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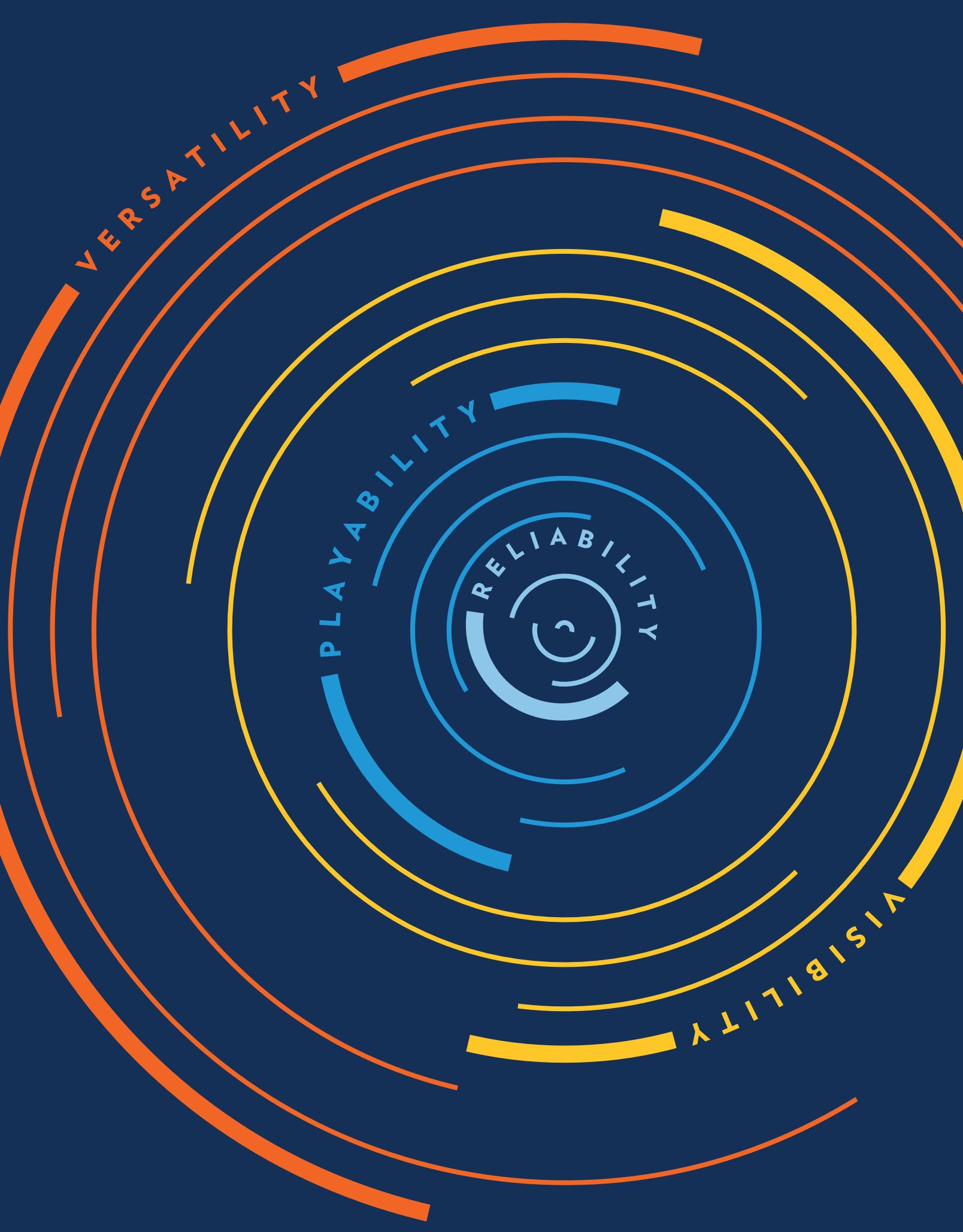
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Julin Shaw, Sr. Director, Brand Marketing & Business Development, NeoPollard

Frank Suarez, Executive Director, DC Lottery



Publisher & Chief Executive Officer

Paul Jason
pjason@publicgaming.com

President

Susan Jason
sjason@publicgaming.com

Brand and Design

Dan Eggers Design

Lottery Industry Consultant

Jim Acton

Honored Founders

Doris & Duane Burke

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For email address changes,
subscription requests and
requests to be placed on our
e-Newsletter distribution list,
e-mail Susan Jason at
sjason@publicgaming.com

Contact Information

PGRI, Inc.

1769 Flagstone Terrace,
The Villages, FL 32162
PublicGaming.com
T: +425.449.3000
F: +206.374.2600

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LETTER FROM THE CEO

To all our clients and partners around the world,

I think business gets done better in person. In fact, I think real-time, face-to-face interactions are essential to the ongoing success of our clients as well as our company. That's why, for the better part of 2022, I traveled the world, meeting with all the people that make up GLI's incredible team, as well as you, our valued clients across the globe. And I'm not stopping. If the team and I didn't see you last year, you can bet we'll be headed your way soon.

In my travels and in our recent survey, I've especially enjoyed hearing from you that GLI's service goes above and beyond to be accommodating, is unmatched in global coverage, and that we shepherd our clients forward with the kind of consideration and assistance that one can only experience with GLI. We are grateful for your feedback and will continue to invest in our team to uphold our high standards. Even in the age of automation, we are committed to providing personalized service that puts your needs first.

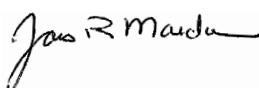
Our strong relationships with you continue to inspire our mission of offering a world-class customer experience. This includes fulfilling our commitment to hiring the best talent so that we can provide the highest caliber guidance, the most efficient testing, and the best value - even during periods of elevated demand. In the last few months, we have hired an additional 241 new personnel, including 25 new mathematicians, increasing the capability in that department alone by over 33%. Currently, GLI's testing group has over 1,000 highly qualified experts touching every emerging and regulated market in the world. Further, we continue to train and upskill our team members, providing growth opportunities and ensuring we remain competent to certify all the latest technologies well before you bring them to us for submission.

We are also reinforcing our ability to protect you from cybercrime utilizing Bulletproof®, our fully integrated cybersecurity company, acquired by GLI in 2016. The Bulletproof team has grown to over 250 exceptional security experts, continuously protecting users around the globe from rapidly increasing cybersecurity threats - especially those that target our industry. Our ability to continue to protect you from known and evolving risks is an essential part of our commitment to you. This is just one example of how we are continuing to expand our insights, resources, and delivery teams to meet new challenges while exceeding your expectations.

As I think back on all the miles I've traveled, and all the wonderful people that make up our client base and GLI team, I'm reminded that our top priority is to meet you, anywhere in the world, to help you get to where you are ready to be. I encourage you to reach out to me personally any time and to say hello the next time we see each other.

I cannot thank our clients and partners enough for your continued trust in GLI's professionals. Wishing you a prosperous new year and looking forward to seeing each of you somewhere on the globe. And remember, at GLI we are always just a call or flight away.

Sincerely,



James Maida

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Collaboration Award



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From the Publisher

Talk about leveraging the value of our brands for maximum impact ...

Check out the photo collage on pages 18 and 19, along with the cover. Powerball® has long been one of the most valuable brands in the world, not far behind Sony and the NFL, and way ahead of anyone in the games-of-chance sector (like Caesars, MGM, or DraftKings). What a treat it is to see Powerball's place in popular culture recognized by others, especially by the most popular shows on network TV like **Dick Clark's New Year's Rockin' Eve with Ryan Seacrest**. New Year's Rockin' Eve has consistently remained the highest-rated New Year's Eve broadcast on U.S. television for the past 50 years, with viewership exceeding 22 million in 2023 as it has for the last 10 years. Lottery players and those 22 million viewers celebrated the first Powerball® draw and newly minted millionaire of 2023 just minutes after watching the midnight ball drop high above Times Square in New York City. It was great fun for everyone.

One interesting thing about the New Year's Rockin' Eve broadcast is that it reflects the profound value of Brand Powerball®. ABC and Ryan Seacrest are in effect trading valuable air-time for the benefit of affiliating with Powerball, its first-millionaire-of-the-New Year promotion and the millions of lottery players who tune in to watch. There is certainly a cost to this Powerball promotion, but the cost is a small fraction of the actual value of being an integral part of Ryan Seacrest's New Year's Eve show (and the power Ryan Seacrest's brand itself). ABC does that because they see the value of Brand Powerball and recognizes that Brand Powerball adds to the appeal of their show. Let's talk about how the lottery industry, from multi-state games to individual jurisdictional brands, might develop other collaborations with media and consumer-products super-brands that yield similar kinds of synergies, with an

ROI that factors in the intrinsic value of our own brands.

Of course, the goal is to do more than just talk about what we'd like to see or do in the future. But we gotta start somewhere. At our last conference in NYC, we talked about some "elephant-in-the-room" topics like forging better alignment between government lottery operators and their technology partners. That discussion was continued at the World Lottery Summit Vancouver. We feature an executive summary of **Rebecca Paul's WLA Platinum Sponsor Panel Discussion** that addresses other high-level topics as well. And we'll continue the discussion at PGRI's next event, Smart-Tech Miami at the end of March.

Is it my imagination, or is public perception of games-of-chance and gambling quite different now from what it was even a few years ago? Sports betting and casino gambling now seem to me to be as socially acceptable as any recreational activity or consumer product. Sure, there is the age restriction, but there really is no more stigma than having a beer – in fact, casino gambling and sports betting would seem to be much more socially acceptable than smoking a cigarette or even drinking alcohol.

And yet, oddly ... we are seeing negative stories (and a recently-released book) about lottery, as if lottery is more of a problem gambling threat than casino gambling and sports betting. And we notice that sports betting gets approved with nobody even blinking while regulatory approval of iLottery has stalled in most U.S. states. **How has it happened that casino gambling and sports betting came to be seen as more socially acceptable than lottery?** I can't say for sure but I'm wondering if those other game categories are directing their PR assets to focus on the goal of denigrating public perception of lottery. If this is the case,

what can we do about it? Of course, we need to continue to get our message of support for society and good causes and Responsible Gaming into the pipeline of the general media, political constituents and influencers, and the public at large. Maybe we could get beneficiaries like Public Education to be more outspoken advocates for Lottery? Harness the power of our many thousands of retailers? I do not have an answer, but I think we need to do more. **We need to forge a pathway towards more effective political action.**

In the mean-time, we need to continue to optimize our strategies in the marketplace. That is where Team Lottery has excelled and continues to learn from experience, gain confidence in our ability to compete, and apply talent and hard work to drive innovation and progress. After all, we must be doing something right as lottery does still command by far the largest player-base and generate far more economic benefit for society than any other game-of-chance category.

Next up is the **EL/WLA Marketing Seminar** and ICE Gaming Show in London February 7-10 (see page 33) and then **PGRI Smart-Tech Miami** March 28-30 (see page 51, inside back cover). See you there!

A special thanks to all our editorial contributors and advertisers! I appreciate our partnership, the leadership you provide this industry, and the brain-trust you share with our readership. And a special thanks to Jim Acton, who so effectively captures the essence of the issues in his edits of the Executive Summaries in this issue and the articles he writes for PGRI Magazine.

Paul Jason, Publisher
Public Gaming International Magazine



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Rebecca Paul leads the WLA Vancouver Platinum Contributors Panel Discussion



Rebecca Paul, President & CEO of the Tennessee Lottery, President of the World Lottery Association

Fabio Cairoli, Chief Executive Officer, Global Lottery, IGT

Pat McHugh, Chief Executive Officer, Scientific Games

Doug Pollard, Co-Chief Executive Officer, Pollard Banknote and NeoPollard

Competing with Sports Betting and Casinos

In years past, Lottery has not really thought of itself as being in head-to-head competition with other games-of-chance categories like casinos and sports betting. And it might be arguable how much the player migrates from one gaming opportunity to another. What is not arguable any more is the actions of operators in these other categories. Commercial casino and sports betting operators recognize the large number of people who play the lottery as a market with dollars to spend (more than \$100 billion in the U.S. alone) on games of chance. As they see themselves in competition with lottery, they are now targeting lottery players to convince them to move to

casinos, online sports betting and eGames and legislators for their power to shape a regulatory environment that is favorable to commercial casino and sports betting (and unfavorable to lottery).

Sports betting and casino operators are lobbying not just for expansion of their sectors. As they have come to see lottery as a threat, they are expending resources and effort to promote anti-lottery legislation or constraints. This new world order represents a threat to lottery revenue growth. It is time we think more about how that affects our own approach to marketing, promotion, and brand positioning of lottery. We need to think more about defending lottery's market share and keeping lottery players from migrating to other gaming categories.

Globally, lottery generates more than \$100 billion for good causes that benefit everyone. Unlike commercial operators, our mission is to serve society. It sometimes seems as though legislators who shape public and regulatory policy do not appreciate that. We need to find ways to advocate for the stakeholders of lottery as well as drive new strategies to retain playership. We need to explore new ways to fight back against those who are lobbying to constrain the growth of lottery. We

need new ways to connect with the public, the general media, and legislators to promote the benefits of lottery, and to make sure they too embrace the mission of lottery as the public service that is owned by the people. Maybe it is just a PR initiative to ensure our message is getting out there. Or maybe it could be something more than that. In any event, this is a team-effort that involves all of us who care about the government lottery industry.

It took years of legislative debates for most states to finally end up with their own state lottery. Conversely, look at how quickly sports-betting is getting approved throughout the country. These are the same legislatures who continue to prohibit iLottery. As an industry, we need to find a way to harness the power of our collective voices to convince the general media and general public to be more proactively supportive of lottery. Think about it – sports betting and casino operators compete with each other and yet they saw it as in their interests to collaborate on the shared goal of getting legislation passed that was favorable to their sector and disadvantaged lottery. Team Lottery needs to forge a pathway towards more effective political action or at least advocacy.

