

Bruges, 1441: Lottery emerges from Bruges to conquer the world

An Interview with host Jannie Haek, Chief Executive Officer, Belgium Lottery

Paul Jason: What a fabulous way to celebrate the modern lottery which does so much to help society and good causes all around the world. Has the history of the lottery's origins in Bruges always been a big part of the cultural heritage of Belgium, or did something inspire you to bring everyone's attention to it at this particular time?

Jannie Haek: Honestly, we even surprised most Belgians with this news. The 'rediscovery' of the seemingly uninspiring content of the common ledger of 1441 formed the foundation for our further investigations and ultimately the celebration of the origins of Lotteries in medieval Bruges. The factual mention of a considerable city revenue thanks to a lottery, but more importantly the mention of the 'expenses' being the secondary prizes which could be won, revealed the innovative medieval idea of 'crowdfunding'. Making it attractive for the 'crowd' to participate in a lottery by giving more prizes than just one main prize, significantly changed the concept and turned it into a very lucrative one. The people appreciated the equal chances for every-one, the transparency of the draw, the fact that it was affordable but also the excitement and eager anticipation the draw brought.

This historical context reminds me of the philosophical context you highlighted a couple years ago with the theme "Success of Chance" at the EL Congress in Antwerp. Why is it important to think of our mission in these broader contexts? Like, how does it help us sell more tickets?

J. Haek: Going back to the origins of something helps one reflect on where you stand now and distill what is important for the future. Tracing lotteries back to their origins showed that the concept of Lotteries was born out of a willingness to improve the collective wellbeing of people. This noble reason of existence is still the core assignment of modern lotteries. The



more the broader audience is aware of this essence the deeper the connection with our organization. Even though people play for the possible individual reward, the benefit for society is increasingly important in the lives of consumers. Lotteries have a unique business model based on a lot of people contributing for a modest stake in a game of chance. By doing so they hope to win, but they are aware that chances are small and are prepared to lose their stake. The individual desire finances the collective need. We know we benefit from players who are aware of the unique way of redistribution of Lottery income. They are more loyal, feel more content about spending money on a game and have an overall stronger engagement toward Lotteries and their brands.

I am thinking we don't need to wait another 580 years to celebrate the role of Lottery in Society. What do you think we'll be able to commemorate in ten years, in 2032?

J. Haek: The basics of a game such as a lottery will without a doubt remain the long-lasting elements of its success. The way we run, operate, and govern our companies might be completely different. In volatile times like ours, with quick changing consumer behavior, regulatory changes, exponential innovation in technology, predicting 2032 is like predicting 2021 in the year 1441. I would personally like to plead for more diversity and tolerance for divergence. More diversity in technology, more open architecture, less procedures and less compliance, more channels, and a broader portfolio of brands. If we really mean what we say about agile companies and "out of the box" innovation or even disruptive changes, we ought to avoid losing time trying to predict our evolution or listening to modern prophets. Maybe we can toss a coin from time to time? Diversity and innovation often come by giving chance a chance. ■

After Two-Year Absence, Rebecca Paul's Industry Leader Panel Makes a Triumphant Return



The highlight of each year's North American Association of State and Provincial Lotteries (NASPL) in-person annual conference, and each bi-annual World Lottery Summit, is when Tennessee Lottery President and CEO, and World Lottery Association president, Rebecca Paul sits down with the leaders of lotteries' commercial partners to discuss the pressing issues facing the industry. The pandemic has interfered with so many in-person events over the last couple of years and so we were very pleased to reconvene this important leadership meeting at PGRI Lottery Expo Nashville. Further to that – We are all looking forward to the triumphant return of the joint WLA/NASPL conference and trade-show in Vancouver, Canada on October 16-22!

Fortunately, the wait ended in Nashville in October as **Rebecca Paul** reprised the lottery industry leader panel. She was joined by:



REBECCA PAUL

Richard Bateson, Chief Commercial Officer, JUMBO Interactive
Byron Boothe, Chief Executive Officer, Intralot, Inc.
Jay Gendron, Chief Operating Officer, Lottery, IGT

Pat McHugh, Group Chief Executive, Scientific Games Lottery
Doug Pollard, Co-Chief Executive Officer, Pollard Banknote

As Rebecca noted in kicking off the session, there has been no shortage of opportunities for people to talk over the past almost two years. "One of the things that happened during COVID was that the number of Teams and Zoom meetings increased dramatically, so we've talked a whole lot more frequently than when we had to wait until we were in person," she said. "We've had a lot of opportunities to discuss many issues. But now, let's ask our panel – what one topic are we not discussing that we really need to be discussing because of its importance to the industry?"

Richard Bateson

kicked things off. "Creating initiatives that protect our players is how we will keep a sustainable industry going into the future," he said. "It's not just about having popular and relevant games. As the number of channels increases, we need to ensure that we are marketing through the correct channels and protecting players along the way. Managing the player experience through all the changes in the lottery industry will be critical."



RICHARD BATESON

Pat McHugh's view is that the industry needs to concentrate on advocacy.

"Our industry, although highly successful, continues to face headwinds that will challenge our ability to move forward and keep beneficiary funding growing. In other parts of the world, we've seen lottery lumped in with other forms of gaming and we end up being reactive to the challenges. Lottery is different than casino, and we must make sure that is understood by the stakeholders who influence the future of lottery. I think we need to be very deliberative as leaders of this industry, and proactively get our stakeholders to talk about why we exist. We fund college scholarships, programs for senior citizens, funding for municipalities. It is vital that we get these important messages out there. We need to proactively shape the message so our constituents appreciate the difference between lottery and commercial gambling."

Byron Boothe

thinks we need to focus on our customers. "A critical issue is the future of customer acquisition," he said. "Today,



PAT MCHUGH



BYRON BOOTHE

we have been able to utilize and leverage our retail partners' ability to bring customers to the purchase location in a relatively inexpensive manner. But as we move further into the digitization of our products, there will be an adjustment to the cost of acquisition and retention. We must be ready for this eventuality."

Jay Gendron said the industry has to focus on future technology. "As an industry, I'd like to see us address the technological advancement of Cloud computing," he said. "The federal government and many U.S. states are moving critical applications to the Cloud. Currently, the way that U.S. lotteries are set up under their facilities management contracts prevents them from utilizing this technological advancement. I think it would be in our collective best interests, as the industry presses forward to modernize, that we make sure lotteries can include these types of advancements in RFPs. IGT is prepared to help lottery customers take advantage of all the benefits of moving to the Cloud and pass these benefits on to players."



JAY GENDRON

Doug Pollard

brought our attention to one of the newer entries into the games-of-chance sector. Sports betting may not be



DOUG POLLARD

a direct competitor to lottery, but it is definitely competing for the discretionary spend of the consumer on recreational gaming. "We've done a terrific job over the past few years of bringing players into our business and driving more proceeds for good causes," he said. "But there has been an enormous spread of sports betting over the past few years and that has changed the gaming landscape. We still have lotteries that can't accept debit cards, yet sports betting has entered our jurisdictions with enticing offers, a bombardment of television ads, and multiple payment options. I am concerned that lottery may get swept into the same bucket as other games-of-chance like sports betting. Sports betting provides far less revenue to good causes compared to lottery. And sports betting does not have the history of integrity and security that lottery

has. We've got to be more proactive in communicating the difference because when there's a backlash against gaming expansion, we don't want lottery to get lumped in with other sectors like sports betting. That would negatively impact iLottery, lottery, and our retail partners as well."

On Doug's point about sports betting entering more and more states, Rebecca said lotteries are feeling the impact of the influx of advertising that promotes the sports betting websites. "The cost for the lottery to advertise has gone up dramatically because there are only so many 30 second commercials," she said, "and they've taken up so much of the available ad time that it has driven up the costs to advertise. So our advertising costs have gone up substantially because of the competition for ad time. Those states without sports betting (yet) need to keep that in mind going forward."

Changes Needed to the RFP Process?

All five business partner representatives have much experience working with lotteries and most of that activity is achieved through the successful response to lottery Request For Proposals (RFPs). While this is the avenue that most government agencies use to secure vendors for larger projects, it can be a challenging process for those who operate in the lottery industry.

With that in mind, Rebecca asked "If you had a magic wand and you could change one thing about how we all do RFPs, what would you change?"

Up first was Scientific Games' **Pat McHugh**. "I would recommend that RFP evaluations are profit-driven," he said. "On the lottery side, you're running a hugely successful consumer goods business. But how do you work with stakeholders and vendors to think of this business as an investment? The profits on the lottery side of the business are directly impacted by the investments made by vendors and lotteries. The ROI of those investments are very high, which means the resources invested by lotteries will lead to exponentially higher funds generated for the benefit of good causes. The same can't be said for other government agencies which do not generate income or a financial return. So I suggest changing how lottery stakeholders view costs impacts to growth over time, and RFPs are perceived to be ROI-driven instead of cost-driven."

Doug Pollard focused on price. "I don't think you should buy an important revenue generating product on price alone," he said. "Decisions should not be just cost-based. You're going to pay pennies for most of the services you sell and make quarters in terms of margin. There's a lot more at stake. Lotteries need to look at the entire picture, assess a wide variety of value-adding capabilities, and determine what are the most important factors to choosing your vendors."

Given the fact that investing in lottery infrastructure also enables investment and innovation for players and retailers, **Jay Gendron** at IGT said, "All companies and lotteries want to innovate, and innovation costs money. We spend a lot of money in research and development each year. And there is nothing more disheartening than seeing an RFP released that covers 10 years with a technical-to-price ratio of 50/50 and which essentially places little emphasis on R&D and technology – the things that differentiate vendors and make their offers unique from one another. My one wish would be that more states follow the path of those jurisdictions that have made the technical-to-price ratio much closer to an 80/20 ratio. With that, you are incenting the vendors to invest in your infrastructure not only on Day One but for the entire length of the contract."

For Intralot, **Byron Boothe** said working with different parts of the RFP process is critical. "I think one of the main issues with procurement is policy," he said. "And policy requires education, and education requires familiarity with the legislative and executive branches in the states. You need those allies because the lotteries that want to modernize the process will be changing 15-20 years or more of procurement rules and procurement cut-and-paste templates. So, going in a direction that changes technical versus price scoring methods requires engaging lottery partners throughout government. I think that's how we can get the outcomes we're looking for."

Richard Bateson at JUMBO said, "I firmly believe in aligned incentives that drive behavior. I think as an industry we are probably at risk of having long contracts that are 10, 15, 20 years in length and the vendors aren't incentivized to invest in ongoing technologies. There are industries out there that are much more agile than ours because they are driven to constantly invent and innovate. Lotteries need to work with the vendors to

Continued on page 35

POWERBALL CELEBRATES POWERFUL START TO 2022

Powerball kicks off New Year on #1 entertainment telecast, achieves top 10 jackpot

If it seemed like Powerball® got off to a powerful start in 2022, you're right! Shortly after the iconic ball dropped in Times Square, Powerball held a \$1 million drawing on Dick Clark's New Year's Rockin' Eve with Ryan Seacrest 2022. Five days later, Powerball achieved its 7th largest jackpot ever – a \$632.6 million grand prize won by two tickets in California and Wisconsin.

The \$632.6 million jackpot was the second grand prize won since the game introduced a third weekly drawing on Monday nights, with the back-to-back jackpots ranking among Powerball's largest. The previous jackpot, hit on Oct. 4, 2021, was the game's 5th largest at \$699.8 million. MUSL and game leaders point to the latest jackpot cycle as further evidence that a third weekly drawing is producing bigger and faster-growing jackpots.

"The addition of a third weekly drawing has been wildly successful," said May Scheve Reardon, Powerball Product Group Chair and Missouri Lottery Executive Director. "Powerball sales are up in every U.S. lottery jurisdiction, and as a result, we're seeing more dynamic jackpot growth on a weekly basis."

Powerball launched Monday night drawings alongside



Wisconsin Retailers with winning ticket

Double Play®, a new add-on feature offered by 13 lotteries, on Aug. 23, 2021. Since then, all 48 participating lotteries have recorded increased game sales. Year-to-date Fiscal Year 2022 sales of Powerball and Power Play® are up 77% compared



Powerball Millionaire Brian Mineweaser

to Fiscal Year 2021. As for jackpot growth, MUSL recently analyzed two jackpot cycles, nearly a year apart, for its Board of Directors: Draw Cycle 38 and Draw Cycle 44.

- Draw Cycle 38 – Produced

\$731.1 million jackpot in the Jan. 20, 2021 drawing (2 drawings per week)

- Draw Cycle 44 – Produced \$632.6 million jackpot in the Jan. 5, 2022 drawing (3 drawings per week)

Continued on page 34

Speed and convenience has become the standard expectations for consumers, who want a fluid, integrated experience for all their retail needs.

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RE-IMAGINING ONLINE GAMES

Innovation abounds with eInstants, online draw



While the lottery industry awaits the anticipated and expected addition of more iLottery programs across the country, the 13 lotteries which offer some version of online sales are providing a wealth of information for their lottery colleagues. In the time since the current longest-tenured iLottery program launched in Michigan in 2014, the delivery of lottery games and content to players has undergone a seismic shift along with how lottery is played. It's not enough to simply digitize a paper-based scratch ticket and provide a virtual quarter. Players expect innovation and variety, especially those new to lottery, and iLottery is changing the entire player experience.

A handful of lotteries and vendors are working on how to energize this genre of

games - both iLottery and online draw games. North Carolina Lottery Director **Mark Michalko**, whose lottery has featured an iLottery platform for almost 10 years, led a panel of iLottery veterans on both sides of the table:

Brad Cummings, Founder and CEO, EQL Games

Stephanie Weyant Fidler, Deputy Executive Director, Marketing and Product, Pennsylvania Lottery



MARK MICHALKO

Scott Kenyon, Digital Games Manager, Virginia Lottery

Derek Levesque, Director, Digital Content Product Management, IGT

Mike Lightman, Chief Commercial Officer, Instant Win Gaming (IWG)

Merv Huber, Senior Director, Digital Growth, Scientific Games

Mark started off the discussion asking for some thoughts on the performance of current iLottery games, and how they are performing relative to retail games. With two of the strongest iLottery programs represented - Pennsylvania and Virginia - information came straight from the source.

Stephanie Weyant, who oversees Pennsylvania's iLottery program, kicked things off. "iLottery is definitely a

growth category for both us and the other lotteries offering the products online," she said. "Our stats show that iLottery is attracting new, younger players. By 'younger' I don't necessarily mean millennials but younger compared to the traditional lottery players who tend to skew a little older. It's also about six percent of our overall profits so it's having an impact on our bottom as well as top lines. iLottery is still small compared to retail but it's incremental and

that's the important part right now."

Virginia touts one of the newest iLottery programs and the results have been incredible, with over \$807 million in total iLottery sales during its first fiscal year from July 2020 to June 2021. **Scott Kenyon** said, "Our focus is on growth - bringing in new players, expanding our player base, registering as many players as possible. Our month-over-month sales are quite strong. We continue to add new products and that helps keep sales high. We have great vendor partners who work with us to make sure we offer the most innovative games that will appeal to current players and attract new players. And we continue to refine the process through which they register and play their first games. It is important to keep it as simple as possible to sign on as many players as possible."