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40+
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worldwide

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On creating a healthy, dynamic, and productive lottery ecosystem

Inflation rates have driven up the costs of producing almost all products and services. Insurance and labor costs have also risen more than usual. And the shortage of paper has made the costs of producing instant tickets rise even more. The winners of the lottery bids are obligated to sign long-term contracts based on the lower costs prevailing. This disrupts the whole business model of the technology partners. They have to pay more, sometimes much more, to produce products but are not able to increase prices to cover those increased costs. This is a problem for the whole industry, not just the vendors stuck with costs that exceed revenues. We want suppliers to bid the lowest prices (based on lower costs) and deliver the best product. If the commercial technology partners must factor in the possibility of an increase in costs, that will result in higher bid prices which is not good for the government lottery operators. A solution to this problem is to incorporate into the RFP and resulting contracts provisions that allow for adjustments based on the Consumer Price Index. Some cost factors may be hard to measure. But the data on others, like paper, is readily available and would be easier to apply. This is a very doable proposition as it is already being implemented in a short list of lottery operators.

We are all in this together, dedicated to increasing revenues for government lotteries and funding for good causes. A healthy lottery ecosystem depends on a financially healthy base of commercial technology partners to support growth and innovation. To that end, let's be open to solutions that help all of the component parts of that ecosystem function optimally. That is what will produce the best long-term results for the benefit of the good causes supported by government lotteries.

On driving investment in innovation

We know that continual improvement of products, operations, business process, and distribution is key to long-term success. Lottery depends on its commercial technology partners to invest in the research that is needed to drive this innovation and progress.

The pressure to optimize short-term results can impinge on the need to invest in the kinds of initiatives and innovation that

require a longer ROI timeline. Commercial enterprises are flexible to apply a variety of risk/return models to justify the allocation of funds to invest in innovation today even though the payoff time-line may be longer than this quarter, this year, or even longer. But there does need to be a payoff, an incentive to invest because the industry needs the entrepreneurial energy, the creative ingenuity, and the financial resources of the commercial sector to support innovation and growth.

RFP's (Request for Proposal) include a system of weighting the various parts of a value proposition. Of course, pricing is a major factor, as it should be. But it is not the only factor. The lowest price for a substandard product and service is not what anyone wants (well, maybe except for some state procurement departments). So, the bidder is invited to describe the technologies and services that will produce the desired outcomes and explain what differentiates their offer from their competitors. What makes them special, or proprietary, or deserving of a higher a price? How or why can we expect the superior quality of the technology to produce revenues and net profit that exceed the difference in price, or otherwise deliver more value? Since cost as measured by the amount paid to commercial technology partners is a tiny fraction of the revenues produced by lotteries, the evaluation process should elevate the importance of technical abilities, investment in R&D, in innovation, in producing better products and services. The return on investment to lotteries is off-the-charts which means the likelihood that a thoughtful increase in price will produce a much larger increase in revenues is very high. And yet, RFP's continue to be stuck in a cost-centric mold instead of the outcome-centric mold that would drive better performance and financial results.

Solution: Increase the weight applied to technology and the ability to produce results and decrease the weight applied to price. When you start with a fundamental dynamic of costs being such a small percentage of revenues, the highest ROI of any industry anywhere in the world, it just makes sense to construct the RFP and subsequent contracts in ways that drive more investment in growth. Technology partners are willing to assume the risk, make that investment in growth and innovation, and to factor in a longer ROI time-line. As an industry, let's find ways to incentivize them to invest in our future!

A way to update RFP's to be more effective is to include the technology partner input

earlier in the process. It is understood that the process is strictly controlled by the lottery and state procurement policy and procedures. Nobody wants to impinge on that. We would just respectfully submit that more information and better, and vendor input in the earlier stages of building the RFP would result in an RFP and vendor contract that drives better alignment between vendor and operator, increased investment in innovation, and optimal revenues and funds for good causes. Input from vendors should at least be known because the perspectives of the supply-side of the equation are different from the buy-side, and some of those insights would undoubtedly contribute to the objectives of the lottery and state procurement and the bid process.

Digitization = Responsible Gaming

Sustainable growth depends on evolving the platforms that support an effective approach towards Responsible Gaming. And those platforms depend on migrating from an anonymous retail playing experience to a connected digitized relationship with the player. Digitization provides the data and insights needed to help the players manage their play to avoid problems, and it enables the two-way communication to share those insights with the players. Exhorting consumers to not give lottery tickets to under-age people at Christmas is one way to show dedication to Responsible Gaming, but the effective Responsible Gaming platform of the future will be more than that. And it all starts with establishing the interactive relationship with the players enabled by digitization of both the retail and online iLottery playing experience. The vendor community has integrated a host of Responsible Gaming tools into the digital platforms that are being implemented right now.

Responsible Gaming is truly a foundational component to lottery play. It is what separates us from other gaming options, like sports betting and casinos. Let's make sure we leverage this strength and turn it into the competitive advantage that further differentiates the lottery sector from its competitors in the gaming industry.

Lastly, Rebecca pointed out that it has been four years since this industry has had any kind of trade show. That is a lifetime of progress in the technology industry and the evidence of that can be seen on the trade show floor at this World Lottery Summit Vancouver. It has been so great to see everyone again! ■

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Following is an executive summary of one of the fabulous keynote speeches delivered at the World Lottery Summit Vancouver. Among many other theatrical innovations, **Michel Laprise** is the genius behind the Cirque du Soleil – Kurios which transforms the performance into a modern hero-quest story that captivates the modern audience.

UNLOCK YOUR CREATIVE BRAIN-TRUST REIMAGINE YOUR MISSION **AND** CONNECT WITH YOUR AUDIENCE

As the producer and director of numerous stage events – from Cirque Du Soleil productions to Madonna's 2012 world tour, Michel Laprise understands how to create a connection with people, engage them with content, and develop them as on-going supporters. What has worked in theaters in Disney Springs, Florida; stages in Montreal, Canada; and festivals in London, England, can also be effective in communities, businesses and workplaces.

To illustrate his point, Laprise drew a large chalk circle on the stage. The circle represents the boundaries in which a performer leaves his current world and enters another dimension, within which he can become a different person.

"Within this circle, whether it is in chalk on the street or on a theater stage, a performer has to catch the audience's attention, show them their talents and leave them satisfied," said Michel.

"They must be generous with their talents so the audience walks away satisfied. This allows performers to continue with their craft and at the end of the day, pay for a roof over their heads through the support they receive from passersby on the street or the theater companies for which they work."

Michel explained the many similarities with how street performers attract attention (and revenue) and what businesses can do to support and promote their activities. Customers have many distractions, and you must work hard to get their attention. For a street performer, their customers are on their way to a meeting or the supermarket and he or she has to attract their attention and get them to stop and watch.

"We have to make a connection with potential customers and that con-

nexion has to be made quickly and efficiently," he said. "It's all about the customer – what can we do to make them happy and want to stick with us. Like any business, a street performer needs customers to stay and put money in their hat. And if they're satisfied with the product, they'll tell others, and those people will become customers."

While the worlds of lottery and street performers might be different in some ways, it is the behind-the-scenes work that brings them closer together. Michel's most recent work has been on a new Cirque du Soleil show for Disney, the first collaboration between the two powerhouse entertainment companies. The experience was eye-opening for both companies, he said, and provides lessons for all of us.

Collaboration is key. Michel said that the circle that represents the performance stage is critical to their creative process. Even when they are on the road with a show, they meet often to ask questions and talk openly about how things are going and what can be improved. "This is important to our culture because everyone knows that all topics can be addressed and communicated," he said. "You'll be able to be challenged as a manager, as people will speak up. And you'll be able to hold everyone accountable for the success of the production."

When Michel is working on new products, he again uses the circle motif to make everyone feel comfortable. "The creative process, and something that can work for many companies, takes place around a round table, of course," he said. "There is no hierarchy, everyone at the table has an equal voice. All departments are represented and at some point, we hear from everyone."

Michel said that he likes to work within the impossible because by removing "I" and "M" you have "possible." In the planning stages, many of the Cirque shows appear to include impossible stunts and acrobatics that won't make their way into the final productions. But when the different parts of the company work together, impossible becomes possible. "When we connect as a company, the end result is amazing," he said. "There is a philosophy that together we can send each other to a higher level, more than we can if there are just a few people working on a project."

Michel said that the success of an organization is based largely on the people making decisions working together with those who provide support to co-workers. "With many different factions working together, the level of innovation is sky-high," he said. "The end result will be a much better product for your customers."

The launch of a new product by a company is like the opening night of a new show. Many months of planning have led up to the big unveil. The road to get there can be bumpy but with everyone working together, the end result should be magical. "The bigger the challenge, the more we need to act together, regardless of what business you're in," Michel said.

"For Cirque, on opening night we expand the circle of creation to include the audience," he said. "We welcome their energy as it pushes our shows to new levels. The audience will also tell us where we need to make changes as they react differently to different parts of the show. It is a very dynamic process that doesn't end with the premiere of the show." ■

↑50%

GROWTH IN GAMING
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↑60%

INCREASED ACTIVE
MONTHLY PLAYERS



"Bede has been a great partner in
delivering our digital transformation -
bringing cutting-edge technology to
enhance the lottery digital experience for
our players."

Amanda Marshall,

VP Product Integration, OLG

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REGISTERED PLAYERS

\$52.8bn
STAKED PER ANNUM

99.99%
AVAILABILITY

3000+
GAMES

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®

Positioning for the Growth and Prosperity that follows the Cyclical Reset

Following is an executive summary of one of the fabulous keynote speeches delivered at the World Lottery Summit Vancouver.

The past 300 of years provide a looking glass into the pattern of repeating cycles that include periods of invention, progress, and growth preceded by historical resets, sometimes cataclysmic events like world wars, or epidemics like the Spanish Flu. As we emerge from the COVID pandemic, we are entering one of these “reset moments,” according to **Leonard Brody**, a Canadian entrepreneur, venture and technology capitalist, and co-founder and executive chairman of Caravan, a joint venture with the Los Angeles-based Creative Artists Agency (CAA). The confluence of events, innovations, and changes of the past few decades set the stage. The disruption of the pandemic just ignited the massive cultural and technological shifts which now represent tremendous opportunity for businesses to transform their value propositions for a new era of growth and prosperity.

“We need to think of these huge reset moments as part of a larger pattern with enormous cycles that literally reset the operating system of earth. The pattern has been repeating itself over and over for hundreds of years.” Since we have the benefit of historical hindsight, and we know that events like those we just lived through will happen again, it is critical that we use our experiences to “get on the right side of history” and make sure everyone is ready for another “new normal.”

Leonard provided two examples of companies focused on understanding how to take advantage of the cycles.

First is Amazon. At the start of the pandemic, very few people predicted we

were going to be in a lockdown and that suddenly everyone would adopt e-commerce as quickly as they did. Seizing an opportunity, Amazon quickly made a bet that demand for its services would explode. Sixty percent of Amazon’s employees joined the company in the last 20 months, and they went from 500,000 employees worldwide to about 1.2 million in less than two years.

Given that lottery profits go towards the service of society and good causes, it puts all of you in a pretty good place

Covid produced a dramatic decline in airline travel, causing most airlines to sell their gate slots or even abandon airports. It was the opposite for American Airlines. The company watched how U.S. citizens were shifting where they were living, moving to cities like Austin, Miami, Indianapolis, and Salt Lake City. So when gates were available in areas such as those, American scooped them up at a discount in hopes that travel would bounce back post-pandemic. And they were correct as travel rates have now soared past 2019 levels. “We must keep in mind that most processes end in growth and remember

the pattern because we have no precedent otherwise,” Leonard said. “There is always opportunity in resets.”

Critical to the lottery industry is current consumer trends which emerge from the cycles. It appears that the increasing importance of data is one of the latest trends. Apple has taken the lead of harnessing data from phones and putting it on customer’s wrists, thus making us more data-obsessed as we collect more and more data about ourselves.

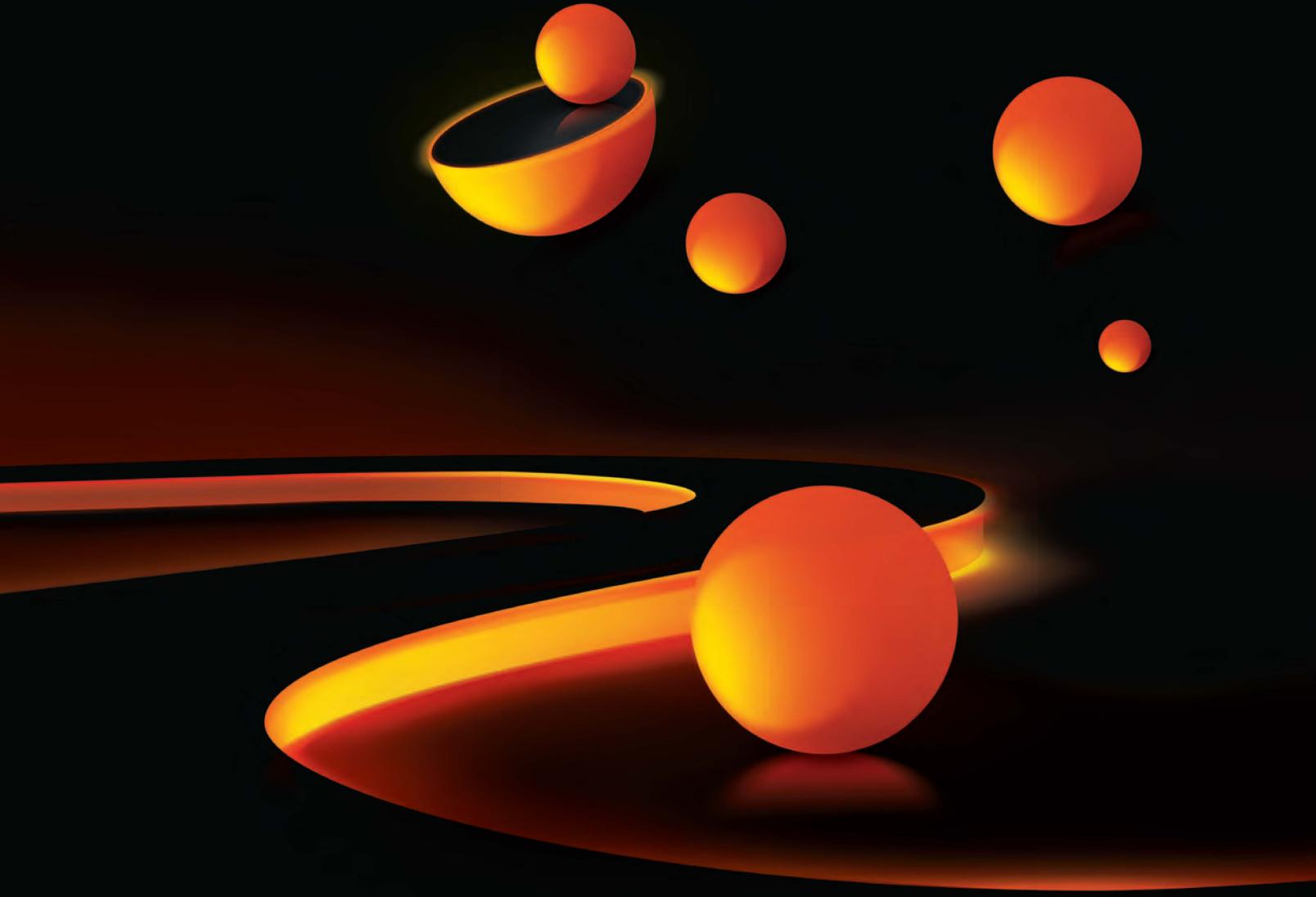
Corporate transparency has also become more important to consumers. “Research in Western Europe and the United States has shown that almost 70 percent of people will not buy products unless they know the value system of the company behind the product,” Leonard said. “It doesn’t mean that everything an organization does has to have a social cause. It just means that what the company stands for is important when people are making purchasing decisions.

“Given that lottery profits go towards the service of society and good causes, it puts all of you in a pretty good place,” he told the crowd.

Leonard said that lottery leaders should look at the companies with the largest market caps and see how their leaders are performing. “One commonality of the strongest leaders is that they are incredibly adept at seeing a grand picture of the world and then getting their employees and ultimately their customers to see the world in the same way,” he said. “It is critical to have a story to tell, a narrative with consumers that they understand and support.”

Global resets typically ends in solid economic growth. What he is seeing now

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MUSL NEWS

MULTI-STATE LOTTERY ASSOCIATION



For the fourth consecutive year, Powerball® celebrated the New Year with a \$1 million drawing on ABC's live broadcast of Dick Clark's New Year's Rockin' Eve with Ryan Seacrest. For the first time since the inaugural event in 2019, 142 Powerball players and guests returned to New York City for a VIP experience, capped off by an exclusive New Year's Eve gala in Times Square and the \$1 million drawing. 29 lotteries participated in the national Powerball promotion, with each sending a finalist to NYC for a chance at the \$1 million prize. Shortly after the ball dropped in Times Square, Ryan Seacrest and Jessie James Decker announced Gary Krigbaum of North Carolina as the Powerball First Millionaire of the Year. ■

Powerball took over the 9th floor of the New York Marriott Marquis in Times Square for a private welcome dinner. Players and guests enjoyed cuisine inspired by iconic New York City neighborhoods, live entertainment, and an on-site portrait artist.



Powerball players had a choice to see several Broadway performances, many choosing to see Phantom of the Opera and the Lion King.



Mangiamo! The Powerball VIPs dined on classic Italian at iconic Carmine's before taking in a Broadway performance.



Places for rehearsal! The \$1 million finalists and their guests participated in two show rehearsals prior to the live broadcast on New Year's Eve. Finalists for the \$1 million prize and their guests were seated at state-branded tables surrounding the Powerball stage.



MUSL sourced new ball sets with postal abbreviations from Smartplay International for the final two drawings of the Powerball First Millionaire of the Year promotion.





Event producers at PRA transformed the 5th floor ballroom at the Marriott Marquis to host the New Year's Eve gala, adjacent to the Powerball stage.



The Powerball stage from the 2019 set was adapted to the new venue and expanded to fit Ryan Seacrest, Jessie James Decker and the top five \$1 million finalists.



Sue Dooley, MUSL Director of Draws and Productions, and Alexi Mazareas, Vice President Programming & Development, dick clark productions.



A Powerball proposal! Minnesota Lottery finalist Jared Jank proposed to his girlfriend Alicia during the New Year's Eve festivities. Jank later went viral during the broadcast for his signature mullet.



The top five finalists included Powerball players from Minnesota, North Carolina, U.S. Virgin Islands, Florida, and Maine.



The finalists take their seats ahead of the first drawing to determine the top five advancing to the \$1 million drawing.



A team of professional hair and makeup artists were on hand to get the Powerball players camera ready for the big show. The so-called "glam appointments" were a big hit with both women and men.



Drew Svitko, Powerball Product Group Chair & Pennsylvania Lottery Executive Director; David Barden, MUSL Board President & New Mexico Lottery CEO; Rebecca Paul, MUSL Marketing & Promotions Committee Chair & Tennessee Lottery Executive Director; Gregg Edgar, MUSL Marketing & Promotions Committee Vice Chair & Arizona Lottery Executive Director; J. Bret Toyne, MUSL Executive Director.



Drew & Gretchen Svitko, Jim Acton, lottery consultant for dick clark productions



Guests hit the dance floor in-between the five Powerball segments throughout the New Year's broadcast.



Powerball co-host Jessie James Decker interviewed the top five finalists ahead of the \$1 million drawing.



Ryan Seacrest was rushed from his stage in Times Square to the Powerball stage to help announce the Powerball First Millionaire of the Year.



MUSL team members: J. Bret Toyne, Executive Director; Sue Dooley, Director of Draws & Productions; Anna Domoto, Senior Communications Manager; and Barb Niccum, Project Manager.



New Perspectives

on Retail

Lottery sales directors gathered from around the world to discuss the future of shopping and share current challenges and success strategies at IGT's 10th International Lottery Retail Workshop.



The Retail Experience: As in past years, IGT's 10th International Lottery Retail Workshop was designed to foster collaboration and shared insights among retail lottery professionals from around the world. The format allowed for impromptu peer-to-peer conversation and group discussion around a range of current retail challenges.

It's not often that lottery sales executives have the chance to gather with their counterparts from other markets and literally "talk shop." Recently, 17 executives from 11 lotteries took advantage of the opportunity to share insights and strategies when IGT convened its latest International Lottery Retail Workshop. After a one-year pause following 2020's online event, this 10th-anniversary session returned to its origins at IGT's North American Lottery headquarters in Providence, RI, from November 15-17, 2022.

Attendees included many past participants and, for the first time, representatives from IGT's newest customer, the National Lottery of Malta. Some of IGT's U.S. lottery customers were also included in the workshop for the first time. "The U.S. is now a different gaming landscape after

the pandemic, and its unique challenges generated huge amounts of discussion from workshop participants," observed **Sharon Duncalf, IGT Vice President Global Insights**, who co-hosted the

two-day event with **Paul Riley, IGT Vice President Retail Innovations & Partnerships**.

Among many highlights over two days, participants heard directly from fellow



workshop attendee, **Anne Johnson, Walmart Director Retail Services**, on how the world's largest retailer is approaching the growth of its lottery business. Johnson's keynote presentation reflected on her team's 10-year journey to develop the category and cited a number of ways the retailer has sought to deal with the challenges that lottery presents while recognizing their consumers' desire for accessibility and convenience. Johnson went on to discuss many initiatives now in progress to advance the category with partners such as IGT.

To support growth and further success with large corporate retailers, Johnson emphasized the need for the lottery industry to continue eliminating manual processes; to involve retailers in evaluating the impact of important new game and automation technologies currently in development; and to establish workable lead times with large retailers to enable the extensive internal planning they require – and even to expedite initiatives when possible.

"Our learning is never finished," said Johnson. "We're always excited to hear what's next and how we can bring that to life in our stores."

"It was great to hear the perspective of

"Some countries shared their strategies to accommodate the culture of playing lottery, and it's inspiring for us to look to them. Digital as a tool is extremely important. Once we master it properly, we can deliver a better customer experience and much, much better results. That's the bottom line for me: how to adapt."

Stanislav Molnar, Executive Director of Products, Tipos Slovenská



Trending Now for Retail and More: To get a look at broad trends likely to shape consumer demand and behavior in the year ahead, download **IGT's annual 2023 Trend Report**, available at IGT.com/2023Trends.

such a well-known national and even international chain," said Paul Riley. "Anne's presentation had great relevance to the international lotteries in understanding all the touchpoints of their lottery products for a huge store network."

Macro Trends to Watch

IGT's Sharon Duncalf kicked off the Workshop with a keynote presentation on **"Innovation in a Post-COVID World –**

The Future of Shopping," a look at new research on consumer trends that are expected to reshape the retail landscape.

"Across all age groups, more than 20% of consumers surveyed globally said they will go to stores in person more often in the next 12 months," she noted, citing 2022 research data from IGT's longtime trend-research partner The Foresight Factory.

"We believe that technology will play a vital role in the recovery of bricks-and-mortar retail and boost the shopping experience both online and instore," Duncalf continued. "This might sound

counterintuitive as new technologies are often seen as negatively disruptive, after all. But, done right – and built around human behaviors, rather than the other way around – the impact can be very positive and lead to a step-change in innovation."

What exactly will the shopping experience look like in the future and what's driving this evolution? A few examples among the many that Duncalf explored with attendees:

- The Growth of Self-Service** Biometric payment methods will help deliver a frictionless shopping experience — for example, in clerkless stores driven by artificial intelligence. Researchers at The Foresight Factory expect that by 2025, 41% of the global population will have used their fingerprint as a form of ID to make a purchase, and a further 29% will be interested in doing so.

- The Connected Shopper** One in three global consumers select their mobile device as the preferred channel when shopping for products, but that doesn't just mean shopping on the mobile. A full 50% of Gen Z and Millennial consumers say they never go shopping without using their mobile. "Mobile devices are empowering connected shoppers across entire shopping journeys, connecting online and offline channels, and bridging shopping and social interactions," noted Duncalf. "It's clear there are opportunities for retailers to capitalize on this behavior

and keep shoppers within their brand ecosystem when customers are using mobiles in-store."

- **The Connected Player Journey** Even lotteries' most sophisticated direct-to-consumer sales platforms (via their websites or mobile apps) are often still operating in isolation of the retail channel. "It will be critical to bridge the current gap between retail and digital, and allow players to benefit from in-store seamless transactions that can be continued out of store," said Duncalf, discussing a capability that IGT refers to as Connected Play. "We are exploring new game initiatives that will work in this omnichannel environment," she noted. "In such an instance, retailers will also benefit as a complementary channel."

- **Virtual Economy** According to Foresight Factory research, the primary reason consumers will consider buying a virtual product is to get discounts on real-life products from the same brand. "This points to the significant role that virtual products could have in the future shopping journey, showcasing products and introducing customers to more substantial purchases at a later stage," explained Duncalf. One aspect of this trend is **Blending Digital & Reality**. Lotteries can take steps to understand how existing and selling in virtual worlds can bolster their "in real life" (IRL) strategy to reach new audiences and chime with consumers' desire to forge identities and lives in online spaces. The metaverse may be an opportunity to deliver messaging about lottery good-cause beneficiaries. Or, as consumers want to show off their digital inventories by collecting in the virtual economy, could lottery prizes expand to offer digital assets that "money can't buy?"

Deep Dive – A World of Retail Challenges & Opportunities

As part of the workshop experience, attendees toured IGT's **Player Experience Laboratory** for a close look at a number of IGT **innovations**



and unique product concepts directly relevant to lottery retail operations, giving participants an opportunity to offer feedback in the early stages of product development.

IGT's Paul Riley provided a deep-dive on the current state of **In-Lane Sales**

globally, drawing on IGT's extensive experience supporting lotteries around the world in selling directly on retailers' point-of-sales systems. The discussion spanned current and potential solutions for selling lottery in-lane, the benefits to players, retailers, and lotteries, a detailed



As part of the workshop experience, attendees got a close look at a variety of lottery retailers and trade styles in Rhode Island and neighboring Massachusetts. Many attendees also opted to participate in organized retailer visits in New York City (pictured).

look at a range of current implementations, and a comparison of approaches, challenges, and success stats.

Along with a presentation on **Connected Play** — IGT's vision for helping lotteries deliver new player experiences via digital touchpoints at retail — and a presentation on digital signage from invited guest **Jason Barrs, Vice President of Product Marketing, Carmanah Signs**, the agenda included a series of peer-to-peer presentations in a collaborative setting, offering ample opportunity for questions and group discussion.