Mark segued to the difference in player experience online and at retail. "We've enjoyed great success in selling in a retail setting as we've really honed our offer and how it is presented," he said. "But online iLottery play is a newer platform. And the online player - both eInstants and draw - has a different experience than at retail. What's that experience like and what's different about it?"



SCOTT KENYON



STEPHANIE WEYANT

Continued on page 42

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GAME 2			
GAME 3			

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Uncover a "100" symbol, win that corresponding prize.

PLINKO BOARD

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the Price is Right

WIN UP TO \$000,000!

Match any of the WHEEL NUMBERS to any of the WINNING NUMBERS, win the PRIZE shown for that number. If the PRIZE for the matching WHEEL NUMBER is "5000", win TRIPLE the prize shown. Uncover a "5000" symbol to automatically multiply and win that corresponding prize.

Enter to win a trip to Las Vegas for a chance to win up to \$50,000,000 in the COME ON DOWN Challenge!

WIN UP TO 15 TIMES!

WHEEL NUMBERS

PRIZES

WINNING NUMBERS

the Price is Right

Enter to win a trip to Las Vegas for the chance to win up to \$50,000,000 in the COME ON DOWN Challenge!

WIN UP TO \$000,000!

Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win PRIZE shown for that number. Get a "5000" symbol, win PRIZE shown for that symbol automatically! Get a "5000" symbol, win 5 TIMES the PRIZE shown for that symbol! Get a "5000" symbol, win 100 automatically! Get a "5000" symbol, win all 20 PRIZES shown!

SHOWCASE 1

YOUR BID

ACTUAL PRICE

PRIZE

SHOWCASE SHOWDOWN

Scratch YOUR BID and the ACTUAL PRICE. If YOUR BID matches the ACTUAL PRICE of that SHOWCASE, win PRIZE shown for that SHOWCASE!

WINNING NUMBERS

YOUR NUMBERS

WIN UP TO 21 TIMES!

LOTTERY INNOVATION

It's Part of Jeff Martineck's Life Work at Scientific Games

For many, innovation has become a buzz word in recent years. But Jeff Martineck has never lost his focus on what it means at Scientific Games. Rapidly evolving consumer trends, technology advances, and the power of data insights have always sparked his passion. Over 30+ years in the lottery industry, he's been issued more than 30 U.S. and international patents.

"For us, innovation means real solutions, not theoretical concepts. It means tangible and impactful products that advance our lottery customers' business," says Martineck, Senior VP Global Products & Innovation at Scientific Games. "That's why we've led the industry in product 'firsts'."

Martineck is a guy who's made his own stuff most of his life. He builds guitars. He's a woodworker. He even brews his own beer. Taking things apart and putting them back together to create something new and better is a part of his DNA. At Scientific Games, he gets to do it with stuff that helps raise money for good causes. His ability to look to the future, solve problems, develop the next new playstyles and product enhancements paved a natural path to a role 100% focused on innovation.

Backed by a diverse team of solvers, creators, product developers, technologists and futurists from around the world, Martineck moved into the expanded role of Senior VP Global Products and Innovation at Scientific Games Lottery in 2020 - a leadership position that he's prepared for his entire life.

Jeff's role spans Scientific Games' entire integrated lottery group including instant products, systems, as well as retail and digital solutions - with particular focus on how Scientific Games' unique product advances interconnect across these areas. His ideas and experimentation are behind some of the most exciting instant game products to hit retail stores. Now he's directing innovation across all Scientific Games lottery product lines in a world currently full of challenges and opportunities.



Jeff Martineck



What do the Scientific Games Lottery innovation teams around the world look like today?

Martineck: Let me start with the idea that innovation is the responsibility of all of our employees. We have a culture of innovation, whether it's to improve a process, make lottery functions more secure, find ways to modernize how lottery games are sold and make it easier for retailers, or develop products that engage consumers. For those who have direct responsibility for product innovation, we have groups in the U.S., Canada, U.K., South America, Europe, Australia and India that bring different perspectives about different markets across product lines and all lottery game categories. And we all learn from each other. It's through sharing ideas and our diverse experience that our insights become practical and profitable – what we like to call “meaningful innovation”.

The pandemic has kept innovators at many companies from in-person collaboration. Has a virtual environment impacted innovation at Scientific Games?

Martineck: Such an important question. I'm surprised at how our innovation groups have adapted so well to remote collaboration globally. But there are two main tactical changes taking place to allow innovation to move forward with limited in-person time.

- Collaboration is scheduled regularly and with enough time to really work through an idea. Spontaneously stopping by someone's office to say “What do you think about this?” isn't an option. So we make sure our innovation teams take time out to look to the future and are not only focused on making today's trains run on time.
- In those scheduled collaboration sessions, someone is responsible for pulling out ideas from everyone—even those who may be quieter by nature. Our goal is to have all of our brightest thinkers openly share their ideas in the innovation sessions.

What are the biggest areas of innovation our industry needs in the next two years to move forward with the consumer and stay ahead of gaming entertainment trends?

Martineck: Innovation is taking today's data and trends and doing your best to anticipate market changes, then building products and services that will be needed in the future. Change is happening at a faster pace than our industry has ever experienced. The amount of data needed to accurately predict future trends has grown exponentially. It's why we've been so disciplined about evolving data analytics and insights with advanced business intelligence and quality, communication with consumers that improves our understanding. What motivates players hasn't changed. But their behavior has changed, either out of preference or for reasons that have been forced upon them. Using our *ONE Segmentation Study*, we try to understand this fully to achieve innovation that's valuable to our product decisions and lottery customers.

How are your teams prepared to deliver?

Martineck: We think in terms of all products through all channels. Consumers want access to great lottery games through a variety of methods. They want traditional instant scratch-off games. They want traditional instants with mobile features. They want exciting terminal-generated games, including instant win opportunities. And they want to purchase games through multiple self-service and clerk-assisted ways. They also want to be part of loyalty programs that benefit them. And enjoy frictionless, engaging digital lottery experiences. Scientific Games has delivered on each and every one of these. We are continually evolving and improving so our customers can offer the most advanced experiences to their players.

If a lottery is investing in innovation in 2022, where would you guide them?

Martineck: In parallel with the obvious digital investment, lotteries

must also modernize retail, or it will lose serious ground. Retailers are changing their merchandise layouts and upgrading the vibe in their stores. Consumer paths and touchpoints are more important than ever. And those competing for the consumer's entertainment wallet have already upped their game. Both the retail and digital lottery experiences need to improve, requiring investment focus.

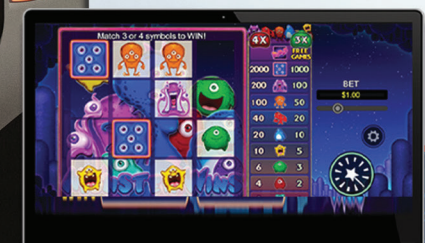
What's the most important area of focus at Scientific Games right now in the area of lottery innovation?

Martineck: For us, a priority is improved consumer engagement to improve game category performance – that starts with coordinating product ecosystems and robust business intelligence. It's not about building one monolithic central system, it's about product suites that combine content, enabling technologies, analytics, and services. These product suites – or building blocks – can work as a portion of the ecosystem, or combined as a whole. We continue to advance our technologies and analytics platforms to easily connect important functional modules that allow lotteries to engage consumers through multiple channels.

We have lots of examples of this strategy. *SCIQ* is a great example of a product suite that can operate stand-alone, or integrate into the broader ecosystem of instant game or sales force management tools. Our digital CRM program is another product suite of technology, analytics and services that we can deliver with our *iLottery* programs, loyalty and promotions programs tied to retail, or an overall consumer engagement across a lottery's full portfolio.

By partnering with Scientific Games for business intelligence, on any of these product suites, lotteries can realize significant impact on their sales. By delivering product ecosystems that collect and analyze data from various touchpoints, we can provide analytics services that create actionable intelligence about their players and retailers like they have never imagined. Powerful, meaningful stuff.

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BLUE-SKY THINKING

New research into player motivations and behaviors forecasts an exciting year ahead for the lottery industry. “Onward and Upward” should be our mantra.

MICHELLE CARNEY, IGT VICE PRESIDENT GLOBAL LOTTERY MARKETING



At the most recent PGRI Lottery Expo, I shared some new trend and player research in a talk called “2022 Forecast: Blue Skies and Bright Clouds.”

That optimistic title reflects the historic growth that lotteries experienced during a challenging time, as the industry adapted to better serve players – and players found new fun in engaging with lottery, fueling a global resurgence.

Optimism also seems right as we look ahead to the new year, which promises further acceleration of industry modernization.

For one thing, “bright clouds” are literally going to be part of lottery’s future, in the form of Cloud Computing. During a special online event in December, IGT explored Cloud technology with customers as part of our Players Project series, with independent experts on Cloud deployment

sharing how other state and private organizations are taking advantage of this exciting area of technology. You can find the highlights from that discussion elsewhere in this issue of PGRI.

But that’s just one part of the blue-sky picture. What about the players themselves? We all saw during the pandemic how external events drove consumer behavioral changes, with more people ordering online, using self-service at retail, and adopting digital solutions. As an industry, we’ve been talking about this phenomenon for some time. The questions now:

- **How will these behavioral shifts impact lottery play and purchase expectations going forward?**
- **How do lottery technology and retail modernization need to coalesce to support those changes?**

A Closer Look at Motivations & Behaviors

To know what's really driving current player behavior, IGT dove into the performance data and talked to players. This past summer, we commissioned a survey of **over 4,500 U.S. lottery instant players** to learn how, where, and why they were playing and whether they planned to continue.

We followed up with a qualitative survey among a subset of this group, to probe the underlying behaviors and discover why shifts in play may occur. And we evaluated these player responses together with insights from trend-spotting agency Foresight Factory to understand what big-picture trends may be impacting behaviors and what might stick moving into 2022.

As partners who provide a single integrated retail and digital solution for lotteries and their players, IGT values and uses these insights to inform every aspect of how we serve customers – from product and game development to developing best-in-class, retail-to-digital solutions and roadmaps.

While we can't predict the future, we can share what we know to assist customers in anticipating how trends and changing lifestyles might affect their business.

To get much more detail on the trends likely to shape consumer demand and behavior in the year ahead, you can download IGT's annual **2022 Trend Report**, available at [IGT.com/2022Trends](https://www.igt.com/2022Trends). Following are some highlights:

TREND: 1 PERSONAL PACE

A reassessment of priorities, often in favor of a slower approach to life

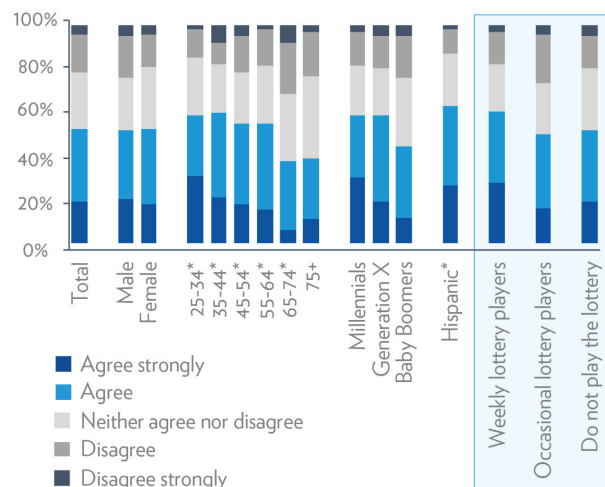
How could “personal pace” impact the player routines we just referenced? After the pandemic forced a slower pace of life on many of us, consumers are now rethinking their lives and looking to shift the balance toward leisure and family. Digital technologies contributed to the declining importance of physical location, one of the most recognizable effects being that some workers now have the option to work from anywhere.

We're seeing the rise of what trend forecasters call a “new essentialism,” where, increasingly, consumers are reassessing and focusing on what really matters to them, with a desire to cut down on non-essential expenditures and possessions.

Interestingly, **lottery players are more likely to gravitate toward a slower Personal Pace lifestyle**. When asked by Foresight Factory if they were overwhelmed by the prospect of a busier social calendar, lottery players were more likely to be neutral or agree with this statement.

We heard this in our player research as well. In fact, 60% of weekly players agree that they would like to maintain a slower pace of life once COVID restrictions are removed.

I would like to maintain a slower pace of life once the COVID-19 restrictions are removed



What does this mean for lotteries?

It's an opportunity to demonstrate products that appeal to different pace-preferences – for example, fast play or extended play. We heard one player talk about how much he enjoys taking the time to scratch each letter on his ticket, a vivid reminder that lottery has a broad portfolio of products that can appeal to different paces of life.

Secondly, it's an opportunity to highlight the fact that lottery is a form of home entertainment. As we heard clearly in our research, people are enjoying lottery play – and it doesn't require pre-arranging a specific place, date, and time for entertainment. They can engage at their leisure and create a fun experience within or outside of their own household whenever they choose.

Personal Pace Key Takeaways

Highlight the ways in which your brand can support a slower pace of life.

Focus On: Lottery continues to be a form of Home Entertainment.

Players can engage at their leisure.

Demonstrate through marketing application for different product lines to service different paces of life.

Focus On: Fast Play vs. Extended Play.

Digital vs. Physical Tickets.

TREND: 2

TACTILE & TANGIBLE

Craving texture and touch beyond the click or swipe

Touch-free interactions became standard early on in the pandemic due to the high degree of safety and hygiene concerns. But given the psychological ramifications when people are deprived of touch for too long, trend spotters now see evidence of people's need to engage more directly again.

This shift toward the tactile was actually underway pre-pandemic as a backlash to screen-based activities, evidenced, for example, by the resurgence of vinyl records. And the trend goes beyond hobbies and other in-person activities to encompass **consumer product preferences**.

Foresight Factory research found that lottery players are more likely to own or be interested in subscription-box services for tactile items, and they want to receive these physical items on a regular basis.

Some lotteries have implemented subscription lottery. And even beyond subscriptions, we believe there is great potential to **promote the physical aspects of playing**, as this has become more important and part of a new routine for some players. Just as there was a resurgence in tactile hobbies during the pandemic, lottery play also became a new hobby for some.

Craving Texture and Touch Beyond the Click or Swipe

- There is a post-pandemic need to **touch and get hands-on again**.
- Consumers desire to **make, craft, and impress others** with their dexterous skills.
- Growing cravings for experiences that center around **texture and touch** can be satisfied with **play and tactility**.



What does this mean for lotteries?

It's an opportunity to focus on the sensory components of responsible play as well as the analogue experience of a player's brick-and-mortar visits. The potential for creative applications ranges from in-store, to social-space retailers, to scratch tickets.

Tactile and Tangible Key Takeaways

Highlight the tactile elements of playing lottery.

Experiment with unexpected materials.

Focus On: Tactile entertainment.
A new hobby.