On Day 1 of the program, attendees' presentation topics included highly targeted lottery **incentive programs** to activate a lottery's entire sales network; the evolution of point-of-sales outlets via the development of **branded lottery stores**; in-depth strategic plans to **modernize the in-store environment** with technology to support lottery's relevance and maintain consumer health and safety; a **successful program to drive the growth of scratch-off products** via promotional and merchandising initiatives, self-service optimization, and customized marketing

"The sharing is very helpful for us, as we get to share insights, best practices, and lessons learned from various lottery retailers across the globe. We also have had the opportunity to learn from other retailers on their innovative initiatives to improve operations."

*Leng Leng Chia, Deputy Director,
Singapore Pools*

programs with key corporate accounts; and **evolving the retail experience relative to the draw-game category**.

On the second day, attendee presentations discussed **player experience, point-of-sales process innovation, and marketing and communications** for both draw and instant products; challenges and opportunities in **the post-COVID environment**; pursuing **new retail partnerships**, innovating with **interactive jackpots signs**, and other initiatives to expand the lottery brand at retail.

"IGT's goal with all of our customer workshops is to expose participants to the newest and best methodologies, technologies, and trends in the field, and give them an opportunity to cross-pollinate ideas with each other," said Duncalf. "Based on feedback we've heard from participants, they left with some new insight and a more finely detailed picture of how other lotteries are rising to meet their retail challenges and opportunities." ■

For information about future workshops, contact IGT's Paul Riley or Sharon Duncalf.



iLottery: If We Knew Then What We Know Now

John Martin



“You can’t connect the dots looking forward, you can only connect them looking backwards.” — Steve Jobs

With the benefit of a crystal ball or some other future-telling device, our decision-making processes would be flawless. No missteps or bad calls. Clear visibility into the future would combine with perfect execution to produce over-the-top results.

Alas, no such device exists which means that decisions are made with a combination of analyses of past results, future needs and objectives, and data and empirical evidence. And maybe a few “gut check” moments.

For the lottery industry and its implementation of iLottery, looking back – all the way to 2010 when the Minnesota Lottery was the first U.S. lottery to sell games online – there are steps that were taken and not taken which land the industry where it is today. What insights have we gleaned from the iLottery experiences? What could have been done differently over the past dozen-plus years to produce even better results? Where will we be in the next few years?

These and other pressing questions were addressed by a group from different corners of the lottery industry at the PGRI Lottery Expo recently held in New York City. Moderated by **John Martin**, Director, Maryland Lottery and Gaming, the panel included:

David Barden, President and CEO, New Mexico Lottery

Amy Bergette, Vice President, Digital Content Studio, Scientific Games

Brad Cummings, Founder & CEO, EQL Games

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

Julin Shaw, Sr. Director, Brand Marketing & Business Development, NeoPollard

Frank Suarez, Executive Director, DC Lottery

Bishop Woosley, Senior Advisor, Jackpocket

John Martin was quick to note that the Maryland Lottery is not an iLottery jurisdiction. But as an industry veteran who manages a lottery that oversees casinos and other game categories and channels of distribution, John knows the ins and outs of iLottery and has served as an advocate for lotteries looking to do more online.

Each panelist brought a different history and perspective to the discussion.

Mike Lightman is a veteran of the vendor side, having worked at both IGT (GTech at the time), Scientific Games and now iLottery game provider IWG. “At GTech, we were working on games in the mid-1990s that today would be called eInstants but they were digital versions of scratch tickets played on free-standing kiosks,” he said. “At Scientific Games, we launched the first iLottery program in Minnesota and it ran for a short period of time before being shut down. Now at IWG, I work with a team that creates digital content for iLottery providers across the world. So it’s been more than two decades of working on digital content.”

EQL Games came to iLottery a number of years after its start but **Brad Cummings** believes his company has found one of its niches. “We started as a sports content company and then the pandemic happened and shut down all sports,” he said. “That was certainly one risk factor I never saw coming as a sports company. As we regrouped, I saw iLottery as an opportunity to bring content to the industry quickly and efficiently. We’ve partnered with a company called Present Creative and we just signed our first contract with the Michigan Lottery. This pivot has benefited us and allowed us to offer iLottery content while we continue to work on building exciting new game concepts.”

Amy Bergette said it was European lotteries that first brought Scientific Games into the iLottery business. “Fourteen of the 16 German lotteries have been digitizing their instant products with a mix of physical and digital games, and they started in the 90s” she said. “We’ve had the benefit of working in the iLottery space for many years through that European experience, and then Mike and I worked together on Minnesota’s brief iLottery stint. We have learned a lot over the past 10-plus years of U.S. activity and there’s much room for all of us to continue to grow and progress.”

As a long-time lottery veteran and now director of the New Mexico Lottery, **David Barden** is in the same category as John as he is unable to sell products online. However, there is one big difference. “New Mexico allows for courier sales, so I let companies

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The Science Inside the Scratch



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Scientific Games is the partner of choice for 18 of the 20 top-performing instant game lotteries in the world.*



*Based on weekly per capita sales
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Start the Year with More Strategy

Enhancing the Instant Game Portfolio

For product managers, the start of the new year is one of potential. It's traditionally the time to evaluate both fiscal year and calendar year performance and make any necessary adjustments based on how sales are tracking, and plan for success. It's also the ideal time to explore instant scratch innovations and new game concepts to help further enhance the portfolio and keep players engaged year-round. Exciting inks, finishes, play styles and one-of-a-kind game enhancements sizzle at retail and entertain existing players and attract new customers.

Building an instant game portfolio that resonates with players and generates profit takes know-how, and above all it takes a balance of art and science.

"Players are looking for fun. They want that thrill of excitement. And that's why Scientific Games tests every new innovation extensively with player research before presenting them to a lottery customer," says Danielle Hodges, Director of Global Product Innovation & Development, who just won the company's 2022 Innovator of the Year Award.

Every price point, playstyle and product enhancement in an instant game portfolio is strategically planned by lottery product managers. At Scientific Games, data comes into play to make sure there's just the right balance of products to deliver sales performance.

"Data is key to how we make recommendations that grow our customer's business and deliver unparalleled player experiences. We aren't focused on simply reporting, we're focused on generating value through insights, our advanced business analytics tools and data science," explains Hodges. "While Scientific Games is known for game innovation, we have multiple teams and technologies across our business that support our innovative culture but make sure all new product development is as data-driven as possible."

That strategy has paid off, with the company currently partnering as the sole or primary provider to nine of the top 10-performing instant game lotteries in the world.

12 Strategic Product Enhancements

"With millions of products competing for attention at retail and online, standing out becomes more challenging every year," says Hodges. "For this reason, *Strategic Product Enhancements* have never been more important. As players adopt higher price points, a premium product is expected."

Since 2018, 51% of games in the \$10 and higher price point categories produced by Scientific Games for U.S. lotteries had

at least one *Strategic Product Enhancement*. These games generated more than 60% of retail sales across those price point categories.

Delivering value in the entertainment experience brings players back to engage further and creates loyalty to the lottery's brand. Here are 12 different ways to do it, only from Scientific Games.

1. Ice Ink

The subtle, frosty shimmer of *Ice Ink* is the perfect way to add pop to games for a premium player experience. The intriguing, crystalized color is an upgrade to fluorescent inks that can also refresh core games. While *Ice Ink* Pink is the favorite among 13 lotteries that launched a total of 17 *Lady Luck*-themed games, other colors have been a hit with families of games and games featuring scenes or pulses.

The South Carolina Education Lottery launched the first official *Ice Ink* game, a three scene product that used three different *Ice Ink* colors. After 18 weeks, the *My Million Dollar* series sold at 101% with reorder and an index of 156.



Since 2019, the Washington Lottery has used *Ice Ink* in Green, Orange, Pink and Gold to enhance their *SLINGO* and *LOTERIA* games. These games collectively have performed 9% better than other games in their price point categories.

2. Dimension

Unique to the industry, the reflective shine of *Dimension* takes games to the next level with a subtle, dimensional luxury. Developed by Scientific Games UK teams in 2018 and launched internationally, this versatile game enhancement is coming to the U.S. in early 2023. A transparent holographic overlay allows the graphics below to shine through, creating a reflective effect.



on the entire ticket including the scratch-off area. Or it can be used to highlight specific areas on the ticket.

Dimension offers well-known holographic patterns like Cracked Ice and Stella (stars). A Scientific Games exclusive, Spheric Lens is the newest three-dimensional pattern that creates depth and movement at different angle refractions. Spheric Lens has the dimensional effect of spherical circles that simultaneously appear above and below the game graphics.

3. Platinum Foil

Instant games shine bright like never before with *Platinum Foil's* limitless combinations of color and high-impact graphics on a mirror-like surface. Spanning categories and themes including licensed properties, multipliers, extended play and blowout games, *Platinum Foil* is proven to be one of the easiest and most versatile ways to upgrade a game and potentially reach more players.

In a recent Scientific Games ONEvoice panel of over 1,000 players, 76% had strong purchase intent for *Platinum Foil* games.

Platinum Foil offers all the benefits of foil but elevates a product further. It's perfect for designs that maximize the display area, similar to Scientific Games' *Integrated Holographic* enhancement. *Platinum Foil's* versatility allows for any number of specialty inks or coatings to be used, and it's a great way to target variable imaging, because of its brilliant white play area for maximum contrast on *HD Games*, the company's digitally printed 3D play symbols.

The North Carolina Education Lottery was the first to use *Platinum Foil* on their family of Carolina Jackpot games with a second-chance promotion. Together the games performed above average across their price point categories.

4. LuxShimmer

Elevate games and the lottery's brand with the luxury, shimmering semi-transparent coating of *LuxShimmer*, which shifts and changes the intensity of the graphics and colors beneath. Darker under colors create a more vibrant shimmer, while lighter backgrounds create a subtle water mark effect revealed when the game reflects light. *LuxShimmer* blends seamlessly over the display



and overprint areas without any need for separation, creating a unique game design perfect for scene, pulse and families of games.

The Colorado Lottery and Pennsylvania Lottery utilized *LuxShimmer* on their *Founding Fathers and Presidents* and *Money Family* of games, respectively. After 16 weeks, the Colorado Lottery's family of games collectively indexed at 114 and the Pennsylvania Lottery's at 116.

5. MicroMotion

As the exclusive, worldwide provider of *MicroMotion*, Scientific Games uses a patented process with a series of special coatings on a highly reflective foil to create the illusion of motion on games. The finished products reflect light at varying angles to create a dazzling effect. The company's innovators re-engineered *MicroMotion* with formulated inks and a specialty holographic foil hybrid combined with visual graphic enhancements and new patterns that demand players' attention.



Based on the stellar success of its \$10 *Snow Much Fun* game in 2021 featuring *MicroMotion* snowflakes, the Pennsylvania Lottery brightened its \$10 *Ho Ho Holly* \$50 or \$100 holiday game in 2022 with *MicroMotion* holly leaves. Loaded with prizes and bonus play the game dazzled at retail, winning players over with a performance index of 130.

In fiscal year 2022, *MicroMotion* products performed nearly 15% better than other games in the U.S. at their price point categories.

6. HD Games

In 2017, SG was the first to bring players an enhanced play symbol experience. *HD Games* give players high-definition, easy-to-read numbers and play symbols for a modern, crystal-clear scratch experience. This patent pending game enhancement elevates the overall game experience with high definition variable imaging that allows much sharper detail with 3D characters, prize symbols and fonts.



Every *HD Games* product starts with a premium paper stock, followed by a full or spot HD gloss, depending on the game design. Underneath the high-definition imaging, players find a brighter play area with improved contrast and clarity. Deep within this new, brighter play area is the new *SecurTag*, an additional security tool for authenticating top prize winners. The ticket



back features a second display color that can pair with price point color themes to help retailers and warehouse employees easily identify games.

Since 2017, HD Games contributed over \$4 billion in sales to the industry with more than 100 games launched. Players are clearly enjoying the 3D play experience, with HD Games performing about 12% better than other games in their price point category. In fiscal year 2022, HD Games sales grew by nearly 36%.



7. Sparkle Select

Scientific Games expanded its innovative Sparkle product line to include the brand new Sparkle Select series of foils. Sparkle Select combines the best of brilliant metallics with the intriguing glow of holographics to give games an extra wow factor.

New Hampshire's \$500,000 Fortune game was the first to use Sparkle Select with a Gold Twinkle pattern that blends small holographic twinkling dots with a beautiful gold finish. The game went on to become the Lottery's most successful \$10 game that year and reached \$500,000 per week in sales by week five. The game sustained

popularity with players, and the Lottery is now on its third iteration of \$500,000 Fortune which has been enhanced with the Lots of Dots Sparkle pattern in purple, green and yellow.

The Delaware Lottery's \$10 Lion Share game featuring Scientific Games' advanced graphics and Copper Hasty Sparkle Select pattern exceeded expectations through week 10, selling 41% better than the other \$10 games in the market.

In 2021, the Pennsylvania Lottery launched its first \$50 game. Featuring Sparkle Select, in the first 10 weeks retail sales were more than double other \$50 games in the U.S. launched that year on average. The Green Jungle pattern highlights money graphics across the \$5 Million Money Maker game. Pennsylvania players embraced the game, and it was reordered after only five weeks on sale.

8. Monopoly Secret Vault

Guess the code and win BIG. The excitement builds as players scratch to reveal Mr. MONOPOLY's vault filled with riches and colorful, holographic play symbols. The latest addition to the globally recognized brand, MONOPOLY Secret Vault features new assets and designs for lottery games while maintaining the classic MONOPOLY icons consumers know and love.

Offering unique opportunities for Strategic Product Enhancements, MONOPOLY Secret Vault is an extension of lottery's highest-performing licensed brand and it's offered exclusively by Scientific Games.