Prioritize the sensory elements in the customer's brick-and-mortar visits.

Focus On: Analogue elements in a customer's brick-and-mortar visits
–instant tickets, POS, and overall retail experience.

TREND: 3

DIGITAL PROXIES

Investment in virtual identities and assets in online spaces

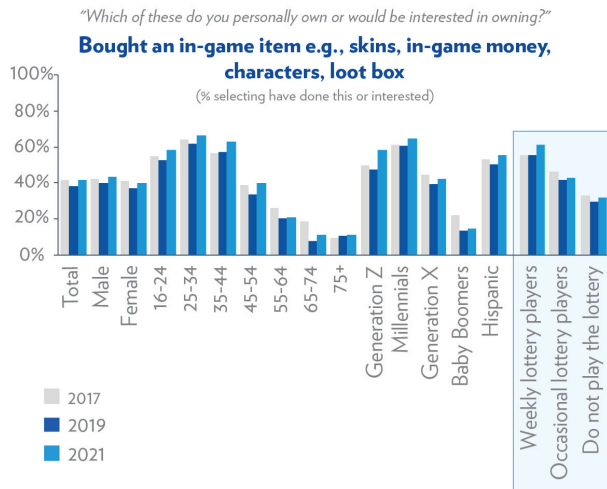
We also need to consider the counterpoint to that last trend, because while people may be craving tactile experiences again, this in no way diminishes the growth that we have all observed in the digital space.

It's been said before but has never rung more true: The line between online and offline is blurring.

People are investing in virtual identities and assets in online spaces. This is another shift that was well underway pre-pandemic, thanks to the rise of social media, virtual communication tools, and gaming. But COVID pushed this trend to new heights, bringing all aspects of life – work, entertainment, shopping, and socializing – to digital spaces.

The virtual economy is thriving, and **people want to fashion their virtual self** – whether that's with a gaming skin, an avatar, or an NFT (non-fungible token). In the Foresight Factory research, **lottery players say they “are already” or “more interested” in purchasing in-game items** such as skins and characters, so we know that lottery has an audience in this space.

Buying an In-Game Item: Uptake and Interest



What does this mean for lotteries?

For one thing, the metaverse will be a channel for lottery engagement, as it will be for other industries. If you'd like to learn more about the metaverse and its relationship to lottery, you can check out a Special Report that IGT recently prepared on this topic at cloud.marketing.igt.com/2021Metaverse.

The trend toward Digital Proxies is also an opportunity to explore how games and virtual worlds can enable you to engage with customers on a deeper, more interactive level. One example might be a "Did You Know?" advertisement in a virtual world that promotes the good causes your lottery funds: "We provided X number of college scholarships. We helped to build these parks and public spaces..." While there are limitations in a physical space, there are huge opportunities to promote and educate in virtual worlds.

Digital Proxies Key Takeaways

Embrace the metaverse as a channel for engagement.

Focus On: Great potential in the virtual world, despite limitations in physical space.

Digital does not mean that the physical will be any less important.

Focus On: Create optimal and responsible next-gen player experiences using data and AI from both retail and iLottery—available through an integrated Connected Play solution.

And as our digital lives become more sophisticated and the metaverse edges closer to reality, more and more sectors will become engaged in this trend. It doesn't mean, however, that the physical world will be less important. There's an opportunity for lotteries to cross-promote over channels and appeal to different players in different spaces.

POWERING CONNECTED PLAY

IGT continues to monitor these trends as part of our investment in roadmaps to deliver what we call **Connected Play**, a far-reaching vision for seamless, rewarding, and immediate interactions across gaming verticals and channels. It's a transformation we are committed to leading across the industry and for our customers.

Importantly, Connected Play provides lotteries with something the industry hasn't historically had access to: **integrated retail and iLottery data** to better understand player behaviors and preferences across all omnichannel purchases.

And Connected Play isn't limited to iLottery jurisdictions, as it digitizes the retail experience and provides player- and transaction-level data on retail transactions. Among many benefits, Connected Play will:

- Support lotteries in making informed and responsible product and service decisions
- Enable better product roadmaps
- Allow for the creation of optimal player experiences, using the cross-channel retail and iLottery data and Artificial Intelligence (AI) that will be available through an integrated solution.

After this peek at a few of the trends you can expect to see shaping and impacting lottery in the near future, we invite you to take a deeper dive into IGT's 2022 Trend Report. We hope you feel as we do, that it's a time for blue-sky thinking to create new and exciting opportunities to engage players and drive growth together. ■

➤ To download the full IGT 2022 Trend Report, visit IGT.com/2022Trends.

➤ To view the PGRI Expo talk and data, visit PublicGaming.com.



How 2020-21 Changed Lotteries Forever

www.bedegaming.com



Alistair Boston-Smith



Alistair Boston-Smith, Chief Strategy Officer at Bede Gaming, takes a look at how technological changes have been the catalyst for transforming consumer behaviour, what these new preferences mean for lotteries and how COVID changed everything.

A Brief History of Lottery

To understand the most recent changes and their impact on the industry, we have to first look at how Lottery began and how it evolved. Much has been made about the history of the Lottery and ancient gambling practices. The Chinese lay claim to the earliest recorded keno slips and the Romans were also fond of a flutter. Emperor Augustus was even believed to have used money from the sale of lottery tickets to fund repairs in Rome and the oldest lottery in operation today, the Dutch lottery, was originally started as a means to raise money for the poor ... Showing that since its onset, Lottery funding has been used for local communities and projects.

It wasn't until the 15th Century that lotteries began giving money as prizes, the first most notably being in Belgium, which is bestowed with the honour of inventing the modern lottery some 600 years ago.

Interestingly, the US was an early adopter of lotteries. Many of its founding fathers and historical

institutions were involved with or funded by organised lotteries. The country also currently boasts the world record jackpot offering (over \$1.5bn in January 2016).

Lotteries continued to develop their retail products until the late 1990s when the world suddenly found itself at the dawn of a new digital age. Gambling would look at this new channel with interest. However, not all countries would permit it, taking issue with a lack of regulation online and certainly, customer behaviour at the time indicated that retail was the more popular vertical. UK national statistics showed that even 10 years later (2009-10) only 4% of adults had bet online but by the following year that figure jumped significantly to 11.2%.

The introduction of digital and its influence in the entertainment industry was starting to have an effect on player and consumer behaviour. And the UK was not the only country experiencing this phenomenon.

The Technological Era and its Impact

Since the turn of the millennium, developments in digital technology have been with the sole purpose of putting the end-user at the centre of its functionality. What are customers after? What are they trying to do? How can technology make it easier?

This has led to handheld devices, accessible media and cross channel selling, all in an attempt to facilitate our day-to-day lives. However, at the start of the 2000s, it was mainly younger people and top San Francisco execs adopting the technology. Advancements were widely acknowledged but the technology was clunky and the products awkward; Netflix was a DVD mail service, phones could only store 10 messages, even in the early days of Facebook you needed a university email to sign up. Technology was very much targeted at the younger generation and the stage of life at which they were at, thus driving a slower uptake by older generations and other industry sectors.

However, there was no denying that technology was making lives easier, communication across the world was more accessible, exposing us to information and ideas that would have previously taken weeks to discover. Suddenly, the wider business industry was looking at how they too could take advantage of digital.

By the 2010s, consumers, understanding the potential capabilities now offered, were demanding better, more personalised experiences. To do this though, the industry needed data with which to understand their customers' behaviour - something that until then had only been done through time-consuming activity like surveys and feedback forums. Now, businesses understood that not only did they not have to interrupt their customers' experiences but they could also actively learn from their interactions to provide an enhanced and engaging customer journey.

Welcome to the Data Age.

Up to this point, giving away your personal information would have been viewed with suspicion and certainly the older generations were sceptical but the rewards for customisation outweighed the negatives of sharing data. So consumers opened up to brands.

This directly influenced customer expectations. We have now come to always expect a great experience. We expect things to be easily accessible and delivered almost instantaneously. Anyone who can't provide is dropped for someone who can. We simply go elsewhere.

This is where consumer behaviour started to drive the development of new technologies. It is also the point that all generations embraced digital technology, accepting its use in daily life. Card payments, streaming services, plane tickets ... the list goes on. It is a self-perpetuating cycle too. Certainly, in the UK, we are seeing High Street Banks shutting their branches in small towns and villages. This is driving further uptake of far more accessible digital services and without the demand, banks are finding it difficult to justify having so many real estate venues in smaller places when online services are more profitable and more in demand across their audience demographics.

The biggest change in behaviour, acceptance and development of digital practices has however, only happened in the last 2 years. Even with huge advancements in technology in the last 20 years, digital was still seen as the bridesmaid to in-person experiences. Technology was mulled over but secondary to the still larger avenue of bricks and mortar retail. On the roadmap but not a priority. 2020 changed all of that.



How Covid Changed Everything

It goes without saying that 2020 was an extraordinary year. A year that affected every single person on the planet. It was also absolutely pivotal in the revolution of the digital era. The Covid-19 pandemic shifted focus completely to a digital only or digital-first experience. Stripped of physical, in-person events, we went online – working, shopping, and socialising from our homes. Businesses had to very suddenly push digital practices to the top priority and rethink their marketing and reach strategies.

Our behaviours and psyche both professionally and personally have changed completely over the last 24 months and with everything now at our fingertips and proof that we can run effective lives remotely, we will struggle to go back.

The entertainment and leisure industries were one of the most impacted by the pandemic. Restaurants, cinema and gyms immediately switched to online services. And it was no different for the gambling industry. In some sectors, the switch to digital had already made huge in-roads, particularly in mature markets like Europe where sports, bingo and casino games have been widely embraced in their digital format for some time. However, in other sectors and countries that have traditionally viewed retail as the biggest and most profitable channel, the arrival of Covid-19 highlighted how essential digital is to business continuity. No longer is digital entertainment catering to one section of a target demographic but across the board and the benefits it can offer to both business and consumers can no longer be ignored.

The pandemic put digital operations and processes at the forefront for businesses and is now critical for both survival and growth.

What it Means for Lotteries

The juxtaposition of the pandemic's impact on how lotteries operate is fascinating. It changes both

everything and nothing.

Lotteries have always placed customers at the heart of their business. They are a masterclass in putting loyalty and trust at the core of their interaction with customers. Providing an engaging and safe entertainment space to fund local initiatives hasn't changed since the beginning of the modern lottery 600 years ago. And none of that changes in the digital era either.

What has changed is how customers, from all demographics, now consume entertainment. Their expectations, demands and judgement have also changed and been amplified by the pandemic. As consumers, we are less forgiving of poor experiences. We expect to have what we want, when we want and we expect businesses to both entertain us and know what we want without asking. That is the trade-off for accessing our data. For lotteries, this means providing an accessible digital alternative to retail. It also means acknowledging competition from other forms of entertainment. And it means providing alternative avenues to ensure continued traction and loyalty with customers. All whilst providing the same great and safe experience.

Thriving in the Next Evolution of Lottery

To compete on this new playing field, it is essential to be able to interpret data accurately and to react quickly to it. To achieve this, you must have the right people, practices, and platform in your arsenal. Lotteries are huge organisations, which enjoy the perks of being in a big structure but also the hindrances of being slower moving than younger, smaller counterparts. This means, culturally, lotteries still have a journey to go on to catch up to avoid losing customers to competing products and entertainment. Retail and digital channels need not compete, they can work together to create a seamless interconnecting experience to delight customers. Your chosen digital partner should understand this. The selection of a digital partner by lotteries is critical to supporting, guiding and manoeuvring them through the necessary technological changes to successfully navigate these new waters.

Customers have always been the central focus for lotteries and in 600 years this hasn't changed. What has changed is how consumers now interact with brands. Digital is no longer the bridesmaid. Digital has arrived and is here to stay. Lotteries must put digital front and centre; at the heart of their growth strategy. It is what customers want and that, after all, has always driven the evolution of Lottery. ■

Beyond eInstants: Exploring Digital Draw Games

At the mention of iLottery games, it's often eInstants that first come to mind. But digital draw games and quick-draw games like iKeno and IGT's hit game CASH POP™ are growth-driving portfolio additions that offer appealing new experiences for players.

Players welcome the opportunity to enjoy games whenever and wherever they want – and providing familiar retail draw games via the digital channel offers an opportunity to increase player engagement.

The benefits to players are multi-fold: For one, the game mechanics are the same digitally as they are at a retailer, making the games easy to understand. Players have the added benefit of a digital transaction history, which means no more worries about a lost winning ticket. In the digital channel, ticket transactions and win history are securely saved, winners are notified through the app or via email, and low-tier wins are deposited directly into their lottery eWallet.

There's yet another reason to include digital draw and quick-draw games as part of an iLottery offering: In many iLottery programs, eInstants may account for more total revenue, however digital draw and quick-draw games yield higher margins as the payout percentages are typically lower for eDraw (50%) and iKeno (60%) compared to eInstants (ranging from 65% - 85%).

IGT's technical advantage with standardized APIs and native integration with IGT retail central game servers gives lottery customers the opportunity to offer all the features online that they do at retail. IGT's robust central game server, which serves over 80% of the world's lotteries, provides an advantage when deploying the IGT catalog of draw games. Eight global lotteries are now live with IGT online draw games, and these lotteries continue to add more retail games into their digital product mix.

The Kentucky Lottery Corporation (KLC) has seen positive results with digital draw games sales. In FY21, online draw sales averaged 13% of all online sales. Pick 3 and Pick 4 have accounted for 25% of online draw-based game sales since the Q3 launch and added 2% incremental sales.



Players enjoy added engagement opportunities when they watch the draw via the website and can play or sample new eInstant games.

"Our players have consistently asked us to offer our daily Pick 3 and Pick 4 games digitally, and I'm pleased that with IGT's support we could respond to their feedback by adding these two products to our digital channels," said **Kentucky Lottery President and CEO Mary Harville**. "We will continue to engage our players by adding our CASH POP™ game to the platform at the end of January, and by Q2 2022, we'll have our entire retail draw games portfolio available on our digital channels. This will be a great benefit to players and will help our iLottery channel continue its record-breaking sales pace in a socially responsible way."

Cross-Channel Keno

Players also gravitate to digital channels to play quick-draw games like keno. IGT is the only iLottery vendor with live online keno games. Because the game is integrated with the retail system, it offers another benefit: No separation between channels. The same keno draw that a player sees on a physical monitor is available online and in the app as the draw occurs. KLC's iKeno also experienced a sales increase in

FY21 due to more people playing online. On average, iKeno sales represented 53% of digital draw games sales, and iKeno increased by 7% year-over-year.

"Pre-pandemic, the mobile app was an added convenience for players who were at a physical location purchasing and watching keno monitors," observed **Srini Nedunuri, IGT Vice President iLottery**. "Players using the mobile app enjoyed a true second-screen experience because they could purchase right from the phone and watch the draw online while socializing with friends. With the onset of the pandemic, the digital experience allowed players to purchase online and watch the draw on their computers or via the app. Also, while players wait to watch the draw, they can try an eInstant game. These options not only serve player needs but have the added benefit of allowing them to sample and engage with more lottery products." ■

For more information about IGT's iLottery products including digital draw, iKeno, and award-winning CASH POP™, contact your IGT Account Manager.