9. Rose Gold Sparkle

The beauty of rose gold blends with shimmering metallic sparkle for a truly dazzling effect on games. The color has grown in popularity in fashion, décor and many other consumer products over the past several years. Now, it's available in lottery games with Scientific Games' Rose Gold Sparkle – a brilliant metallic with a rose holographics glow. Now available in digitally printed HD Games fonts to seamlessly bring the luxury theme into the play area.

Since 2018, a total of 12 Rose Gold games have launched with an average index of 105.



10. Punch N' Play



This unique enhancement extends the excitement as players advance through multiple steps and levels in a coordinates-based game featuring a fold and hole punches. Players scratch the coordinates and mark the corresponding play spots on the grid. If three matching symbols based on the prize legend are revealed, the player wins.

The opportunity to win continues as players then fold the ticket at the score, punch out the perforated holes, and scratch the corresponding spots on the grid to reveal more symbols. If matching symbols based on the prize legend appear, the player wins.

In Punch N' Play product testing, players responded positively. Extended play game fans particularly loved the extra ways to play with the fold and hole punches.



11. X's & O's

A new twist on a classic player favorite! The more consecutive X's & O's, the more players win as they scratch to reveal bright holographic play symbols. This brand new *Strategic Product Enhancement* from the Scientific Games Dream Team is a breakthrough playstyle and perfect for pairing with the high-definition vibrancy of *HD Games*.

Players scratch to reveal coordinates and mark them on their play grid utilizing the company's patented *ClearMark* marking system. If three or more X's or O's are revealed in a row, column or diagonal based on the prize legend, the player wins. And the more X's or O's in a row, the more the player wins!



12. Loteria Bonus Night 3D

It's authentic *Loteria*, unlike anything lottery players have yet to experience as scratch game bonus symbols come to life in a digital second-chance promotion. This unique augmented reality game extension connects players from a physical *Loteria* scratch game purchased at retail to a life-like second-chance win opportunity played exclusively via the *Loteria Bonus Night 3D* mobile app (available on the App Store and Google Play).



The timing for augmented reality is right for lottery games. While lotteries have experimented with AR products in the past, AR mobile technology is now widely accessible. Currently, there are an estimated 1.1 billion AR user devices worldwide, expected to rise to 1.7 billion by 2024.

Nearly 100% of mobile smartphones sold today are now augmented reality enabled.



The scratch game, AR second-chance digital extension and mobile app were created by Scientific Games' global game studios in partnership with Fremantle, the exclusive licensor of the original Don Clemente *Lotería*.

Behind the scenes at Scientific Games, engineers, chemists and production specialists are testing new inks and papers while innovation and game design teams collaborate with marketing analysts to make sure lotteries have the best-performing products for their portfolios. The analysts study performance trends from game launch through entire lifecycle and prepare customized marketing plans for each customer.

"Lotteries want to generate maximum proceeds to their beneficiaries while delivering a memorable experience for players," Hodges explains. "We help them deliver an experience that brings the player back to the retailer or takes them online to continue engaging with the lottery. We help create that ecosystem through the science of total portfolio management."

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MOVING THE NEEDLE NOW: Maximizing short-term results

Ryan Mindell



In Texas, Gary Grief and Ryan Mindell have overseen an incredible period of growth for the lottery over the past few years. With highly restricted online options, they have focused on their instant ticket product, launching successful families of games, offering attractive second chance promotions, adding technology that aided retailers, pushing ticket denominations as high as \$100 (in fact, during the pandemic, tickets of \$20 or more accounted for 82% of Texas' sales growth). In short, they have used every weapon in their arsenal to help grow both top- and bottom-line revenue for one of the country's largest lotteries.

Ryan Mindell, Deputy Executive Director, Texas Lottery, was the perfect person to lead a panel focused on taking immediate action to maximize short-term results. For this discussion, he was joined by:

Gary Grief, Executive Director, Texas Lottery

James Carey, Executive Director, New Jersey Lottery

Maxwell Goldstein, Vice President Sales-Americas, Carmanah Signs

Sarah Taylor, Executive Director, Hoosier Lottery

Brad Thompson, Vice President Sales & Marketing, Pollard Banknote

Ryan said that in Texas, he and Gary balanced activities that could immediately impact revenues (such as increasing scratch ticket denominations) with those that take a bit longer to implement or come with a longer ROI timeline. "The decisions to increase price points on scratch tickets was

easy because we can create a plan that has a predictable and immediate impact on revenue," he said. "There are other investments in retail that can take longer and require work from different internal groups, such as selling in-lane. These activities may be key to long-term sustainable growth but typically involve a more methodical process that takes longer to implement and generate concrete results. For the purposes of this panel discussion, we will be looking at ways to generate material short-term results, ways to move the needle this month and this quarter."

Brad Thompson focused on the price points of scratch tickets, which has received increased attention from many lotteries during the past few years. "Lotteries have added more price points. Even smaller lotteries, which didn't think they could successfully offer \$20 or \$30 tickets in their portfolios, have seen a positive response from consumers," he said. "Lotteries are taking advantage of what happened during COVID when lottery was the only gaming option for many months. We saw players migrate to the lottery, particularly casino customers in search of other options and when they started playing lottery, they realized it's a good option. We've been able to keep many of those players by continuing to offer high-prize games. For lotteries like Texas which have already taken the path towards high price-points, the key is to continue launching enticing tickets with engaging promotions. For other lotteries which are just starting their journey up the price-point route, they should move in a progressive manner and not flood the market too quickly. And with all lotteries,

the tickets need to be supported with appropriate marketing campaigns, both at retail and online. All these moves together can lead to sustained revenue growth, as well as producing short-term sales increases."

At the Hoosier Lottery, **Sarah Taylor** said she presses her team to implement games and programs which will appeal to players and maximize revenue. The Hoosier Lottery has an Integrated Services Agreement with IGT Indiana, allowing the vendor to handle the day-to-day functions related to sales, marketing and product development – as well as distribution of product. "We spend a lot of time working on our retail plans – Which tickets will be on sale during which months? What are the price points? Are there draw games that need to be added?" she said. "For us, there are things that we can do which, while incremental, can have a strong cumulative impact on our revenue. It might be adding four scratch ticket towers at as many retailers as possible or strategically launching Fast Play games. It is also important to focus on your key accounts and how you are supporting their efforts. Can you ask them to add a vending machine at their locations? Is lottery located in a good location within the state? Is there anything we can do to incentivize them to pay more attention to lottery and increase sales? When combined, all of these tactics – from scratch ticket price points to focus on retail – can make a big difference in a relatively short time period. The measurement, of course, is in the bottom line."

Like Sarah, **Jim Carey** works with a private operator in New Jersey (a joint venture between IGT and Scientific Games known as Northstar; Hoosier Lottery works with

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SHEM'S



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GAMING



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Following is an executive summary of one of the fabulous keynote speeches delivered at the World Lottery Summit Vancouver.

Marga Hoek is internationally recognized as a business leader, motivational speaker and author of the award-winning books

The Trillion Dollar Shift and *New Economy Business*. Her focus is on empowering fellow business leaders who want to lead

transformational change in their sector and grow a business that prospers sustainably.

THERE IS MUCH WORK TO BE DONE, NOT A LOT OF TIME IN WHICH TO DO IT, BUT CHANGE IS STILL ACHIEVABLE.

As a business leader with an eye on how we treat our planet and its finite resources, Marga Hoek is keenly aware of time. But not the time on your watch or phone – the time we have existed as a planet, the time humans have walked the earth and, most importantly, the time remaining for us to reverse the damage inflicted on the earth since the start of the industrial age almost 200 years ago. Hoek's headline – there is much work to be done, not a lot of time in which to do it, but change is still achievable.

As the author of many books about how businesses can positively impact society, Martha understands that while the shift towards sustainability won't be easy, it is critical to our survival. She has spoken at international forums, such as G7 and G20, and is recognized as one of Fairforce's Global Top 100 Green Board Members. So she know of what she speaks.

Martha highlighted some of the biggest problems facing the world's population. They include:

- **PLASTICS:** This is a hot topic in recycling circles. We currently only recycle 8.6% of plastic we use. By 2050, there will be more plastic in the world's oceans than fish. Over the next 10 years we will dump 40% more plastic in the sea than in the past 10 years.
- **FOOD:** Ten percent of the global population goes to bed hungry. There are structural issues that lead to the waste. But what we waste could feed everyone on the planet for two years. We lose and waste one-third of all food produced.

In 2015, 193 companies signed up for a joint agenda for the world – 17 goals to

be reached by 2013. A lot of goals.

"We've always known that there are individual things we need to do to help the world," she said. "But in 2015, there was a recognition that there was a comprehensive list of goals we need to reach. That is how this agenda got put together. It isn't just one or two goals we need to reach, it's many more that are all linked together."

Among the goals:

- Climate Change: The goal is to lower the world's temperature by 1.5 degrees.
- Education: Primary and pre-primary schooling is critical but in developing countries, only 20% of children have access to this early education. It's the opposite in developing countries.
- Justice: So much money is spent on the criminal justice system. Small changes can free up money for other parts of the agenda.

"As we head towards 2030, some countries have made good headway towards achieving these goals," Martha said. "But many others, including many developed countries, have much room for improvement and not much time to improve."

Technology has changed the world, but we must decide what to do with our advanced technology, she said. If we agree that we need to radically change the world, we will need radical technology. It will take "moon shots" – initiatives huge in scope which tackle some of the world's most vexing issues.

Some examples of recent moon shots:

Universal internet – Undertaken by Google, this is an initiative to bring the internet to as much of the world as possible. Ultimately, the goal of univer-

sal internet didn't happen but this initial program has allowed large swaths of the world to now have internet access.

Smog "eaters" – German architects have created buildings which "eat" the smog around them and place clean air back into the neighborhood. This technology is at the leading edge of construction projects with a core feature but which can accomplish a variety of end-goals.

Drinking water – Lack of access to drinking water is a huge problem around the world. Numerous businesses are now focused on how fresh water can be brought to even the most remote areas.

Education – Using phones to bring classrooms to those with no access to education. In places around the world with little or no education access, two-way interaction can be brought to children through their phones.

Marga said the younger generation is pushing society to solve the issues facing the world. These groups weren't alive when the issues were created but are pushing for solutions – quickly. Eight out of ten millennials have said they want to work for purpose-driven companies which understand there are problems they can help solve.

"The growth markets are going to be driven by consumers who want to support companies that care about the world and work to solve the issues facing us today," she said. "It is critical to put money towards problem-solving. If we can support those who are helping make the world a better place, we will be closer to a solution."

"We must all contribute to a better world and do it quickly," she said. "We only have one planet and we must do all we can to make it a better place for everyone." ■

LOOKING FORWARD – LOTTERIES OF THE FUTURE



THE EUROPEAN
LOTTERIES
FOR THE BENEFIT OF SOCIETY

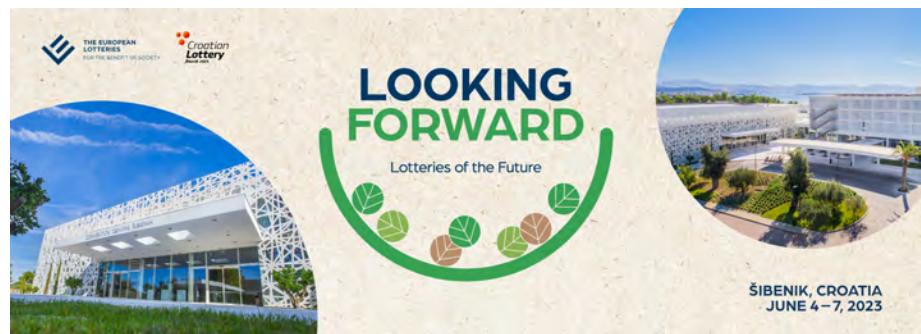
11th EL Congress & Trade Show 2023



2023 is set to be another busy year for The European Lotteries (EL), with the comeback of physical events and the chance to meet more often in person. Before we know it, the summer will soon be upon us, and with that comes the lottery event of the year – **the 11th EL Congress & Trade Show!**

After three years “on hold”, together with the EL Executive Committee, hosting Lottery and EL’s Partners, we are LOOKING FORWARD to the return of this special EL event with the focus theme on lotteries of the future. Set in a beautiful region, characterised by its Mediterranean climate and picturesque landscape, the **11th edition of the Congress and Trade Show** will take place from 4-7 June in Šibenik, Croatia, kindly hosted by the Croatian Lottery (Hrvatska Lutrija)

The Congress programme will be future looking. It will include inspiring keynote speakers on relevant themes such as the Metaverse, corporate culture and E-sports. It will have state of art examples of new techniques and the latest on



artificial intelligence. All EL Working Groups will provide their specific topics on the second day of the event. An attractive Trade show will bring the latest developments by the leading suppliers of the lottery sector and will be the place to meet, experience and do business. The 11th EL Congress and Trade show will bring magic that you will never forget.

Bringing together lottery professionals from across Europe and the rest of the world, this will be the occasion to exchange, network, share new ideas and look forward!

Visit the EL website for all information about the Congress, updates, and how to register: <https://www.european-lotteries.org/events/el-congress-2023-0>

The Congress takes place at the Sibenik Convention Centre and at the two Amadria Park 4* hotels IVAN and JURE.

On the occasion of the Congress, the EL General Assembly will take place on 7 June with elections for a new EL Executive Committee.

IGT's Top-Performing elnstants Fuel a Rich Pipeline



Top performers all driven by game performance data, analysis, and customer insight. IGT's growing team of game developers create a dazzling spectrum of engaging content for players around the world, ensuring a diverse portfolio of mechanics, many ways to win, and high-impact artwork.