Last but not least: You are not just leading the Deutsche Klassenlotterie Berlin, you are also heading the European Lotteries Association as President. How is EL evolving the products and services to continue to add value for its members?

H. Höltkemeier: In general, EL follows the same goals and works for the same values as before. To the outside EL is fighting for the value-based, subsidiarity model of organizing lotteries and to the inside supporting lotteries through knowledge exchange and certification.

As one example, subsidiarity will gain new relevance. While former initiatives were based on the regulatory framework, the new threat for lotteries will be digital platforms, which offer a kind of single-market also in gaming and gambling without proper cross-border regulation. Right now, there are several political initiatives to limit the power of those platforms and to link them to national laws. EL is involved in this.

And as everywhere, the tools EL uses and the “members-behaviour” changes: a remarkable change is visible in our seminar/webinar-program. Whereas webinars and hybrid formats seemed to be just a “Plan B” option for those seminars that couldn’t take place due to COVID-caused travel-restrictions, they are now and will continue to be an integral part of our offer going forward. We have learned that such formats are reaching far more members and lead to much higher participation and deeper ongoing interaction and networking than the traditional in-person meetings were able to do. On the other side, real-world developments that involve vigorous discussion and debate over complex issues are much better addressed by in-person meetings. We still need the trust that comes with personal interaction to build rapport and a common understanding.

Therefore, there will be far more differentiation in our way ahead with a broader

range of digital offers to inform our members or to discuss results and ongoing personal meetings to strengthen the network and to forge solutions for complex challenges.

And we are counting on at least one event to be organized in person. Our EL Congresses and our Industry Days will remain as the place to meet for lottery professionals and executives to get an overview about what is going on, to be a place to meet colleagues and to make and to meet friends. I am therefore looking forward to our next Industry Days in June 2022 in Wiesbaden/Germany and to our next Congress planned for June 2023 in Sibenik/Croatia. Save the date and join us as part of the family.

Paul Janson: Thank you Hansjörg for this inside view and your invitation: Susan and I are looking forward to seeing you in Wiesbaden! ■

Powerball Celebrates Powerful Start to 2022, continued from page 20

After the first week, sales in Draw Cycle 44 were 37% higher compared to Draw Cycle 38. After 13 weeks, sales were up 205% in Draw Cycle 44 compared to Draw Cycle 38. The additional sales in Draw Cycle 44 pushed the jackpot across the \$600 million mark at 13 weeks, whereas in Draw Cycle 38, it took 17 weeks – roughly a month longer.

“MUSL and its lottery partners have worked diligently to successfully introduce the Monday draw and Double Play add-on feature,” noted J. Bret Toyne, MUSL Executive Director. “However, we cannot be satisfied with today’s accomplishments. If anything, this highlights the strategic planning necessary to consistently produce year-over-year revenue growth.”

In addition to its first jackpot won in 2022, Powerball also celebrated a third consecutive year on Dick Clark’s New Year’s Rockin’ Eve with Ryan Seacrest by holding a \$1 million drawing for the Powerball First Millionaire of the Year®. The drawing was the culmination of a national Powerball promotion and broadcast live on ABC. Shortly after midnight, Ryan Seacrest and country singer Jessie James Decker revealed the big winner as

Brian Mineweaser, a father of four from Pennsylvania.

“This partnership with MRC Live & Alternative has given Powerball the opportunity to connect real people and their stories with our brand,” said Gregg Edgar, MUSL Marketing and Promotions Committee Chair and Arizona Lottery Executive Director. “Year after year, we’re meeting new players from across the country and showcasing their winning moments, which is part of the greater Powerball story.”

This year, Powerball was able to connect with an even larger audience. According to Nielsen, the 50th edition of Dick Clark’s New Year’s Rockin’ Eve was the number one entertainment telecast with viewership up roughly 10 percent between 12:00 – 12:30 am, which included the Powerball First Millionaire of the Year drawing. Looking at viewers of any age, more than 24.2 million tuned in during the broadcast’s 12:00 – 12:15 am quarter hour, followed by 16.5 million during the 12:15 – 12:30 am quarter hour.

Twenty-nine lotteries participated in the most recent installment of the Powerball First Millionaire of the Year promotion, with

many choosing to coincide their in-state promotions with the launch of Monday draws and Double Play last August. Participating lotteries held drawings and contests in their respective jurisdictions to determine a national pool of semi-finalists. From that pool, five finalists were randomly selected to advance to the \$1 million drawing.

MUSL and MRC Live & Alternative are already planning the fourth year, which will include the winner experience returning to New York City. For the past two years, the finalists and their families have been featured from their hometowns due to the pandemic. Organizers anticipate even more lotteries will participate in the 2022-2023 promotion and hope to potentially feature more players from more lotteries during the live broadcast.

“We want all participating lotteries to feel that they have a stake in the event,” said Edgar. “We hope to create more big show moments and winner memories, building enthusiasm at the state level for the 2023 Powerball First Millionaire of the Year and increase the impact that the brand is having nationally.” ■

invest in the growth and profitability of the business for the benefit of good causes. If your vendor isn't incentivized to help you get through the challenging years ahead your future viability is at risk."

Update on Inclusion and Diversity in the Industry

The final portion of Rebecca's panel was devoted to a topic close to her heart. As founder and leader of the Women Initiative in Lottery Leadership (WILL) program, Rebecca has been a champion in the advancement of women, as well as other groups, for decades. She asked the panel a question she has asked at many NASPL conferences over the years: "What are you all doing towards diversity and inclusion? When will we have the first woman on this panel?"

Doug Pollard kicked off this portion of the panel by considering Rebecca's entire inquiry. "I appreciate this question because I do see it more broadly than women," he said. "As I look around the room, there are many women in the audience who are great leaders, and this is especially true at Pollard and NeoPollard. The broader goal of work-place diversity is an important part of every company today. As a public company, we are held to a high standard, so we've been working on these issues for some time. We have a long-standing philosophy about Investing in Good, and now have a formal task-force focused on the challenges faced by women and people of color and working to highlight the blind spots that might exist. Top management is equally engaged in supporting the efforts of everyone to drive progress, diversity and inclusion in the work-place and in our work-force."

Scientific Games has women leaders at many different levels said **Pat McHugh**. "Our Board's Vice Chair is a woman and we have more diversity on our Board than ever before," he said. "We are much more deliberate in our focus on gender and ethnic diversity across our global organization, and more proactive in our talent recruitment. We spend more time in the community, supporting DE&I initiatives and providing internships. Our female leaders at Scientific Games' global lottery headquarters serve as mentors to future women leaders in greater Atlanta. We support and engage with industry groups like WILL. Our A Class program, now in its third year, identifies and readies a diverse group of future company leaders from

around the globe. By 2023, A Class will have created a path for more than 100 employees to become the next generation of Scientific Games leaders."

Byron Boothe said that while Intralot has created a strategic group to look at hiring, there are challenges. "We believe we have created pathways to senior leadership for women and actually, we have a number of female leaders right now," he said. "We are excited about promoting from within and providing opportunities to our employees, and that includes diverse groups. Hiring right now is challenging as a new generation of potential employees has an adjusted mindset about the workplace. So our challenge is to work with our current employees, help them succeed, ensure that we keep diversity in the forefront, and hire new employees with an eye toward supporting women and people of color."

Prior to Richard's remarks, **Rebecca Paul** noted that JUMBO has been a supporter of WILL from the start, donating \$50,000 for scholarships. "We are proud of our sponsorship of WILL because these types of groups are actually taking action towards how we deal with discrimination and inclusivity," **Richard Bateson** said. "Some of these issues are as much societal as they are industry issues. We have all worked on these issues but there is much more to be done. In our efforts to be inclusive, we must continue to focus on recruitment and how we present ourselves to our players as well as our internal teams. The approach we take and the programs we create must be built into the culture and what we live and breathe throughout our organizations."

IGT has taken a number of proactive steps, including hosting monthly sessions on diversity, and Rebecca has been a recent guest speaker. "We have made a lot of progress in this area over the last several years and there is still more to do," Jay Gendron said. "We have a Global Diversity & Inclusion Council and an employee who is a Vice President of Diversity and Inclusion. Senior level executives are required to have diversity and inclusion training as part of their jobs. One thing we can all do as an industry is mentor our younger employees. Most people on this panel and attending this conference have benefited from the help of others during their career. We should take that as a responsibility to pass on the same kind of help to the next generation of employees."

Rebecca wrapped up the panel with a simple question: "What keeps you up at night?"

Pat: "It goes back to what I said about advocacy for the industry. We must ensure that our stakeholders understand why lottery exists and the importance of its mission. I think everything else we talked about here gets easier if we're doing a good job of that."

Doug: "Two things. The first is iLottery – we're almost two years into a pandemic that should have driven us to make the products available online, yet we are not very close in many jurisdictions. The second is the supply chain and hiring issues. We need goods, we need paper and ink to print tickets, and we need people to get the work done. These issues keep me awake, too."

Jay: "Digital transformation. There are 24 states with legalized sports betting, and we have only 12 states that can sell lottery via interactive channels. I think it's incumbent upon all of us in conjunction with NASPL to make sure we advocate for our industry to make sure we're not left behind on the digital front. Right now, my concern is that the lottery industry is not keeping pace with where others in the broader games-of-chance industry are going and where we need to be."

Byron: "I agree that it's digital transformation, mainly from a policy perspective. When we meet with legislators, they are perfectly fine with sports betting being conducted on 10 million phones but insist on thinking of iLottery as an expansion of lottery games. It's a major disconnect. It requires education at both the legislative and executive levels. We have to think differently as we continue down the digital road."

Richard: "Are we doing enough at this point in time, with record sales, to help our players understand what digital means to them? We have consumers who are cashless, they're not interested in the traditional ways of interacting with lottery. We have some talented people in this industry who must continue to look at the growth drivers and how we focus on them. Our competitors in the gambling industry are working on initiatives that are taking a bite out of our business. Let's make sure we're fixing our roof while the sun is shining. We can't wait."

Rebecca will be back with these leaders in a few months at the WLA/NASPL conference in Vancouver. ■

IMPROVING THE PERFORMANCE OF FAMILIES OF GAMES



HOLOGRAPHIC GAMES

STANDARD GAMES

The success of Families of Games is universally acknowledged. That is because they feature a single theme that spans across multiple price points. The advantages of this approach are significant because the cost of an advertising and promotional campaign for a family of games can be spread across multiple games using a variety of price points. This allows players to participate in a thematic event by buying tickets at the price level that they normally purchase.

Because of their success, it is now being found that the performance of families of games events can be strengthened even further by using a range of additional enhancements:

Licensed Properties: Adding a licensed property such as “Monopoly” to a family of games event has proven to strengthen the performance of the entire series. A recent example of this approach was with the Ohio Lottery’s Monopoly® family of games which included four price points ranging from \$1 to \$10. Each of the price points in this family of games generated index scores ranging from 121 to 146.

Multipliers: This Ohio series also used games with multipliers ranging from 5X to 50X. The addition of a multiplier (typically represented by the symbol “X”) has also been found to enhance the performance of the entire family. A family of games run by the Texas Lottery used this multiplier approach on a series of games using five price points ranging from \$3 to \$30. The average index across this entire series was 138. Their 50X \$5 game was the top performing game in this series which generated an exceptional index score of 200!

Holographic Backgrounds: The North Carolina Education Lottery is currently running a family of games that also utilizes a multiplier theme. This series features a holographic background on three of its price points (\$5, \$10, and \$20), with the remaining price points (\$1, \$2, and \$3) produced using plain board backgrounds. The results demonstrated that the three games with the holographic background generated exceptional index scores ranging from 165 to 197, while the remaining price points, which were produced on plain board, registered index scores ranging from 119 to 137. It is obvious that this entire North Carolina Education Lottery family of

games performed well, however the price points that used a holographic background performed even better.

Several reasons for this high level of performance are that in addition to the fact that holographic games consistently outperform conventional games because they are “eye-catching”, using holography with family of games events provides a secondary benefit. The use of a consistent holographic background across multiple price points visually pulls together all the games in the series into a cohesive theme, which allows the entire series to stand out.

While using families of games has proven to be an optimal way to increase the performance of instant games, adding additional enhancements to your family of games events such as the use of licensed properties, multiplier themes, and the use of holographic backgrounds to visually pull together multiple price points have proven that they can make them perform even better! ■

Visit Hazen.com

EQL GAMES: REIMAGINED AND READY FOR THE FUTURE

EQLGames.com

When you've built a company based on the outcome of live sports and one day all sports ends, you might consider that someone is telling you it's time to switch careers. But for Brad Cummings, Founder and CEO of EQL Games, the cards he was dealt in 2020 meant something quite different – it was time to regroup and reconsider the direction of his company.

The immediate result from a public-facing perspective was a name change – from Equi-Lottery Games, which reflected the company's roots providing horse racing content to the lottery world, to EQL Games. Longer term, Brad was charting a different course for the company's technology and content.

The outcome? From reimagined game content to technology solutions such as the GLI-certified Secondary Draw System and Random Number Generator to stronger relationships with some of the top sports leagues, EQL Games can now offer lotteries an array of tools designed to freshen their offerings and attract new players who previously were not lottery players.

"We wanted to develop products and technology that are different from what is available or even being considered," said Brad. "There are a number of lottery vendors with strong technology and innovative ideas. But we felt there are areas that are not being covered and which could provide lotteries with expanded revenue opportunities. That is where we have spent our time and effort."

High on Brad's radar screen is digital draw games. While much of the industry is rightly focused on instant games, EQL Games sees great opportunity with expanding the somewhat forgotten category of draw games, especially when featured on a digital platform. The instant category is now the revenue bemoan of the industry but with strong margin opportunities, a reimagined draw game category can provide strong revenue returns for lotteries.

For EQL Games, the untapped advantages of draw games delivered online include:

- Only category built to accommodate live

events: games based on real-time, authentic action from sports and entertainment properties.

- Faster technology: Reduced development time creates a variety of new titles to add.
- Increased RTP: Offer better payouts than in retail thus attracting new players.
- In-market game modifications: Make game changes without stopping play.
- Delivers full-game experience: Immerse your players in game play through multiple touchpoints.
- Category unique to lottery: How do we take advantage of this?



Brad Cummings

"This is one category that we'll never have to share with anyone," said Brad. "iLottery is similar to the iGaming being offered by casinos. Keno is available in many different locations, including casinos, in different forms. But digital draw is something that we as a lottery industry own. That is how we will attract new players."

The content that EQL Games offers to lotteries starts with digital sports games. The games are all quick picks with the winners based on the results of live sports games. Lotteries can offer different types of games with varying payouts depending on revenue goals and the players they are seeking.



For states that can't do games based on live sports, EQL Games has developed a line of "almost" sports games. The games are based on events such as coin tosses and jump balls, which allows lotteries to provide the feel of sports action while remaining within their regulatory constraints.

But pushing the category even further, EQL Games has a line of "fast action" sports games – in-game products based on the outcomes of live sports. Each of these have versions for each major sports league EQL represents, including MLB, NBA, NHL, NASCAR, and Team USA.

- **Next Pitch:** Quick pick of whether the next pitch in a baseball game will be a ball or strike.
- **Next Pitch Keno:** The player is provided with randomly selected boxes in and around the strike zone. If the live pitch lands in one of the player's boxes, the player wins.
- **Jackpot Sports Games:** Quick pick based on variety of outcomes, such as top scoring players

But it's not just the games that have expanded. EQL Games now has a Secondary Draw System that allows for draw game innovation by providing quicker and less expensive development of games. This allows lotteries to seamlessly offer EQL's live sports content and other third-party content.

"Our technology and content are all about the 'now'," said Brad. "They allow lotteries to provide players with fresh, innovative games quickly and efficiently. No longer will draw game content feel stale, as lotteries can provide players with new games on a regular basis."

"Our research shows that players are attracted to live sports and by offering these games, lotteries will attract new players. Basically, the category on which the lottery industry was founded – draw games – now has the opportunity to lead us in a new, exciting and potentially lucrative direction." ■

Brad Cummings: Brad@EQLGames.com

GET READY *FOR THE* NEXT WAVE *OF* PLAYER EXPERIENCES

What are the **benefits of Cloud Computing** for lotteries and players – and is the technology ready for the lottery industry?

Lottery customers around the world joined IGT and **invited experts from state government and the IT sector** to consider these questions in the latest session of IGT's **Players Project series**.



THE players PROJECT

TECHNOLOGY TRACK



Participants, clockwise L to R: **Charles Cohen**, Industry Consultant; **Doug Robinson**, Executive Director, National Association of State CIOs (NASCIO); **George Humphrey**, Vice President and Managing Director, Technology & Services Industry Association (TSIA); **J.R. Sloan**, Chief Information Officer State of Arizona and Chair of NASCIO's StateRAMP; **Srin Nedunuri**, IGT Vice President iLottery; **Rachel Barber**, IGT Senior Vice President and Chief Technology Officer, Lottery & Gaming; **Pranay Ahlawat**, Partner and Associate Director, Boston Consulting Group

Enterprises in nearly all industries have “moved into the Cloud,” adopting Cloud computing technology to service some or all of their business needs.

Some, like Netflix, were architected on the Cloud, offering a vivid demonstration of the benefits – from greater agility and faster innovation speeds to hyper-personalization of the user experience.

Cloud technology is also now in use by **state and local governments**, whose leaders view the shift as central to their own modernization efforts.

But what does Cloud adoption mean for lottery specifically, and what lessons can other public and private organizations offer the industry?

The second session of IGT’s live-online **Players Project** series invited experts to weigh in on how this technology can help lotteries move faster and move ahead.

Following are highlights from the exchange of ideas. To get the bigger picture, you can watch the event on replay.

Visit [IGT.com/cloudreplay](https://www.igt.com/cloudreplay).



“A question our customers have asked us to address is what modernization of the lottery infrastructure looks like. If, collectively, our industry is going to be ready to deliver what players and other stakeholders want in the next decade, Cloud technology is an essential base layer.”

– Fabio Cairoli, IGT CEO Global Lottery

What is Cloud? Separating Hype from Reality

To set the stage, the Players Project welcomed two experts who are on the call-lists of major corporations and governments when it comes to innovation strategies:

Pranay Ahlawat, Partner and Associate Director, Boston Consulting Group, and **George Humphrey**, Vice President and Managing Director, Technology & Services Industry Association.

George Humphrey: Cloud really is as big of a deal as the tech industry wants us to think it is. It’s about getting access to the data and insights as fast as possible to deliver business results that weren’t previously possible.

In its simplest form, Cloud is taking the intelligence of technologies and moving it off the premises of the customer and into a

data center, a co-location facility. The reality is that there’s a continuum of premises-to-Cloud models: Sometimes, for example, it’s a private Cloud, where the infrastructure and applications are dedicated to a particular customer, or a multi-tenancy model, where the software is run in the Cloud and can serve many customers.

Pranay Ahlawat: What companies are hoping to achieve once they move to the Cloud is three-fold. Because everything is software driven, it gives organizations the ability to innovate at speeds they weren’t used to before. With high-level platform services, they can get out of the rut of managing hardware and databases to **focus**

on innovation. Next is **cost:** Customers can expect anywhere from 10-30% total cost reduction in labor and hardware. And third, Cloud gives you infinite **scale.**

Those are the primary benefits, but what’s really interesting – and **where I think it might transform the gaming industry** in particular, is two vectors: One is **next-generation player experiences.** If you look at a lot of the innovation that’s happening on the Cloud – investments in AR, VR, Amazon Web Services, and other services – these are technologies that will enable organizations to deliver customer experiences that weren’t possible before, and frankly will be very hard to deliver if you built the stack on your own.



Charles Cohen
Industry Consultant



Pranay Ahlawat
Partner & Associate Director
Boston Consulting Group



George Humphrey
VP and Managing Director
Technology & Services Industry Association

What is Cloud? Why does it matter?

- Generational shift in the way technology/software is consumed
- Few limits to what type of application can be put “in the Cloud”
- Opens opportunities for new types of services

The second is that Cloud has also become the **preferred destination for analytics**. The customer experience today is a function of AI and Analytics. It's only natural that Cloud becomes the preferred destination and architecture for gaming companies as well.

To hear the full discussion from this segment of the program, visit [IGT.com/cloudreplay](https://www.igt.com/cloudreplay).

How is Cloud Being Adopted by Governments?

The Players Project event also welcomed **Doug Robinson**, Executive Director, National Association of State CIOs (NASCIO) and **J.R. Sloan**, Chief Information Officer, State of Arizona, and Chair of NASCIO's StateRAMP, an organization created to assist states by assessing third-party Cloud providers to ensure they meet regulatory compliance and maintain published cybersecurity policies (see sidebar).

Discussing how much Cloud-related activity is underway at the state and federal level, Robinson noted that NASCIO member are responsible for services to tens of millions of citizens for everything from driver's licenses to tax refunds. While Cloud is becoming ubiquitous in the private sector, public bodies have a very different set of demands and expectations, not to mention a higher level of public scrutiny.

Nevertheless, consumers are now accustomed to getting goods and services on demand, either physically or virtually, and the public will expect the same from government services.

Doug Robinson: States are slightly behind the private sector for a variety of reasons, although Cloud has been on our radar since 2009 and continues to be in CIOs' Top 10 priorities for states. States are spending a little over \$60 billion this year on information technology, and Cloud is **the major force of change for the future of state government services**.

Some states have several dozen Cloud service providers. Right now, we estimate that about 20% of state government's workload is in the Cloud – which seems nominal,

but if you look at the size of the workload in state governments, it's dramatic, complex, and very different from the private sector.

The use of Cloud is diverse – from delivering healthcare services such as Covid-tracking, vaccine registration and scheduling, to health and human services, criminal justice, and core or foundational applications like budget, finance, and human capital management. With many of the commercial platforms now making state-government specific Cloud offerings, **we're seeing states take the jump** to move those things that for four decades have been on-premise services.

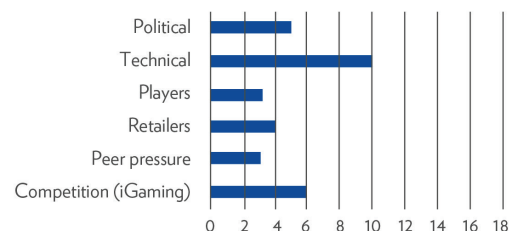
For states, I think the driving factor in adopting Cloud is the shift from the owner-operator model. **States' model for the past five decades is changing**. They're looking for options where they're not investing capital in owning boxes and wires but looking to do that [via managed services with] a private firm.

J.R. Sloan: To me, the key driver for Cloud adoption across the board is **business value**, delivering services within the organization and to constituents more efficiently and at the right scale.

Doug Robinson: Based on a new study that NASCIO just released with Accenture, the key phrase is **modern**. Every state CIO and their business partners want to be perceived as a modern organization. Cloud technology moves states into more of an opportunity to **transform their businesses processes**.

To hear the full discussion on Cloud Adoption by Government Agencies, visit [IGT.com/cloudreplay](https://www.igt.com/cloudreplay).

Who or what is likely to drive Cloud adoption by Lotteries the most?



Lottery participants engaged in live polling (top) throughout the event, offering additional perspective on the topics discussed by guest speakers (bottom).

StateRAMP: A Resource to Help States Assess Cloud Vendors for Security Compliance

“NASCIO's StateRAMP organization is focused on helping U.S. state and local governments achieve regulatory compliance and assure that the data of citizens going into Cloud environments receives the proper care and protection,” said **J.R. Sloan**, Chief Information Officer, State of Arizona and Chair of StateRAMP. “U.S. states have commonality in terms of regulatory compliance. Rather than taking 50 different approaches to ensure data privacy, StateRAMP provides some efficiencies and economies of scale to assess vendors and security compliance. It also helps the vendor community avoid the same review process multiple times.”

Importantly, StateRAMP includes the key element of continuous monitoring: ongoing review to ensure Cloud environments remain compliant with the security controls that were stated and designed. **For more information, visit [Stateramp.org](https://www.stateramp.org)**

Lottery is Ready for Cloud Computing – Is Cloud Computing Ready for Lottery?

The lottery industry has a history of adopting new technologies once they become sufficiently mature to support lottery's mission. To discuss whether Cloud is at that stage now,

industry consultant and moderator **Charles Cohen** spoke with IGT executives **Rachel Barber**, Senior Vice President and Chief Technology Officer Lottery & Gaming, and **Srini Nedunuri**, Vice President iLottery.

Rachel Barber: The Lottery industry operates within a procurement framework that's quite strict, where solution offerings are required to abide by whatever request or restrictions are outlined in an RFP. Historically, requirements for an in-state or local data center would prohibit any move to Cloud. Earlier this year, the **Multi-State Lottery Association (MUSL)** made an important rule change that allows U.S. member lotteries to embrace Cloud. This is a really important first step. At IGT, our roadmaps are designed around Cloud readiness. We've been making investments for some time now to enable our solutions to run in the Cloud.

Scalability and **time to market** are the technical benefits that I see benefitting lotteries and players the most. In our industry, scalability is of course critical. We need to accommodate peak sales volumes during high jackpots, and we're seeing an expanded player base during COVID due to mobile adoption. This also drives the need for scalability due to the higher amount of traffic that grows throughout the life of these contracts. It's difficult to predict at the start of 10-year contract how much

storage or infrastructure or CPU power the lottery will need over a 10-year time frame. Now, with the scalability that Cloud offers, we can expand quickly and grow with the lottery.

Srini Nedunuri: Cloud gives you the simplicity to fuel innovation, so that organizations don't have to worry about the scale required, or the processing power, or the other points that Rachel touched upon.

From a **player perspective**, it's important to offer the required services on demand and on time, for example, if players are trying to check their numbers at peak jackpot times when the traffic is quite high. If your service can't handle that demand, it's frustrating for players. With a Cloud solution you can easily scale up, and your services are seamless and fluid. That's certainly one of the biggest advantages: **serving players on demand**. The player experience is absolutely essential, because there's an inherent relationship between the lottery brand and player trust.

Cloud also allows you to frequently update your game content, your websites, features, and so on. At the same time, the Cloud ecosystem enables you with Artificial Intelligence (AI), Big Data, and machine-learning tools. And because you have more computing power and processing speed, you can take advantage of that ecosystem and expand it to **personalization**. We all know how successful Netflix is – that's all Big Data and AI. That kind of personalization can also guide what you offer or don't offer to players, supporting **Responsible Gaming**.

To hear the full discussion, visit **IGT.com/FutureForward**.



Lotteries in the Cloud

Key Drivers:

- Alignment of policy, vendors, operators around Cloud benefits and strategy
- RFPs leaving the door open for Cloud options
- Industry best practice and case studies

Potential Benefits:

- Improving the product innovation cycle to meet consumer expectations
- Taking advantage of Big Data and AI
- Scalability and Efficiency

How might Cloud benefit Lottery players the most?



LOOKING AHEAD

The wide-ranging discussion confirmed that the Cloud is more than hype or clever marketing. The technology is now mature and capable of enabling a new lottery player experience that's more data-driven and more personalized. While the RFP cycle is a key factor, over the next few of years it's reasonable to expect that more RFPs will reflect lotteries' interest in adopting Cloud and new related services.

For more information on IGT Cloud solutions, contact your IGT Account Manager. ■

"Security has always been a critical component for lotteries and for IGT. Cloud providers offer inherent security protections that we can take advantage of, but a move to the Cloud for an IGT solution doesn't mean that we hand over all security measures to a third party. We are still responsible for the design and security of the systems, and we know that we need to continue to provide the strictest controls around security as we always have."

– Rachel Barber, IGT Senior Vice President and Chief Technology Officer Lottery & Gaming

Derek Levesque said

that with his work at IGT, he can just look at the numbers to delineate the two paths.

“There is a lot of data we can use to analyze and under-

stand the player experience,” he said. “One of the major differences between eInstant and online play and the retail experience is that we have a dataset where we track the actions of the players and infer cause and effect relationships between what they see and how they respond. For example, we know the number of times a player is interacting with a particular game. So when a player is spending more on a particular game and continually returning to that game, we identify the positive player experience and use those learnings to provide a roadmap for future development.”



DEREK LEVESQUE

Merv Huber

agreed and said data can be used for a host of purposes.

“Data gives our game studio more insight because it enables us to understand player behavior through a curated game experience,” he said. “The player can choose different game features, take advantage of things like auto play for a more passive game experience or choose variable price points. These types of features, enabled by data, place a higher level of influence and decision-making with the players, and we know the experience they are seeking.”



MERV HUBER

Brad Cummings,

CEO of EQL Games, thinks it's important to develop new games that will work both online and at retail. “Lotteries need to develop game portfolios that provide engaging experiences for different players, whether they



BRAD CUMMINGS

offer iLottery or not,” he said. “It’s not enough to take a Pick 3 game and just put it on a digital platform if it’s basically the same game that’s been played for years at retail. Technology allows us to offer new games which will attract a broader range of players with fresh content and interesting playing styles. That’s how we bring in younger and infrequent players. And we must capture this audience before we lose them to competing programs such as iGaming and sports betting.”

Mike Lightman,

who works for eInstant pioneer IWG, and who has also worked for some of the industry’s largest vendors, said that the move to digital allows us to take a fresh look at how we attract and retain players. “The fact that we know so much about a player – when they’re purchasing, where they are when they’re purchasing, who is purchasing – provides us with information that is so different from the retail environment and which can inform decisions across the lottery’s entire portfolio of offerings,” he said. “For so long, lottery has been a life-stage type of activity where a person eventually ages-in to playing. It is possible that we might never create games that will attract 20-year-olds but when that person becomes a 30- or 40-year-old, we need to have content and a user experience that will appeal to them. How they access the web site or mobile app, the range of game types offered – focusing on these points is how we attract players as they enter different life stages.”