IGT's 2022 elnstants news headlines read, "Red Hot Progressives," "Chart Toppers," "Reimagined Favorite Brands" and "Play it Local." IGT expanded its dedicated elnstants studio with an investment in talented developers who turned up the heat to increase the library with blistering new titles, all driven by game performance data, analysis, and customer insight. Ensuring a diverse portfolio of mechanics, many ways to win, and high-impact artwork, the team created a dazzling spectrum of engaging content for players around the world.

All player segments enjoyed IGT's progressive jackpots, thanks to varied play styles and imaginative themes. In fact, IGT's three progressive titles comprise over 40% of its top 10 total global elnstant sales. Bank Buster Jackpot and a localized version, Georgia Jackpot Bankroll, was IGT's number one game, smashing through the amazing \$50 million sales barrier with ease.

IGT super-charged its tumbler mechanic to enhance game performance and drive sales. IGT's tumbler mechanics make up over 40% of the top 10 global game sales. Prize Potions and Dragon Spawn proved to be chart leaders in 2022, a result of their strong tumbler mechanics, choose-your-adventure bonus round, instant wins, free turns, and entertaining graphics and sound packages.

"Between the fun bonus rounds, special features, and beautiful artwork, these games have it all," said **Chris Costello, Senior Director iLottery elnstant Studio.**

"Talented designers' attention to detail brings our games to life. This impact is also seen in the sales, as Prize Potions is ranked number three for total global sales."

Cleopatra Clusters Jackpot capitalizes upon IGT's ever-popular proprietary brand. The tumbler mechanic matches clusters of Egyptian-themed symbols to win a Cleopatra bonus round or free turns

– augmenting the entertainment value. This relative elnstant newcomer already demonstrates all the signs of becoming a high performer as it consistently achieves \$250,000 in sales per day, making significant contributions to revenues for worthy causes.

The audience shouts "WHEEL-OF-FORTUNE!" during every episode of this iconic TV show, and the chant is part of IGT's entertaining elnstant game, Wheel of Fortune® Prize Burst. Tapping into one of the most successful syndicated programs in history, IGT also incorporated other iconic aspects of the show into its elnstant game to delight fans. Players will feel like they stepped into the game show with familiar icons, sounds, and of course, the wheel prize spin.

"This brand has such a large following. Wheel of Fortune Prize Burst had the second-highest percentage of players at

launch, reaching 75% of players in its first three days," said Costello.

Localizing games was another winning strategy for IGT, which customized game titles and crafted bespoke content for its customers around the world. IGT renamed Precious 7s to Georgia Gems 7s in the Peach State as part of its strategy to cater to local markets. Precious 7s, a successful scratch ticket, translated well to a Collect Symbol Match instant with a strong gems theme. As seen with previous localized titles, players reacted positively: Georgia Gems 7s ranks in the top five total sales since its launch.

2023 Pipeline Peek

IGT's 2023 instant program promises to break even more records. With key learnings from the success of enhancing game mechanics and features in 2022, and a pipeline of 50 new games, players can look forward to a bumper year of exciting features and themes like these in 2023:

- **Adding a multi-level progressive jackpot feature.** Based on past progressive analytics, IGT added mid-tier wins to its latest progressive, because players like the chance to win smaller amounts more often, along with the jackpot prize. Each prize tier is configurable by the lottery based on the preferences of its player base.

- **Growing the portfolio of IGT's proprietary brands.** Launching in early 2023: Double Diamond, a modernized version of this brand, and The Wild Life Clusters with jackpot version.

- **Developing new licensed content.** Coming Soon: Ghostbusters™ Prized Possessions packs quite a proton punch. The game's strong design, entertaining bonus rounds and eye-catching animations are destined to make it a supernatural success.

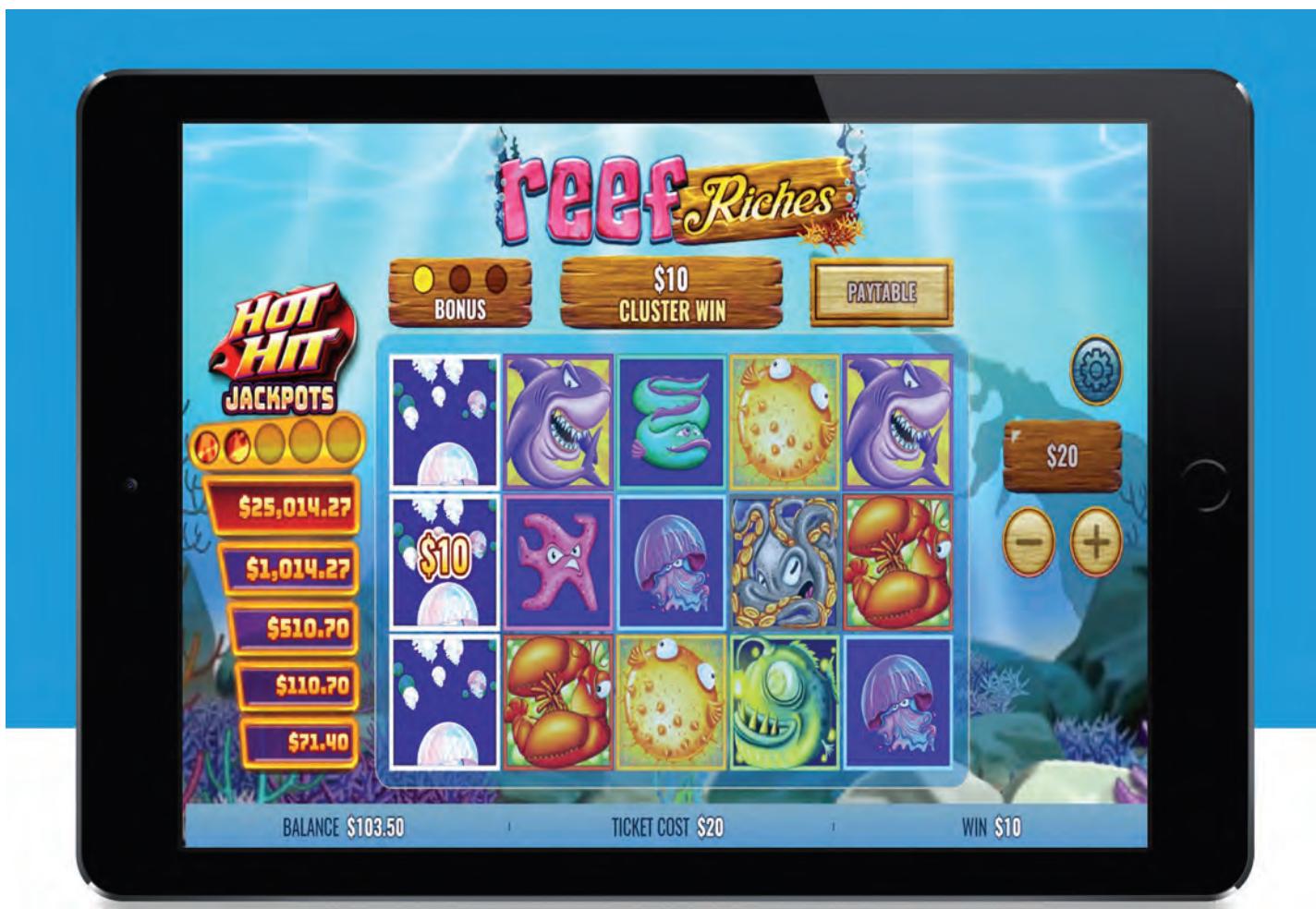
- **Expanding the endearing EmotiCollect theme** with a fourth title, joining this globally popular family of games.

With a data-driven and thoughtful design development approach, IGT's growing team of game developers is well equipped to create high-performing new offerings that will appeal to lotteries' diverse player segments and deliver record-breaking sales and returns to good causes. ■

For more information about IGT eInstants, contact your Account Manager. To play these games and view IGT's pipeline, request an IGT iLottery Showcase account at IGTiLottery.com

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Reef Riches features a multi-level progressive jackpot feature, allowing players more ways to win.

like Jackpocket assume the costs and take the risk,” he said. “When we had the large Mega Millions jackpot over the summer, Jackpocket was the number one retailer in the state. What does that tell you? iLottery is all about convenience. It also shows us that younger players want this convenience as well. This is the future of lottery and I wish more of us were allowed to sell online.”

Julin Shaw has been at the epicenter of iLottery, working for NeoPollard Interactive on their business development activities. “For someone like me who was working on mobile apps and loyalty programs, the move to iLottery was exciting,” she said. “In 2014, we launched the Michigan Lottery iLottery program and it showed the industry the potential for this next step in digital engagement. The risks we took paid off because iLottery was a big success in Michigan and other states have followed in their footsteps.”

Bishop Woosley brings the perspective of a former director who, like David and John, tried unsuccessfully to launch an iLottery program and now is on the vendor side, working with the U.S. industry’s largest courier – Jackpocket. “It’s amazing what has happened in Arkansas,” he said. “In 2019, we received permission from the Governor to start selling in the state and within a month they were the top selling retailer. Jackpocket provides lotteries not authorized to implement iLottery themselves the ability to make the products available online while not taking the risk that has kept many states on the sidelines. Truly a win-win.”

Frank Suarez has worked at two iLottery jurisdictions – North Carolina and D.C. The major difference between the two lotteries is that in D.C., he has a full slate of online products to offer his players. “North Carolina is a conservative state, so we basically launched a platform and offered a few draw games,” he said. “Everyone was afraid of online cannibalizing the retail product, so we were not allowed to sell many of the games. Total opposite in D.C. We have it all and can offer our players an array of games. Two very different experiences.”

Keeping with the panel’s theme of “If We Knew Then What We Knew Now,” John asked Amy how her past experiences have shaped her current work at Scientific Games. “The first iLottery experience in

Minnesota had a host of limitations – low payouts, low maximum spend, total spending cap of \$50 a week,” she said. “So many restrictions got in the way of the player’s experience despite the best efforts of the lottery. What we’ve learned over the years is that to attract and retain players, you must engage them as soon as they log on to your web site. The experience of registering has to grab them and easily explain what they have to do. Funding the wallet must happen quickly. And within minutes, they are playing games that will appeal to them and keep them returning. We’ve learned so many best practices over the years and also learned what can negatively impact programs. Today’s iLottery programs will launch with many more chances for success than in the past.”

NeoPollard Interactive is using its wisdom and experience to provide others with the understanding of how to launch and run a successful iLottery program. They teamed with Spectrum Gaming on a report called The Future of iLottery which addressed many of the topics covered in the panel. Julin said the report serves as a guide to states that are looking at the potential of iLottery.

“We wanted to provide lotteries with the tools necessary to talk with their legislators and policy makers and overcome the obstacles that typically arise in iLottery discussions,” she said. “The impact on retail is usually the number one topic raised in the debate. So we looked at retail sales since iLottery launched and in all cases, retail sales rose in every state that has introduced iLottery. This is such important data for lotteries because it validates what we have all known about iLottery from the European experience. As iGaming and sports betting continue to dominate conversations, the data from this report will help lotteries show that not only does iLottery provide the largest new revenue to states, it also helps lottery retailers increase their sales.”

Mike picked up on the retailer discussion and noted that lotteries have to be persistent in communicating the positives of iLottery. “The data from Europe was helpful in the first wave of iLottery launches and now we have a wealth of data from the U.S. experience,” Mike said. “Unfortunately, retailer associations have, for the most part, been roadblocks and probably will continue to be naysayers.

They exist to deliver the message that iLottery is your enemy. Even the strongest data is not going to change many minds overnight. But we have to keep delivering the message, making sure we continue to drive home the positives of iLottery to the retail community. At some point the facts will get through to the decisionmakers and help make the process easier for lotteries.”

While iLottery means eScratch games to most people, eDraw games are also an important product line for online programs. Frank has experienced this at both North Carolina and D.C. “In North Carolina we looked at taking a standard Keno game and putting it online but the ultimate game is very close to eInstants, which aren’t allowed in North Carolina right now,” Frank said. “Our work continues to evolve in D.C. We would like to take monitor games, which feature good entertainment, and offer them online. But it’s a process. Payouts are a concern. Do we increase them online? We know the big jackpots of the multi-state games increase our registrations. Beyond the large jackpots, draw games just don’t attract much attention. We have to increase the entertainment value so that draw games can be considered in the same category as eInstant games.”

Brad said that EQL Games is laser focused on revitalization of the draw game category. “Taking the retail draw games and simply putting them online is not enough,” he said. “How can we create a draw product that is as exciting and engaging as other online products? You need a payout that will attract players, so we start there.

Within the game of chance category, how can we create the types of games that make iGaming so popular? EQL is leading with sports and game outcomes, which we know are attractive to a majority of lottery players. Let’s bring strategies from other industries and use what we can for iLottery draw games. Creative thinking will lead us to games that will attract players and drive revenue.”

The two panel members who have served as lottery directors – David Barden (South Carolina) and Bishop Woolsey (Arkansas) – brought a slightly different perspective to the draw game discussion.

First up was David.