MIKE LIGHTMAN

Mark then asked the panelists to comment on what changes need to be made to reach the next generation of lottery players. “How do we capture their attention and then get them to buy tickets? And then how do we keep them engaged so they become a regular player?”

In Pennsylvania, Stephanie and Merv have been working on exactly those issues. “We’ve seen a few recent examples of how we can gain new players,” he said. “A large jackpot run for Powerball was a huge acquisition driver and led to a large

volume of first-time depositors. But how do we get those people to play iLottery games? What we found is that licensed properties do a really good job here. Data showed that a large number of first-time depositors during a jackpot run played a licensed game as their first iLottery game. This data led us to move games like Willy Wonka and Monopoly to the top of the iLottery page. These data provide the roadmap to attracting new players.”

“Just putting games online isn’t enough,” said Stephanie. “It’s everything you do – the player journey to purchase, making it frictionless and intuitive, providing superior customer service. Purchasing online is not as easy as retail, given that you must register and provide age and identity verification. And for iLottery, you have to keep things fresh. Frequent game launches, daily promotions, push notifications. It’s a consistent feeding of the players, a different experience than at retail.”

Of course, retail is still the primary driver of revenue for all lotteries. Keeping that category fresh is critical to increased sales and player acquisition. And that is as true for draw games as it is for scratch tickets.

For Brad and his team at EQL Games, improving the draw game experience is their only focus. “The lottery industry started with draw games and they are still an important component of the game portfolio,” he said. “We are creating games which can be offered by all lotteries, not just iLottery programs. They can be digital first or digital only, which will appeal to the players who only want to engage online or through mobile. Our focus is live sports games which, unlike a Powerball or Mega Millions jackpot, can work as ongoing engagement tools. Let’s go after our next generation of players where they are – engaging with sports content online and through their mobile devices. We can do that through digital draw games.”

Mark agreed with Brad about the need to freshen up the category of online games, and perhaps differentiate them from their retail counterparts. “Should we offer online-only draw games, something that all lotteries can offer?” he said. “We talk a

lot about eInstants, but what about other draw game innovations?”

Scott said it's important that we offer something fresh. “The online draw game is unique to this channel and an important acquisition tool,” he said. “We have many players who are familiar with our games, but they haven't added online purchasing into their normal lottery routine. A unique, online-only draw game that leverages capabilities only available digitally is a type of tool that can move players from retail-only to both online and retail. In the end, it's easier to add new games online than it is to build them for retail due to physical requirements such as printing and distributing new play slips.”

Same thoughts in Pennsylvania. “The door is really open to innovation in the online space,” Stephanie said. “It allows us to test and try new things with minimal risk because we're selling directly to consumers in a digital format. We are always looking at what's next. Could we offer a multistate game in the online space? These are the types of innovations we need to consider.”

For Mike, the speed that content is offered is key. “The pace at which new games are being released is so much faster than we've seen previously,” he said. “At the same time, the level of investment costs in new games is lower. You don't have to print 20 million scratch tickets to try a novel game mechanic or create a whole new prize matrix and roll it out across an entire set of retail terminals to try a new draw game. At IWG, we're embracing these possibilities to try new things and hoping it leads to a wealth of new and engaging content.”

“One powerful trend has been the localization of eInstant games,” he said. “Lotteries incorporate local themes, perhaps state images or well-known landmarks, into the eInstants. Now we are also being asked to update in-game images for seasons or events, and then revert them back soon after. And over the past year-plus, progressive jackpots have become popular. It's only a matter of time before we see a multi-state progressive jackpot come into fruition. We just need four or

five lotteries who are collectively ready.”

Derek said that he and his IGT colleagues use the data to help inform the games of the future. “Online is moving so quickly,” he said, “and we know that the products we are making today will have advanced even further in a few years. That's where testing comes into play and looking at the different content that will move the revenue dial. There are ways that we can add attractive features, particularly to iLottery games. Some of these include perceived skill or perceived gambling to predetermined events that offer a more exciting feel. All these activities pave the way for fresh content and keep our players interested.”



THE PACE AT WHICH NEW GAMES ARE BEING RELEASED IS SO MUCH FASTER THAN WE'VE SEEN PREVIOUSLY

As with any newer offering, there will be speedbumps in the road. To wrap up the session, the panelists talked about what, if any, headwinds they are facing.

“Acquisition is very much our number one priority right now,” Scott emphasized. “At retail, many of the purchases are impulse buys and lottery is staring the customer in the face. For online, a new player must go to the site either through an advertisement or other route. Then that player has to register and provide information. Our goal is to make this process as easy as possible so we can onboard the player and get them playing quickly. We believe that once they have registered for iLottery

and begin playing, they will stay and keep engaging with our site.”

Same in Pennsylvania. “Acquisition is critical, especially in a highly competitive market like we have in Pennsylvania,” Stephanie said. “A big focus for us right now is to bring all of our draw games online so we can connect with all of those players as well. One issue for us is the pace. The pace of everything to do with iLottery – launching games, promotions, staffing – can be overwhelming at times. And you have a wealth of data but you need to be sure you make the time to utilize it effectively and efficiently.”

Merv said that as iLottery programs grow, the Lottery's needs can change.

“Player retention becomes increasingly important as the programs mature and you have a larger player base,” he said. “But it's not just for iLottery. We want to focus on player retention for our loyalty programs as well. That digital engagement is provided to players who are entering tickets purchased in the retail environment. It's just as important to retain those players and keep them digitally engaged in advance of, ideally, the addition of an iLottery program in the future. One of the best ways to retain players is through marketing automations, such as a CRM platform. And understanding how to best use it. You can then engage with players and send them the right messages that keep them coming back for digital lottery experiences.”

Mark said that in North Carolina, their struggles mirror those of other states. “We're currently not offering all our draw games online and I worry that might confuse players,” he said. “We have a few games online, such as Powerball and Mega Millions, but we want to offer all of them. We know that players are visiting our site and they're looking for more opportunities to purchase games. We can't yet offer eInstants for a few political reasons but we are deeply involved in the discussions. We'll learn from everyone else and be ready for when the day that full iLottery comes, hopefully in the very near future.”

And that sentiment is certainly shared by many lotteries throughout the industry. ■

PULSE of the Industry



These news stories comprise a very small fraction of the gaming and lottery news stories posted every day to PublicGaming.com. Too, these stories are the highly edited short versions. You can visit our news website PublicGaming.com and access all of its departments for free, including search to read the full version of the articles. Sign up for our free e-newsletter by sending your e-mail address to sjason@publicgaming.com.

NORTH AMERICAN NEWS

Launching the Women's Initiative in Lottery Leadership 2022 Mentorship Program



Congratulations to May Scheve Reardon, Executive Director, Missouri Lottery for taking the reigns of the Women's Initiative in Lottery Leadership Mentorship Program in 2022. This program will launch in January of 2022. Visit WomeninLotteryLeadership.com to access forms to download, complete and return to us as possible. Email your form to mentorprogram@WomeninLotteryLeadership.com.

Five Finalists of POWERBALL First Millionaire of the Year Promotion Revealed



MRC Live & Alternative and POWERBALL® revealed today the five finalists in the "POWERBALL First Millionaire of the Year" promotion. For the third consecutive year, POWERBALL will hold a special drawing for the \$1 million prize just after midnight ET on ABC's broadcast of "Dick Clark's New Year's Rockin' Eve with Ryan Seacrest 2022."

As previously announced, country artist Jessie James Decker will return as POWERBALL® correspondent for her third year and will

provide live updates throughout the evening, checking in with finalists celebrating at their homes across the country, before revealing the "POWERBALL First Millionaire of the Year" just after midnight on January 1, 2022.

Participating lottery jurisdictions included Arizona, Delaware, Florida, Georgia, Idaho, Illinois, Indiana (Hoosier), Iowa, Kansas, Kentucky, Louisiana, Maine, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Virgin Islands, Vermont, and Washington D.C.

Last year, "Dick Clark's New Year's Rockin' Eve with Ryan Seacrest" took viewers to each of the five finalists' hometowns. Just after midnight, Carlos Mabry from Washington, D.C. was named the 2021 POWERBALL First Millionaire of the Year. In 2020, Blaine Marston from Passadumkeag, Maine was named the inaugural POWERBALL First Millionaire of the Year.

For more information on the "POWERBALL First Millionaire of the Year" promotion, please visit www.powerballrockineve.com.

Scientific Games Advances Original iGaming Content Offering and Production Capabilities with Acqui- sition of ELK Studios



Pairing innovative studio with OpenGaming™ unlocks significant opportunity to distribute top-ranked games in the U.S. market. ELK Studios is a Stockholm-based developer with a long history of producing carefully crafted games with ground-breaking mathematics, superb artwork and a mobile-first focus. The highly profitable digital studio's hit releases include Wild Toro II, Katmandu and Cygnus, and its games also feature the innovative X-iter™ tool allowing players to jump into the action through a selection of special predefined modes.

Scientific Games Corporation will now provide its AToM™ cashless table game solution to operators around the globe after completing the acquisition of ACS' PlayOn

AToM, which stands for Access To On Demand Money, provides players with a seamless debit solution at live table games by letting them access funds without having to leave their seats. In addition, there are no back-end or out-of-network transaction fees charged by the player's financial institution. To access funds, players simply swipe their debit card and enter their PIN.

The AToM solution is currently live on 650 table games in California, Nevada and New Mexico and is approved for use in New Jersey.

Scientific Games adds Wazdan slot games to the Open Gaming platform

The two companies will work closely together to offer players high quality, mobile-first games in the states of New Jersey and West Virginia, starting in the first quarter of 2022. Founded in 2010, Wazdan has grown rapidly in recent years, releasing over 140 games in 17 jurisdictions worldwide, including new and established European markets such as the UK, Malta, Sweden, Denmark, Lithuania, Spain, Italy and Greece. Wazdan's focus on the North American market will intensify in the coming months, with the Malta-based studio currently in the process of finalising supplier licences in Michigan and Pennsylvania.

Scientific Games to Expand Con- necticut Lottery's Digital Player Engagement and second-chance drawing platform with New, Five-Year Contract

The contract, which may be extended up to three years, also includes Scientific Games' NextGen® mobile app and award-winning customer relationship management services. The second-chance program is scheduled to launch in

early 2022 with the Connecticut Lottery's 50th Anniversary promotion as part of its strategic initiative to expand digital player engagement.

Scientific Games Withdraws Offer to Acquire Remaining 19% Equity Interest in SciPlay

IGT Makes Executive and Board Leadership Changes



Lorenzo Pelliccioli to retire as chairperson of the board of directors

- Marco Sala appointed executive chair of the board of directors
- Vincent Sadusky appointed CEO and executive director
- Maria Pinelli and Ashley Hunter appointed to the board of directors
- Maria Pinelli appointed chair of the audit committee

Lorenzo Pelliccioli will retire as chairperson of the IGT Board of Directors and will remain a non-executive director. Marco Sala, currently CEO of IGT, will become executive chair of the board. Vincent Sadusky will become CEO and executive director of the board. These changes became effective January 24, 2022.

IGT Appoints Gil Rotem as President of iGaming

Reporting to Enrico Drago, IGT CEO Digital & Betting, Rotem is responsible for ensuring the ongoing development and global expansion of the IGT PlayCasino business, which includes iGaming, poker and bingo.

IGT has signed a multi-year exclusive licensing agreement with WWE to develop and distribute WWE-branded omnichannel lottery games and turnkey promotional programs featuring company logos, Superstars, events and programs.

"The WWE brand has broad appeal that reaches diverse age groups and cultural demographics in many geographies," said Jay Gendron, IGT Chief Operating Officer, Lottery. "IGT looks forward to melding the unique WWE assets with IGT's lottery expertise to create appealing, high-quality games and second-chance promotional opportunities for our global customers and their players."

IGT sues U.S. Justice Department over ambiguity on Wire Act

IGT is calling on the U.S. Department of Justice and Attorney General Merrick Garland to clarify its legal position on whether the company can perform gambling-related transactions electronically across state lines. The 18-page complaint filed by IGT calls for a declaratory judgment on the U.S. Wire Act and a prior court ruling from earlier this year, when the state of New Hampshire successfully challenged a November 2018 Department of Justice opinion claiming that the federal law applied broadly to all forms of gambling, not just sports betting as its referred to in the law. Like the state of New Hampshire, IGT said it was concerned that the 2018 Department of Justice opinion could threaten its lottery operations, and IGT said it was concerned because the court ruling earlier this year only provided relief to New Hampshire.

"IGT has standing to bring this action because it uses wire communication facilities for the interstate transmission of non-sports bets and wagers and therefore faces an imminent threat of prosecution," according to the lawsuit from International Game Technology and its subsidiary, IGT Global Solutions Corporation. The lawsuit was filed in U.S. District Court of Rhode Island. The lawsuit states that former U.S. Deputy Attorney General Rod Rosenstein, who embraced the 2018 opinion as federal policy, had advised that the Wire Act should not be applied to state lotteries until the Department of Justice issued further guidance on the subject. But that guidance never came, the lawsuit states, and the Department of Justice decided in June this year not to appeal the New Hampshire ruling. IGT said it is concerned about its multistate jackpot lottery games, such as Powerball and Megamillions, due to its interstate transactions, in addition to iLottery services it provides for Georgia, Kentucky and Rhode Island, which added online scratch tickets last year amid the COVID-19 pandemic.

"Those ticket sales rely on interstate wire transmissions both at the time the ticket is purchased and at the time winning tickets are redeemed," the IGT lawsuit states. "Most state lottery contracts further require wagers to be routed through a secondary data center in a different state, or at least a sufficient distance apart from one another in the same state." IGT said it's a serious matter of survival for the company, which employs more than 5,450 people in the U.S. It employs more than 1,000 in Rhode Island.

"[The Department of Justice 2018 opinion on] the Wire Act puts IGT to the choice of either fundamentally restructuring [or closing] its business, or risking a federal felony prosecution," the lawsuit states. "Based on this severe and present hardship, IGT requests a declaratory judgment that the 2018 [Office of Legal Counsel] opinion is contrary to law and that the Wire Act applies only to 'bets or wagers on any sporting event or contest.'"

And IGT said it's also worried about its iGaming products. iGaming is currently only allowed in six states – Delaware, Michigan, New Jersey, Nevada, West Virginia and Pennsylvania. IGT said it currently offers iGaming products in New Jersey, Pennsylvania and Michigan. iGaming is another word for online casino gambling,

involving virtual slot machines, roulette tables and blackjack games.

"iGaming necessarily uses a channel of interstate commerce (the internet), even though IGT has invested in state-of-the-art technology to ensure that the bettor is physically present in the state where the lottery or casino game is offered," the IGT lawsuit states. "As an outgrowth of its land-based gaming properties, IGT enables its gaming partners to offer popular casino games over the internet to players' computers or mobile devices."

Instant Win Gaming (IWG) announces the release of InstantReplay – now eInstants can feature second chance prizes.