“We hear a lot about eScratch games but I think it is shortsighted to not put focus

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SCENES FROM THE WORLD LOTTERY SUMMIT VANCOUVER



1. View from the Convention Center 2. Keynote Speaker Marga Hoek 3. Pollard Banknote Presentation
4. Break time 5. Keynote Speaker Leonard Brody 6. Drew Svitko and Michelle Carney
7. CEO Panel Discussion (R. Paul, D. Pollard, P. McHugh, F. Cairoli) 8. and 9. Doing Business at Trade Show
10. Darrell Smith being interviewed by Paul Jason 11. Keynote Speaker Jim Harris 12. Norm Lingle and Rose Hudson 13. Lynne Roiter and Luca Esposito

SCENES FROM THE PGRI LOTTERY INDUSTRY HALL OF FAME CEREMONY AT THE WORLD LOTTERY SUMMIT VANCOUVER



1. Class of 2022 Hall of Fame: David Barden, Luca Esposito, Romana Girandon, Drew Svitko 6. Wendy Montgomery and Gary Grief
7. David Barden, May Scheve Reardon, Angela Wong



8. Pat Mchugh, Rose Hudson, Jennifer Westbury, John Schulz 9. Susan Jason 10. Rebecca Paul 11. Lynne Roiter 12. Paul Jason and Luca Esposito 13. Luca Esposito 14. Hansjorg Holtkemeier 15. Romana Girandon 16. Members of the PGRI Lottery Industry Hall of Fame 17. Hanjorg Holtkemeier and Romana Girandon 18. and 19. Women's Initiative in Lottery Leadership (WILL) Reception

on our most widely-known games – Mega Millions and Powerball,” said David. “For states like New Mexico that don’t have iLottery, we can offer online product sales through couriers. They allow our players to purchase our draw game products through their phone. Given what is happening in the rest of the retail world, it’s a shame that our lottery can’t offer a full range of online products. But until that day, all of us in this boat have to be creative. Encouraging the use of couriers is one of those creative avenues. At the same time, I know that these companies are reaching a younger audience that we aren’t reaching using our typical sales channels. Even better, in New Mexico a few of our larger retail outlets are serving as couriers by offering online sales. If we can get other retailers, particularly the chains, to follow suit it will be truly the best of all worlds.”

Bishop said he tried a few different avenues to sell online while director in Arkansas. Couriers would have solved many of the roadblocks he faced.

“I was opposed at every turn when we tried to do even the most basic things, like allow debit card sales,” he said. “The courier model works because companies like Jackpocket actually work with retailers, which mutes the arguments of retail associations. I’ve had discussions with retailers in Arkansas who had questions about the retailer model where I told them they could create a platform and offer games like the couriers. That is the great thing about the courier model – it is open to all retailers. For states that haven’t yet legalized iLottery, couriers offer a way to open lottery to new channels and new demographics. For those lotteries that allow couriers, the results have been positive. Revenues have grown. There’s been no negative impact on retailers. It shows that couriers can co-exist with retailers by simply providing another way for customers to purchase lottery products. Additionally, couriers spend a lot of money on advertising and for states that are pinched on advertising spending, it’s another way to spread the word on lottery products.”

Using his own experience with trying to get an iLottery program approved in Maryland, John moved the discussion to how to answer the arguments about negative impacts on retail. “We spend a lot of our time working with our retailers and for good reason – they are the connection to our players,” he said. “But when it

comes to iLottery, those conversations have typically taken a negative tone. How can we change that? How do we show retailers that iLottery is actually a win for them?”

Mike said it’s all about education and content. “We know we need to continue to educate retailers,” he said. “Lotteries are doing this every day on a range of topics so they have years of experience in communicating with their retail partners. But that’s just part of it. We need to continue to find ways to offer content that crosses between the retail and digital worlds. Buy at retail, get free plays online – buy online, get free plays at retail. We need to utilize tactics which connect the retail and digital. Retailers will see that online can help promote their sales. This will be more effective than any data we can show them.”

Julin said it is a careful balance between making retailers comfortable and maximizing revenue. “While lotteries might have to make some concessions to retailers to launch their program, they want to be careful to not lock into anything that will hurt revenue,” she said. “The better tactic is to look at your decisions and decide if they will help you reach your goals. If your primary goal is to just get your site launched and build it out over time, you’ll make decisions much differently than if you want to launch with a full range of products and maximize revenue immediately. We have found that the more information you provide up front, the better retailers will feel about any digital program. They are part of the process so they should be treated as part of the solution.”

Bishop said letting the data do the talking can be impactful. “Thinking about my time as director and my current work with Jackpocket, we have so much data that shows that retail can survive and thrive in the digital world,” he said. “Let’s use that data to tell our story and show retailers the very real examples and success stories in the state offering digital sales. Lotteries have options – from loyalty programs to online sales to couriers which offer products. Let’s make sure we lead with our strengths when talking with retailers and other decision-makers within our jurisdictions.”

Frank brings experience from both sides of the digital experience. “I’ve worked at a lottery that tip-toed its way into digital and currently work at a lottery that is all-in,” he said. “Each road to digital has its positives and negatives. If you go slow, you have to be comfortable with the fact that you won’t

be earning strong revenues for many years. If you decide to launch with a full offering of products, you hopefully have prepared your retailers for what is being sold online and how it will help their in-store sales. It all goes back to your retailer relationship, which is built over years of communication and trust. We need to protect our investment in that relationship.”

As a content provider, Brad said lotteries need to make sure the games they are offering will succeed. “Having the ability to sell online is only half the battle,” he said. “Once your players are visiting your online site, what are they seeing? Are they seeing exciting, engaging games that provide a fun experience, reasonable payouts and winning opportunities? Or are the games basically scratch games in a digital format? For those of us who create the content for iLottery sites, we believe it is the exciting games which will attract players and drive revenue. This has been borne out by the games that have succeeded for lotteries across the world. Those results should drive what we offer to players in the future.”

Amy said lotteries can learn a lot from what is happening with iGaming. “While the iGaming market has a higher level of spend than iLottery players, we can look at the diverse content that iGaming platforms successfully offer and use it as a model to follow,” she said. “iGaming makes use of the data collected through their CRM platforms. Lotteries should use the data they have collected both to attract players to their online sites and drive the back-and-forth between digital and retail. The casinos that operate online are always going to outspend lotteries. But there is one weapon lotteries have that casinos don’t have – a huge retailer network. Let’s leverage this competitive advantage to communicate with our players and make sure they are aware of all their playing options.”

David wrapped things with a few words of wisdom. “Every lottery has to do what’s right for their individual jurisdiction,” he said. “We know that online is the future for all retail, and lottery is not an exception. But we can only do what our constituents and legislators will allow. Even if you can’t sell online now, make sure you offer the most robust digital offerings as you’re able. This will prepare you for the day when things open up. Your players are online in most aspects of their lives. Lotteries need to be there with them.” ■

IGT). Together, the NJ Lottery and Northstar have created initiatives with both short- and long-term impacts. "Long term, we're changing game structures which we think will make a difference," he said. "The two biggest changes are with our in-state jackpot game – Pick Six, where we doubled the price and added a double play option. Our Numbers games – Pick Three and Pick Four – are moving from parimutuel to fixed prizes in November. These are all long-term initiatives. In the near term, we have engaged our Lottery Sales Representatives to distribute game coupons at more than 3,000 locations. We can follow how many of those coupons are used and the result of those purchases. These are easy-to-implement programs and I believe that this personal touch between the LSRs and retailers will have an immediate effect on sales. The retailers, who already have an economic incentive to promote lottery, can pass along offers to their customers and help further drive sales."

Of course, game changes aren't the only methods for impacting short-term results. How lottery products are marketed to players has a direct result on activity at retail and on how players understand games and promotions. Front and center in this area is Carmanah Signs. "Making lottery more visible to consumers is a critical component of the sales process," said **Maxwell Goldstein**. "As lotteries search for new sales locations, such as in-lane, the need to engage and educate customers becomes even more important. Clear messaging delivered through the latest digital signage technology is the most effective way to reach players. Technology has also allowed us to tell stories in much more engaging ways. Gone are the days of static images and infrequently updated content. Now we can pull information directly from an API, programmatically updating jackpot values, game information, winner information, and adding new games instantly. Different digital displays can be placed at different locations throughout retail, with content targeted for specific points in the player journey. The impact of these changes is real and measurable."

In Texas, **Gary Grief** has overseen an incredible increase in scratch ticket sales, starting even before the pandemic. Despite a limited advertising budget, he and his team have been able to break sales records each year over the past decade. "Managing your scratch ticket portfolio is the most

efficient path to driving short-term revenue, year over year," he said. "We focus the majority of our ad dollars on our big money makers and that's our scratch ticket families. Our annual plan is to launch at least two families of tickets each fiscal year and the results speak for themselves. That is where we 'make our living' in Texas. We blanket the state with promotional billboards and use our social media platforms to spread the word on these tickets.."

As important as it is to drive results in the short term, it is also critical for lotteries to make plans for the future. "With so many scratch tickets being planned and delivered to retail, it's easy for lotteries to get distracted," Ryan said. "Lotteries need to also plan for the lean times and the best time for that is when sales are strong. How we split that focus is a critical decision. Investing in the future should be a measured planning process that is taking all parts of the business into account."

Maxwell Goldstein said that staffing issues are a key factor driving the need for technology that provides players with automated lottery product information. "With the majority of lottery sales taking place at convenience stores, and those stores having some of the highest employee turnover in the retail industry, lotteries face both a challenge and an opportunity in how they reach their players," he said. "Carmanah's solution is to help lotteries build a digital communication platform at retail, delivering targeted content using technology such as Digital Menu Boards, Digital PlayStations, and small footprint displays at the point-of-sale. This enables lotteries to attract and engage all levels of players – from lapsed or light players to core players. Technology replaces the need to ask a clerk for information while also speeding up the checkout."

"Traditional retailers are picking up the pace of technology adoption, and there is a need to keep lottery products on a level playing field with other impulse purchases," says Goldstein. "Advanced digital experiences assist retailers in serving their customers and are particularly beneficial for lottery."

In conjunction with their constant work on scratch tickets, the Texas Lottery is undertaking several initiatives that will strengthen the business into the future. "In-lane sales and our API project are two examples of programs which, when

implemented, will strengthen the lottery for years to come," **Gary** said. "But make no mistake, these projects take time and effort which can be in short supply when you're dealing with the day-to-day workings of a lottery. As leaders, we have to determine the proper balance for our employees' time. Everyone has a point of view on what is best – from the lottery to the retailers to the third-party vendors. Long-term plans that involve the retailer community can be difficult because many vendors are hesitant to invest resources into something that won't show revenue right away. We try and convince them that this is an investment into the future of their business and will result in sustained revenue increases for many years to come."

Jim used the example of the horse racing industry, which has suffered attendance and wagering declines since he worked at a New Jersey track in the 1980s, to show why long-term planning is critical and why the lottery industry needs to avoid sitting on its laurels. "Our industry – and gaming overall – can change quickly and we must always be planning for the future," he said. "For the lottery, this means taking steps into online sales and the new Jersey Lottery will start with draw games. We'll work with our retailers to make sure their concerns are heard but it is important that we start having an online presence. If we want to survive as an industry we have to remain relevant which means building a digital presence like most other consumer products. Start the planning today so you're not caught by surprise in five or ten years."

Pollard spends much time working with customers on programs which expand the player base. **Brad** said there are several ways to do this. "We ask our lottery customers, 'how can you remain relevant to the younger players, what do you need to offer to stay top of mind to consumers?'" he said. "Not everyone can sell online but most lotteries can offer robust players clubs. Look at lotteries like Texas which constantly provides exciting promotions with its tickets. Now you have hundreds of thousands of engaged players in a data base and you can contact them with information that promotes sales. You can also improve at-retail sales by using technology to make the purchasing process seamless for all levels of players, particularly new players. Today's customers want to find their product, pay and leave the store quickly when they are shopping. Let's make

sure lottery is the same way. These all take planning and lotteries should lean on their vendors to help them with their long-term strategy.”

Ryan wrapped up the discussions by noting that everyone on the panel has some type of decision-making role at their organization, which means they are working on both short- and long-term goals. Keeping an eye on the long term at the executive level will allow your colleagues to focus on the day to day. “But in all honesty, we tend to focus on what is right in front of us,” he said. “We have pressure to meet sales goals, exceed the previous year’s revenues. So if you could put aside long-term sustainability goals, what is one thing you would immediately start doing and one thing you would stop doing?”

“In the ‘start’ category, we would definitely put together multiple sets of working papers for more \$100 scratch tickets every year,” Gary said, with a laugh. “We would constantly run promotions and pull out all the stops to incentivize our sales reps and retailers. Of course, we’re doing pieces of these things now and the results show we’re on the right track. And on the ‘stop’ side, I would definitely stop dedicating the substantial time and resources that currently go into the procurement process which, if done right, can have a significant impact on

the long-term health of our industry.”

Max picked up on Gary’s remarks about the procurement process. “The RFP process and how contracts are awarded can be a challenge for smaller vendors,” he said. “Many technology or equipment companies need to be included in larger contracts to provide their products to lotteries. The way in which RFPs are structured can stifle the creative planning process. It would be great if we could all work together to figure out ways we can revamp the procurement process to make it easier for vendor partners to provide their goods and services to lotteries. The resulting innovation would benefit everyone.”

Sticking with the RFP process, Jim said he would love to revamp the RFP process as well as his mandatory contribution requirement. “Like most changes, we need legislative help to get things done and that is not an easy process,” he said. “There are so many requirements baked into the procurement process and the people who work with us on this have many other things on their desks. But it is certainly something that needs out attention. I also want to lower NJ’s mandatory contribution from its current 30%. It limits our ability to offer higher price point tickets and, in the end, increase our revenue. These are hard things to do but they are places to start.”

Sarah said technology is a critical place to start. “I would love to have technology changes get implemented as quickly as possible,” he said. “I understand the constraints on our partners and it is something that we can work on together. Can lotteries make it easier on vendors to implement the latest technology? Certainly, and let’s work together on our options. I also would like some of our multi-state discussions to wrap up quicker. These initiatives are not easy because we have so many different opinions involved and that can add to the execution timeline. There are some great products and initiatives in the works and we need to bring them to market quicker than now happens.”