Long-term partner British Columbia Lottery Corporation (BCLC) is the first to go live with an InstantReplay-enabled game. In this first instance, the holiday game Winning Tree features a progressive jackpot prize that is awarded through a second chance drawing. A defined portion of game sales fund a progressive jackpot prize. The jackpot prize is awarded in a second chance draw format. Each purchase of the game earns players entries into the second chance drawing.

IWG and the Michigan Lottery Sign Contract Extension to July 2026

Under the extension, IWG will continue to supply its full suite of InstantGames™ digital eInstants. IWG also currently supplies eInstants to nine other iLottery programs in North America.

IWG has been an eInstant provider to the Michigan Lottery since 2016. The Michigan Lottery was the first lottery in the US to integrate with IWG's InstantRGS™, providing its iLottery program with direct access to IWG's games. To-date, IWG has provided more than 50 eInstants to the Michigan Lottery, and the Company continues to supply additional games on a regular cadence.

Pollard Banknote has been awarded a Mobile Convenience App Development Services Contract from the Minnesota Lottery to develop a fully functional mobile lottery app for iOS and Android.



Under this new contract, Pollard Banknote will develop a modern mobile app specifically designed to deliver an engaging mobile experience to lottery enthusiasts in Minnesota. The app will offer convenience features such as

ticket checking functionality, GPS lottery retailer locator, as well as information about the Lottery, including its Responsible Gaming program. Lottery players will be able to use the new app to conveniently look up winning numbers and jackpots, create and save digital play slips which can be scanned at Lottery retailers, and scan tickets to receive entries into the Lottery's 2nd Chance program for additional chances to win cash and prizes. The app will also be enabled with opt-in social sharing capabilities that will allow players to share their winning experiences by connecting with various social media channels.

Lottery.com Closes SPAC Deal, Debuts on Nasdaq Monday

AutoLotto, which does business as Lottery.com, has closed its merger with special purpose acquisition company (SPAC) Trident Acquisitions Corp. The online lottery provider allows consumers and businesses to purchase lottery tickets online and via mobile devices. It offers "real-time results on more than 800 lottery games from more than 40 countries." Lottery.com is becoming a standalone public company just as investors are displaying enthusiasm for lottery assets.

While overshadowed by internet casinos and online sports betting, established lottery businesses, broadly speaking, are growing, profitable, and generating cash flow — all alluring traits for investors. Additionally, Lottery.com's sales are soaring at a noticeable rate. "From 2016 to 2020, Lottery.com grew gross revenue at a compounded annual growth rate of 322 percent, and forecasts gross revenue equal to approximately \$71 million in 2021, \$280 million in 2022, and \$571 million in 2023," according to the company.

Inspired Entertainment, Inc. has named Suki Sandhu as its new Director of iGaming Product Development



INSPIRED

British Columbia Lottery Corporation CEO Jim Lightbody steps down

Jim Lightbody has left its chief executive and president position after a two-year period of medical leave. BCLC board chair Greg Moore stated: "Known for his strong leadership that focuses on people and an entrepreneurship approach to business, Jim has made countless contributions to BCLC — and its employees — through the course of his career with the organisation. On behalf of the board of directors and everyone at BCLC, we wish him the very best as he continues his road to recovery," he added. The BCLC will now initiate a global

recruitment search for a permanent replacement, with Lynda Cavanaugh, who has served in both roles on an interim basis since January 2021, to remain in temporary charge until an appointment is made.

Maryland Lottery and Gaming Hires New Managing Director, Sales and Marketing



A Lottery veteran with more than 20 years in the industry, Solomon Ramsey will take over the role previously held by John Martin, who was appointed to the director's position by Governor Hogan in July 2021.

SPORTS BETTING AND CASINO GAMBLING

Disney CEO says sports-betting pursuits 'will have no impact' on the family-centric brand because of shifting attitudes toward gambling

Disney was worried about brand damage that could arise from the media giant's move into sports gambling, Disney CEO Bob Chapek told investors during an earnings call on Wednesday.

But company research showed that betting partnerships would have "no impact" on the family-centric Disney brand, Chapek said, adding that a betting component could strengthen the ESPN brand, of which Disney owns an 80% stake.

"It's driven by the consumer, particularly the younger consumer that will replenish the sports fans over time and their desire to have gambling as part of their sports experience," Chapek said. "As we follow the consumer ... we have to seriously consider getting into gambling in a bigger way."

Sports programs have proved to be a "key differentiator" in Disney's streaming ecosystem, Chapek said. The company's streaming bundle includes Hulu, Disney+, and ESPN+, with sports accounting for 90% of "the most watched telecasts last year." In 2017, only 46% of American respondents in a Seton Hall poll said sports gambling should be legal. Four years later, the same survey found 80% of the 714 American adults polled said they supported the legalization of sports betting.

IGT and Meruelo Gaming Form Strategic Sports Betting Partnership

Under the terms of the agreement, Meruelo Gaming will leverage IGT's trading advisory services and PlaySports technology to power the SaharaBets statewide mobile sports betting app for Arizona. "The scalable PlaySports technol-

ogy, turnkey services, capabilities and vast sports betting experience make IGT SaharaBets' ideal sports betting growth partner in Arizona," said Alex Meruelo, Meruelo Group President & CEO. "Giving Arizona Coyotes fans the option to place pre and in-game wagers online will increase fan engagement and boost the already contagious excitement of every play on the ice."

New York State Gaming Commission provides an update on its sports betting regulations

Former judge Jennifer Togliatti to become first woman to chair the Nevada Gaming Commission

Chicago Reveals Details on Billion-Dollar Casino Bids

The investment totals for the proposals range from \$1.3 billion to \$2 billion. Developers propose to offer between 2,600 to 3,400 slot machines and between 166 and 190 table games.

The Ontario Lottery and Gaming Corporation (OLG) is adjusting to the Omicron reality by shutting down its casinos across the Province



These gaming facilities were temporarily closed on Wednesday, January 5th at 12:01 a.m. through to at least January 26th. Under the government's new health measures, Charitable Gaming (cGaming) Centres must also close. You can still buy lottery products from the approximately 10,000 retailers across the province.

AGA encourages Justice Dept. to go after makers of illegal gaming machines



The American Gaming Association is urging the federal government to target manufacturers of illegal gaming machines to help stymie unregulated gambling.

"Support and resources from the Department of Justice and federal law enforcement agencies are critical to eliminating illegal gambling devices from our communities," AGA President and CEO Bill Miller wrote in a letter submitted this week to the Justice Department.

The association wants the government to use a long-established law requiring any company that makes, sells, or ships a gambling device that is sent across state lines to register with the Justice Department, as those in the regulated gaming industry do. Violators of the law, known as the Johnson Act, can be fined up to \$5,000 and face up to two years in prison, in addition to forfeiting the machines.

“Unfortunately, illegal and unregulated machines continue to skirt the law and put consumers at risk,” said Jessica Feil, AGA’s vice president of government relations and gaming policy counsel. “The AGA and its members are urging the Department to utilize the Johnson Act to investigate and prosecute illegal gaming machine manufacturers. This important step will protect players and, ultimately, root out these pervasive, bad actors.”

Commercial and tribal casinos, which must adhere to state and federal laws covering a wide range of procedural and reporting requirements, operate in 41 states. The AGA says machines that take advantage of legal loopholes or openly flout the law are common at bars, convenience stores, and gas stations in many states. Known by various names – including “nudge,” “sweepstakes,” “skill,” or “no-chance” games – the machines function much like casino slots, but do not undergo the testing or regulation required of licensed operators.

In addition, according to the AGA, such machines do not meet federal laws regarding anti-money laundering, are not tested or monitored to ensure fairness for consumers, and prey on the most vulnerable consumers, including minors and problem gamblers on self-exclusion lists from regulated casinos.

“Gambling outside the purview of regulators is rife with opportunity for money laundering and other activities that nefarious actors hope will go undetected,” says an AGA report released in April.

Recent news reports highlight illegal gambling operations across the United States:

In October, a Canadian company agreed to pay \$3.5 million and permanently stop its California operations, as it settled a lawsuit by the state that accused the company’s “sweepstakes cafes” of unfair competition and false advertising.

Also in October, officials in Platte County, Mo., publicly destroyed five machines after the vendor was convicted of a felony promotion of gambling.

This week, a representative of a skill-gaming manufacturer took reporters on a tour of what he called illegal casinos in Virginia and said the number of illegal machines has grown substantially since the state legislature banned skill games this summer. The company he represents is pushing to overturn the ban. The Association of Gaming Equipment Manufacturers, which opposes unregulated gaming, notes that such “skill” machines are unlike the highly regulated “skill-based” or “skill-influenced” games available in licensed casinos.

Feil said some analysts estimate that tens of thousands of illegal machines operate in some states.

Michigan Gaming Control Board warns of unregulated gambling sites

Michigan residents who place wagers on unregulated gaming sites may gamble on more than they expected and become victims of identity theft or deposit theft.

Henry Williams, executive director of the Michigan Gaming Control Board, warned residents of these sites in a news release Monday.

The American Gaming Association (AGA) has announced its next Chairman, Hard Rock International Chairman and Seminole Gaming CEO, Jim Allen

North Dakota is now among the states offering regulated sports wagering, joining 28 other states and Washington, DC.

AGEM Index of gaming stock prices sees 41% annual growth in 2021

How sports betting is changing the media industry in the US

The lines are blurring between US sports betting and media. Broadcasters and publishers have embraced sports betting as a means of revenue and engagement.

And ties between the two industries will likely deepen in 2022 with sports betting becoming a vital and growing piece of US sports media.

WORLD NEWS

Inspired is proud to announce the acquisition of Sportech Lotteries, a subsidiary of Sportech PLC

Acquisition expands Inspired’s content reach to new customers and geographies and build out a platform of turnkey lottery/iGaming systems solutions.

Concurrently, Inspired and LEIDSA have agreed to a 10-year extension to the lottery systems contract. Upfront purchase price of US\$12.5 million. The principal asset of Sportech Lotteries is the lottery systems contract to provide online and retail lottery services, as well as the upcoming launch of Sportech’s iLottery solution, to Loteria Electronica Internacional Dominica S.A. (“LEIDSA”) of the Dominican Republic. The current lottery systems contract with LEIDSA had been scheduled to run until March 9, 2025. Concurrent with closing of the acquisition of Sportech Lotteries, Inspired and

LEIDSA extended the lottery systems contract through March 9, 2035.

EL debates the Digital Services Act. New tools to enhance the fight against illegal online gambling



FOR THE BENEFIT OF SOCIETY

The upcoming Digital Services Act (DSA) as proposed by the European Commission aims to create a safer digital space in which the fundamental rights of all users of digital services are protected and marks a milestone update in the regulation of Internet in the EU. It foresees a number of provisions that could potentially be beneficial in the lotteries’ fight against illegal online gambling. These include an improved notice-and-action mechanism which would enable all users to notify illegal content online, an introduction of the concept of “trusted flaggers” whose notifications of illegal content would need to be addressed with priority; and enhanced consumer protection and know-your-business-customer requirements.

<https://www.european-lotteries.org/news/el-debates-digital-services-act>

The UKGC Seeks Public Input on Its Policies and Procedures

The UKGC is seeking feedback in order to assess its principles and ensure transparency for licensed operators, as well as wider stakeholders. The commission is essentially looking for opinions on whether its policies are transparent and current. However, while the agency routinely reaches out for input, this latest initiative is likely tied to increased scrutiny. The UKGC is the target of the All-Party Parliamentary Betting and Gaming Group (APBGG). The committee has questioned whether it is capable of maintaining its authority.

The UK gambling policies on licensing, compliance, and enforcement were last updated in 2017.

Policy Change Before Legislation: Importantly, the consultation solicits feedback on the commission’s position on “products which appear to require dual regulation.” This is a concern that regulators have been grappling with after the widespread criticism of Football Index’s licensing application. Our preferred outcome is that this is resolved through legislative change, but it is unlikely to happen before the Gambling Act is concluded. In the absence of change, we propose that we should set out a clear policy position on how we intend to deal with these products,” states the UKGC’s announcement about the consultation.

Proposed changes in licensing enforcement will be integrated into the new approach of the commission.

Luca Esposito assumes the duties of GLMS General Secretary parallel to role as WLA Executive Director

The global lottery community steps up its support for Global Lottery Monitoring System (GLMS). After the departure of the GLMS General Secretary this past June, the WLA, together with the European Lotteries (EL) and GLMS, began exploring ways to optimize synergies in order to provide GLMS members with the best service possible. After proper due diligence, and careful analysis of the time and effort required for the role, it was determined that Luca Esposito could assume the duties of GLMS General Secretary parallel to role as WLA Executive Director. Not only does Luca have the necessary skills for this role, but he is also in an optimal position to leverage cost effective synergies for the benefit of EL, WLA, GLMS, and their respective members.

This measure, which takes effect as of January 1, 2022, has received the full approval of the executive committees of the WLA, EL, and GLMS. The objective is to maximize our common investments in GLMS, while preserving its reputation as the most credible and respected entity worldwide in the fight against match-fixing and in safeguarding the integrity of sports. GLMS will remain an independent association with its own president and executive committee.

Operationally, the move will provide a number of benefits for GLMS and its members. Luca will be able to seamlessly assume executive responsibilities GLMS on January 1, owing to his experience as a lottery professional, his understanding of global associations and their needs, and his hands-on knowledge in the area of sports integrity. GLMS will also be able to profit from the WLA's existing infrastructure having access to communication services, event management, and research and data analysis.

This is a unique opportunity for the lottery industry to stand in solidarity in the quest to safeguard the integrity of sports, which protects the integrity of the lotteries. We look forward to serving GLMS members as part of the broader world lottery community in 2022 and beyond.

IWG Signs eInstant Contract With LEIA

Instant Win Gaming (IWG) has been selected by the Lotteries Entertainment Innovation Alliance (LEIA) to supply eInstants to the joint venture's five members; Danske Lotteri Spil, Française des Jeux (FDJ), Norsk Tipping, Svenska Spel and Veikkaus. This new partnership will provide each of the five LEIA lotteries with access to IWG's InstantGames™ which includes both in-house developed studio games, as well as bespoke content featuring themes and mechanics tailored to each lottery's local brand.

INTRALOT announces +24.4% Revenue Growth and +82.5% EBITDA increase in 9M21 Financial Results

intralot

INTRALOT Chairman & CEO Sokratis P. Kokkalis noted: "The nine-month results reflect the continuing strong operational performance combined with the positive impact of the capital structure optimization agreement achieved in the beginning of August. The robust improvement in the cash flow generation and high EBITDA margins enhanced by reduced future debt servicing costs, highlight Intralot's strengthened overall financial profile and prospects to pursue new opportunities for growth through strategic partnerships."

In November, INTRALOT launched its new generation Lottery Platform "LotosX", enabling all Lotto Hamburg's product portfolio to be offered by both Retail and Online channels. In December, INTRALOT signed the extension of its contract with OPAP S.A. for one additional year, from July 2023 to July 2024, for the provision of numerical lottery products and services.

Intralot Brasil introduces digital wallet for Keno Online

The Keno Wallet works as a prepaid card, in which the customer recharges his digital wallet and bets whenever he wants, and also has the facility of having the prizes earned credited directly to the wallet. Intralot is promoting on its social networks the new way of paying bets and receiving prizes won at Keno Minas, the most successful lottery modality of Loteria Mineira, of which Intralot is the operator.

Szrek2Solutions' Trusted Draw System Launched in Poland for Totalizator Sportowy

Szrek2Solutions, Totalizator Sportowy, and IGT Poland announce the deployment of Szrek's Trusted Draw™ solution. Integrated with IGT's gaming system, Trusted Draw provides transparent draw results for Totalizator Sportowy's lottery games and raffle draws, including Szybkie 600 (Quick 600) draws every two minutes.

Szrek2Solutions and IGT Poland integrated the draw system with the gaming platform, providing to the Polish Lottery Szrek's secure draw technology and independent audit, to offer complete draw transparency and proof of integrity of the winning results.

Vietnam Police Bust \$3.8 Billion Crypto Gambling Ring: VTV

Ho Chi Minh City police have detained 59

people tied to the biggest illegal online gambling ring ever uncovered by Vietnamese authorities, according to state-owned broadcaster VTV. The cryptocurrency gambling ring had transactions totaling more than \$3.8 billion, which includes the amount of money gamblers put in the ring and excludes reciprocal money from the dealer, VTV reported, citing information from the police. Gamblers in the ring registered cryptocurrency wallets on a foreign platform called Remitano to buy cryptocurrencies such as Ethereum or USDT, also known as Tether, then would use the crypto to gamble on websites Swiftonline.live and Nagacclubs.com, according to the report.

Subjects admitted to authorities that they organized online gambling on those sites, which were intermediaries to international betting platform Evolution.com to earn commissions. When there were a large number of players, they crashed the websites in order to appropriate money from the digital wallets, the report said. Fraudulent activity is one of the main concerns about cryptocurrencies from regulators globally, in particular because many participants can transact across country borders and act with a relative degree of anonymity. Crypto-linked fraud is costing victims around the globe billions of dollars annually.

China's lottery ticket sales totaled 29.39 billion yuan (about 4.6 billion U.S. dollars) in October, down 4.3 percent year on year

In the first 10 months, total lottery sales amounted to 307.9 billion yuan, up 17.8 percent year on year.

German State of Thuringia Seeks iGaming Monopoly

A small state in Germany has big ambitions for its iGaming market. Thuringia, home to around 2.1 million inhabitants, is putting forward legislation that would give it autonomous control over iGaming within its borders.

NeoGames commenced an offer to acquire Aspire Global for a value of approximately \$480m

neogames®

A committee of independent Aspire Global directors has unanimously recommended to Aspire shareholders to accept the offer and to elect to receive full cash consideration.

NeoGames Signs Agreement with Sisal Sans to Transform Gaming

Experience in Turkey with Award-Winning Titles

NeoGames, a technology-driven provider of end-to-end iLottery solutions, announces the signing of an agreement with Sisal Şans that grants the Lottery access to the NeoGames portfolio of games for its premium lottery online site Milli Piyango. The contract is expected to enrich the Lottery's overall gaming experience and customer offering. Sisal Şans shall receive access to the rich NeoGames Studio portfolio of premium, award-winning games, providing players access to a steady, ongoing stream of new, unique and exciting titles, which is expected to transform the overall gaming experience offered by the Lottery throughout Turkey.

Jumbo Interactive Limited provided an update on its International Managed Services and Software-as-a-Service (SaaS) operating segments.



Jumbo Interactive announced the conditional acquisition of Stride Management Inc (Stride) in Canada for a cash consideration of A\$11.7 million1 (C\$11.0 million), subject to Alberta and Saskatchewan Gaming Regulators' approval.

Danish gambling regulator Spillemyndigheden Order and action brought against Unibet (Denmark) Limited for breach of the Anti-Money Laundering Act

The Danish Gambling Authority has brought action against Unibet (Denmark) Limited for breaching the rules on customer due diligence of section, and the rules on the obligation of the Anti-Money Laundering Act.

Online gambling sites lose bid to access Swiss market - court

A Swiss court has blocked requests by foreign online gambling operators to access the Swiss market, which gaming officials have limited since 2019 to Swiss-approved games of chance. That means Swiss gamblers can bet online only with Swiss casinos and lotteries that pay tax in the country and that protect people against falling victim to addiction. In four verdicts released on Tuesday, the Federal Administrative Court ruled against Malta-based Interwetten International Ltd, Videoslots Ltd, bet-at-home Entertainment Ltd, and Lopoca Gaming Ltd in suits against the Swiss Federal Gaming Board seeking to circumvent the ban.

"It goes without saying that the restriction of access to online gaming services that are not licensed in Switzerland is in the public interest and can be enforced with strict measures," the court said.

FDJ Gaming Solutions provides its retail distribution services to Finland's Veikkaus Oy through partnership with Carrus Gaming

Malta, home to hundreds of betting sites, is a target of an international money laundering crackdown



Malta has emerged as the undisputed capital of Europe's €24.5 billion (\$27.7 billion) online gambling industry, becoming to internet casinos something like what tax rules have made Ireland to tech giants, but with 320 days of sunshine annually. At the end of last year, 323 companies were licensed to offer overseas online gaming services from the country, attracted by low taxes, obliging regulators, and a deeply agreeable lifestyle. Suddenly, however, Malta is being treated less like Ireland and more like a rogue state. In June the Financial Action Task Force (FATF), a body set up by the Group of Seven major economies to combat money laundering and terrorism financing, added Malta to its "gray list" of 22 jurisdictions where it can't be confident that basic financial safeguards are in place. The decision was a response to concerns among U.S. and European law enforcement agencies that have been growing since 2017, when Daphne Caruana Galizia, a Maltese journalist who investigated political corruption, was assassinated with a car bomb. Subsequent inquiries into her murder and the graft she exposed reached the highest levels of the island's elite.

Paddy Power owner Flutter Entertainment has acquired Italian online gaming operator Sisal for €1.9 billion



Paddy Power owner Flutter Entertainment has acquired Italian online gaming operator Sisal for €1.9 billion, giving the company a bigger foothold in the Italian market. Milan-headquartered Sisal is a leading betting, gaming and lottery operator, employing about 2,500 people. Revenue for 2021 is expected to reach €694 million, with consolidated earnings before interest, tax, depreciation and amortisation of

€248 million, with 90 per cent of that coming from its Italian operations. The remaining 10 per cent comes from regulated lottery operations in Turkey and Morocco.

Flutter acquisition of Sisan positions it to enter the contest to run national lottery via Italian takeover

If Flutter is not considered a suitable firm to run the lottery, that would leave Camelot, Sazka and Richard Desmond fighting it out for the lucrative 10-year licence.

Gambling firm 888 to sell Bingo to focus on core business, U.S. operations

888 has benefited from core platforms like online betting and gaming getting a boost during the COVID-19 pandemic as restrictions led consumers stuck at home to turn to online betting for entertainment.

888 aims to complete William Hill takeover in Q2 2022

888 moved into the final stages of the preparations for its acquisition of the retail and online betting and gaming operator William Hill last month, upon securing mandatory antitrust and pre-completion gaming regulatory clearances – however, the merger was initially predicted for Q1 2022.

The Impact of Artificial Intelligence in Online Gaming

With the giant leaps of technology to move ahead, the whole scenario of games and gaming experience is going to change.

Choice Based Personalization: Artificial Intelligence can study your interests and likings in games and will recommend to you those which suits you the best. For example, you are a card game person, but when you visit an online casino site, a thousand games pop out making it very difficult to find the right one for you. AI will do this job easily.

Fairer Gameplay: Artificial Intelligence will initiate fairer gameplay and that is the best advantage that it gives you when it comes to its need in the gaming industry. It will detect anybody who is trying to inflict any unfair means while gaming, and take the initiative of banning that user for good. This way, you get fair games to play.

Timely Updates: When a game lacks timely updates, then it becomes boring after a point of time and gamers lose interest to play it any further. Artificial Intelligence can detect the necessary updates required in a game and entice the developers about it. This way the game manufacturers become sure about when and what should be their next upgrades.

The Amazing Performance of NORTH CAROLINA'S HOLOGRAPHIC FAMILY OF GAMES

The North Carolina Education Lottery launched its first holographic family of games, *X the Cash*, with Scientific Games on Hazen's holographic board and it generated amazing index scores ranging from 165 to 197!

This significantly exceeded the performance of any plain board family of games ever launched by the North Carolina Education Lottery.



INDEX 165



INDEX 176



INDEX 197



When compared with plain board games, Hazen's recyclable holographic games can consistently generate higher lottery sales and profits due to their increased visibility at retail and superior performance.

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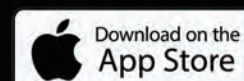
*The Tennessee Education Lottery generated a 79% sales increase in a quantitative test that isolated holography as the only key variable. For details, visit: www.holographyx.com/TN



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Next-generation RFP's designed to accelerate growth, progress, and innovation in the African Lottery & Sport Betting Market

By Philippe Vlaemminck, Managing Partner pharumlegal; pharumlegal.eu

The AFRICAN LOTTERY ASSOCIATION has, over recent years, re-structured to better serve its members and collaborate with other associations on initiatives to serve the lottery industry.

New bylaws were adopted and a fully-fledged secretariat-general is now established at the premises of the MDJS in Casablanca. Congresses and seminars addressing various important regional and global issues are being held on a regular basis. An important issue has been to assess the ways lotteries throughout Africa are legally structured. Differences are enormous, some with outdated legislations and others requiring serious updates to address today's challenges. Mobile and internet gaming, licensing conditions and supervision are often unequally or inadequately regulated leading to problem gambling and lack of control over activities by certain private parties and illegal or fraudulent operators, using a.o. fake licenses. Africa needs to move forward, and certain countries are expected to or are already taking the lead.

The South African (SA) National Lottery has from its launch in March 2000 taken a special position in the African lottery community. Very much built on the British

model, its foundation was established by the SA Lotteries Act. The national lottery license in the country is issued for a maximum period of eight years and the current license (the third license issued) expires on 31 May 2023. The licensing process is started with the issuing of a Request for Proposal (RFP) which were for the previous processes issued about two years before the expiry of the current license. The previous RFP processes have been well contested processes and were subjected to legal scrutiny by losing bidders. However, for unknown reasons, South Africa has not issued the RFP at the time of writing this article notwithstanding the end date of the current license on 31 May 2023. The international lottery community is waiting for the RFP to be launched soon and is prepared to put all its efforts in



implementing innovative technologies in a timely manner during a new license. In South Africa the national lottery operator is obliged to pay a percentage of gross sales revenue to a distribution trust fund earmarked for worthy causes. It has been authoritatively stated that it is clear that the intention of the Lotteries Act is that the National Lottery should generate as much money as possible for distribution to those causes.

In Botswana, lottery operators were encouraged by the implementation of legal reforms in the lottery environment and keenly accepted the Request For Application (RFA) for the National Lottery license published on 8 May 2017. Five consortiums responded to the RFA in October 2017. Unfortunately, notwithstanding a planned and publicized license award date of 17 September 2018, Botswana has not yet awarded the national lottery license. A review of media reports confirms that the delay is mainly caused by an inability to comply with the regulatory processes. As a result, regulatory decisions failed to withstand legal challenges in the form of an arbitration and an appeal lodged by an applicant to the relevant Minister. The Botswana process shows that a proper legal framework supported by skilled, efficient and proper regulatory services is essential.

Morocco, Ghana, Mauritius are among the countries which are well-organized but sometimes also the target of unfair or illegal competition, regulatory uncertainty, Covid-related operational problems and/or the need for modernization. Each of them is looking at the future in different ways.

Mauritius has with Lottotech a very strong operator who has the potential to grow by applying for licenses in other African jurisdictions and helping those nations in collecting more funds for their good causes. Lottotech is also very strong in applying the highest responsible gaming standards as developed by the WLA.

Ghana has an excellent Lottery operation but is approaching the future with an open mind and an ambition to innovate and adapt to the changing consumer market-place. So does Rwanda, and others are expected to follow.

Morocco is today in the limelight of the international lottery and specialized gambling press for two reasons: its new RFP and the Macolin convention signature. It is therefore worth, in the absence of relevant developments in South Africa, to dig deeper

into the developments in Morocco as they could be inspiring as well as educational.

The COVID pandemic did oblige MDJS and its technology partner Intralot to review their cooperation and agree on ending the contract by 31 December 2022. Parties agreed to use the remaining time until the end of the contract to finalize and implement a number of actions affecting both the retail and the digital channels. In the meantime, MDJS did prepare and launch a completely new RFP designed in a totally different way. Based upon the WLA format, the RFP is adapted to the local market regulations, is result instead of cost oriented, and dynamic in its approach towards the future. Besides a new transition and facilitating committee to assist the smooth transition, a gaming observatory will during the whole term of the new contract starting on 1 January 2023 follow up technological development enabling the operator(s) to cooperate with MDJS on implementing and innovating the operational approach. Additionally, joint-ventures along with smaller and local entities have the possibility to participate in the process. The RFP is divided into two batches: lotteries and sport betting, opening up the RFP for more bidders willing to address one or both batches. Solutions for both the retail and digital channels must be provided in the bids.

“Morocco is today in the limelight of the international lottery and specialized gambling press”

The goal of this RFP is to position MDJS for a future oriented strategy embracing and promoting innovation. Supporting the development of sport in Morocco by offering attractive games in an efficient and

responsible manner, and investing in strong, CSR-driven governance is the true mission of MDJS.

But there is more. Morocco has, as the first African country, signed the **Macolin convention to fight manipulation of sporting events**, to safeguard the integrity of sport, to combat money laundering and fight illegal sport betting. MDJS, as a founding member of GLMS, is already actively cooperating with the Copenhagen Group in the Council of Europe to monitor certain sports. During the Tokyo Olympic Games, table tennis and triathlon were sports monitored by MDJS and now also the FIFA Arab Cup will be monitored by MDJS.

In conclusion ...

While South Africa is still not yet acting on a new RFP, Morocco takes the lead with this *new generation* Lottery & Sport betting RFP.

With this next generation RFP, MDJS is not only showing its commitment to support sport in its own country but could inspire other African lotteries to design their own national structure accordingly. Morocco could become a gateway for strengthening and helping the development of innovative and responsible lottery and sport betting activities by other African countries to the benefit of their local communities.

By implementing the Macolin convention, MDJS is strongly contributing to the overall protection of sport around the world and to a safer betting environment, and actively supporting the important work of GLMS. Again, there is the hope that it could inspire other African countries to follow and sign the Macolin convention.

If others on the African continent are getting their act together as we expect Ghana, Rwanda, and South Africa to do in the near future, and with the example of Morocco already in mind, and with the ongoing support of ALA and the WLA, Africa is becoming the growth market to watch in the lottery sector and its growing community of suppliers. ■



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