Ryan ended by saying that there are many issues facing lotteries, both now and in the future, but today’s leaders are certainly up to the challenges. “In the end, our focus needs to be on driving as much revenue as possible,” he said. “In the short term, that means providing engaging products and promotions which will attract and retain customers. In the long-term, it means making sure there is infrastructure in place which will serve the players of the future. This balancing act is critical to the continuing relevance and success of all lotteries.” ■

Positioning for the Growth and Prosperity that follows the Cyclical Reset continued from page 16

is a version of what happened in the 1920s when the Spanish Flu ended and ushered in the “Roaring 20s.” Today we’re seeing our own version of the Roaring 20s with the rise and widespread consumer adoption of technical innovation.”

Returning to lotteries, Leonard said that driving home the story of where the money goes is key to attracting the next generation of customers. Most people under the age of 30 understand what a lottery is but most have no idea how they are governed or who benefits from the profits. For them, it is the same as giving money to a casino. “We don’t want lotteries to follow the same route as credit unions,” he said. “Credit unions are quite benevolent and are exactly what younger people are looking for. But they couldn’t tell their story or at least people weren’t listening, and they lost an entire generation of potential customers who might have been open to their dedication to communities and supporting important causes.

“Lotteries need to make sure they don’t follow that route. They need to communicate their mission to the widest audience possible,” Leonard said. “Social media is

providing avenues for communication that have never existed before. Use these avenues to reach the next generation of customers and tell them your important story.” ■



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

The Power of Powerball®: The national impact of the \$2.04 billion jackpot By Arizona Lottery Executive Director, Gregg Edgar



Altadena, California became the center of the lottery universe on November 8, after a single ticket purchased at Joe's Mobile Service won the world record Powerball Jackpot of \$2.04 billion.

The win is unprecedented in its scope and will be life-changing for whoever comes forward to claim the ticket. Professional athletes don't even sign windfalls of the magnitude of billions of dollars. To put this win in perspective, this jackpot eclipses the combined total career earnings of Cristiano Ronaldo, LeBron James and Tom Brady by over \$100 million.

The full story, however, is much more significant than a single winning ticket. The record-setting Powerball win gives scope to the importance of the lottery to public revenue. State lotteries return over \$28 billion every year, \$1.07 billion from the three-month Powerball run alone. It begs the question: When will all state lotteries be able to sell tickets online in a rapidly changing market?

Since the Professional and Amateur Sports Protection Act (PASPA) was overturned in 2018, public discourse on gaming has almost singularly been focused on the expansion of sports betting, with 30 states adding some form of the sports gaming enterprise in the past four years.

Sports betting nationally reached \$163 billion

in total handle in the past year, with most of the wagers placed online. Yet its margins are small, and it delivers little money to the state licensing programs. Annually, these operations return roughly \$2 billion to the states. In comparison, state lotteries return over \$28 billion every year, \$1.07 billion from the three month Powerball run alone.

Yet, only eleven state lotteries are able to offer any of their products on the internet. The PASPA decision opened the door to the conversation, but it is time to expand the dialogue to the lottery space. Lottery is sold through forty-eight state-run lottery jurisdictions whose profits are returned to public coffers and important state programs focused on everything from education to veterans to foster kids. For many of these jurisdictions, Powerball is the single largest funding source to serve those much needed programs.

It is a product that is played by a diverse audience that resembles the fabric of life in America. At a \$2 price point, it is an inexpensive form of escapism that provides real dollars for the communities where it is sold. And in an era where we have seen over 25% inflation since 2015, the price of a Powerball ticket has remained the same at \$2. Even at the peak of the record-setting run, the average ticket purchase was less than \$10.

The \$2.04 billion prize was the culmination of a jackpot run that started on August 4. In three months, Powerball created fifty-nine million winning tickets worth over \$2.66 billion. It further generated more than \$190 million in retail commissions for brick-and-mortar locations ranging from large, national corporations to small mom-and-pop gas stations, like Joe's Mobile Service in Altadena.

More importantly, the return to worthy causes has a lasting impact.

For example, from just this run, Georgia will deliver almost \$34 million to fund Hope Scholarships to Georgia Universities. In Oklahoma, more than \$9 million will go to support K-12

school districts and higher education programs. In Colorado, \$20 million will fund the conservation of parks, trails, open spaces, and recreation projects.

For Arizona, more than \$24.7 million dollars will be used to conserve Arizona's unique landscape and wildlife, protect Arizona's foster children, fight homelessness and combat childhood health and safety concerns. Just last year, the Arizona Lottery gave back nearly \$270 million to 17 state-mandated programs that would otherwise depend on tax dollars for funding.

Lottery exists for the benefit of the communities it serves. That is the mission. Opening the opportunity for players to be able to purchase lottery products online, provides greater responsible gaming tools while delivering a product that people want to play, how they want to play it. Bringing the nation's lotteries online not only aligns with keeping lottery relevant in today's digital entertainment landscape, but also comports with the direction that state legislatures have treated other forms of online gaming like sports betting. It is a public policy position that legislators should consider in the coming legislative sessions.

RFP: Delaware Lottery Internet Wagering System And Services Solution

RFP: Washington's Lottery - Lottery Application aka My Lottery 360°

Maryland Lottery launches new games with multi-million dollar prizes for 50th anniversary, including its first \$50 scratch-off ticket

Mass Lottery to Introduce its First \$50 Instant Ticket

Allwyn to acquire the Camelot Lottery Solutions Group from Ontario Teachers' Pension Plan Board

CAMELOT

The Camelot LS Group, headquartered in Chicago, operates the Illinois Lottery under a private management agreement through its operating company, Camelot Illinois LLC, and partners with the Arkansas Scholarship Lottery to enhance its lottery operations.

Furthermore, the group includes a technology arm that provides products and services to lotteries and their players throughout Europe and North America. No changes are planned to the Camelot LS Group leadership team in connection with the transaction, and the business will continue "to enhance the performance of the lotteries it supports," says Allwyn. Following the transaction, the proven leadership team will have access to the in-depth experience developed by Allwyn over more than a decade of operating and improving lotteries across Europe.

Allwyn operates lotteries in Austria, the Czech Republic, Greece and Cyprus and Italy. Camelot Group is an affiliate of Camelot UK Lotteries Limited, which Allwyn agreed to acquire from Ontario Teachers' last month. Camelot UK is the current operator of the UK National Lottery under a license that runs until 31 January 2024. Earlier this year, a subsidiary of Allwyn was awarded the license to operate the UK National Lottery under the Fourth License, which runs from 1 February 2024 for 10 years.

Upon completion of the transaction, the companies of the Camelot LS Group will become wholly owned subsidiaries of Allwyn. The transaction is anticipated to close in the first quarter of 2023, subject to satisfaction of customary closing conditions. The terms of the transaction were not disclosed.

Scientific Games Announces Jim Schultz as Head of Public Policy and Government Affairs



SCIENTIFIC GAMES NAMED

ATLANTIC LOTTERY'S PRIMARY SCRATCH'N WIN GAME PARTNER IN CANADA

Pollard Banknote's New Digital Press Showcases The Beauty Of Québec Wildlife In New Boréal Instant Tickets



Pollard Banknote's new digital printing technology offers endless creative possibilities, enriching instant play experiences and bringing with it a new era of game concepts and options. Digital printing technology allows for an increased number of distinct ticket images within an instant game while also enhancing the ticket graphics, resulting in visuals that are crisp, dynamic, and rich in detail.

SPORTS BETTING AND CASINO GAMBLING

New AGA Report Shows Americans Gamble More Than Half a Trillion Dollars Illegally Each Year

Americans gamble an estimated \$511 billion each year with illegal and unregulated sportsbooks, iGaming websites and so-called "skill games," according to a new report from the American Gaming Association. This illegal wagering robs state governments of \$13.3 billion in tax revenue annually, nearly \$2.5 billion more than legal operators generated in 2021 (\$11.7 billion). It also costs the legal gaming industry \$44.2 billion in annual revenue, or nearly half of the \$92 billion in combined commercial and tribal revenue in 2021. Americans wager an estimated \$337.9 billion with illegal online iGaming websites, with a loss of \$3.9 billion in state tax revenue. With \$13.5 billion in estimated revenue, the illegal iGaming market in the U.S. is nearly three times the size of the legal U.S. iGaming market, estimated to be \$5 billion in 2022.

Unregulated gaming machines also continue to proliferate, with an estimated 580,651 unregulated machines in the U.S. With 870,000 regulated machines in casinos and slot routes, that means 40% of all gaming machines in the U.S. are unlicensed.

"All stakeholders—policymakers, law enforcement, regulators, legal businesses—must work together to root out the illegal and unregulated gambling market. This is a fight we're in for the long haul to protect consumers, support com-

munities and defend the law-abiding members of our industry."

AGA (American Gaming Association) Chief Wants Indictments Soon for Illegal Sports Betting, iGaming Operators

The issue of illegal sports betting and iGaming is on the radar of lawmakers in Washington, as well as the FBI.

NY Mobile sports betting generates \$909 million in net tax revenues a year after launching, more than any other state (but not nearly as much as the NY State Lottery!)

More than \$16 billion in bets have been placed, resulting in nearly \$1 billion in state revenue. (If that amount was spent on lottery tickets, the net benefit to the state would have been over \$3 billion instead of just \$1 billion!).

The state has collected a nation-leading \$709.2 million in taxes on mobile sports bets and an additional \$200 million in licensing fees, generating over \$909 million in total revenue 12 months after the first mobile bets were placed. Since mobile sports betting began last year, the state has recorded more than 3.8 million unique player accounts, which conducted over 1.2 billion transactions.

New York's lottery ended the 2021-2022 fiscal year with \$3.6 billion in net funds being transferred to good causes

NY officially solicits bids for full-fledged casino with license fee set at \$500M

Racino operators at Aqueduct and Yonkers and others are expected to put in bids of at least \$500 million each to try to win the right to open any of three new casinos in and around New York City, according to media reports this week. Bidders have until Feb. 3 to declare their interest and send in questions to start the process.

Business Owners, Operators, Unions Team Up to Support NY Casino In Times Square

When Gov. Kathy Hochul signed off on the authorization for three downstate New York casino licenses, eyes lit up. Commercial gaming would make its way to New York City, the center of the entertainment world. And the intention of many was to find a way to set up NY casino gaming near the absolute hub of NYC: Times

Square. But how accepting would Times Square be of a New York casino? While opposition has emerged, one new group has come forward in support: the Coalition for a Better Times Square. The group — composed of theater workers, musicians, small business owners, hotel operators and construction unions, among others — was created to “revitalize Times Square” and support the licensing of a casino proposal that holds the same goal. The group estimates that the new project would draw over seven million new visits each year, more than 600,000 overnight stays at local hotels, and more than \$130 million in retail and Broadway ticket sales.

NY sees 8000% increase in sports betting since 2021

The study puts New Jersey at the top of the list having wagered the most amount of money since 2018 with over \$31 billion. In 2022, New Jerseyans wagered more than \$8 billion in 2022, the second-highest total in the country. Following New Jersey comes Nevada with \$27 billion wagered and over \$7.5 billion in 2022. New York ranks fifth with \$15 billion but saw its handle grow from \$176 million in 2021 to a nation-leading \$14 billion in 2022, an 8,000% increase.

U.S. Set Gambling Record In 2022 With More Than \$54.9 Billion In Revenue (Lottery Revenues exceeded \$100 Billion)

Revenue for the first 11 months of 2022 exceeded the record set in 2021, according to the American Gaming Association. New York, meanwhile, is now America's sports betting capital. Americans gambled a record-breaking amount of money in 2022. The nation's casinos and mobile gaming apps rang up a record \$54.93 billion in revenue during the first 11 months of 2022. (These numbers do not include the nation's tribal casinos, nor does it include illegal gambling.)

Across the country's 33 commercial gaming jurisdictions, 30 reported year-over-year revenue growth over the same period in 2021.

Slot machines and table games generated the most revenue out of any other form of gambling. Slots and table games across the U.S. generated \$43.79 billion, a 6.7% increase over the same 11-month period in 2021. Sports bettors wagered \$83.13 billion from January through the end of November. Sportsbooks only generated \$6.56 billion off those wagers, but it's a 65.4% increase over the same period in 2021. New York, meanwhile, has become the country's largest sports betting market.

The Increased Use Of Mobile-Based

Gambling Apps Will Propel The Gambling Market At An 11% CAGR

The continuous rise in the use of smartphones and the availability of the internet is driving mobile gambling, with smartphone companies now allowing gambling applications in their app stores. Increased smartphone penetration, improved awareness of sportsbook brands, increased mobile data availability and the ability to conveniently transact from a smartphone is benefitting the market and helping it to grow exponentially.

New York Bill Proposes To Require Warnings On Gambling Advertising

Two New York legislators this week introduced a bill to require all gambling and sports betting advertisements in the state to include warnings about the potential harmful and addictive effects of gambling.

Nevada Gaming Commission approves updated cybersecurity regulation

A committee formed by the Vermont Legislature wants lawmakers to pursue legalizing sports betting through a state-controlled market

Sports betting launched in Ohio Pennsylvania Gaming Control Board Re-opens Petition Period For Available Igaming Certificates

Sports betting and other legalized gambling could beat long odds after Georgia Legislature shakeup

Texas House speaker willing to expand gambling through destination-style casinos

However, attempts to expand gambling in Texas have gone nowhere in the past sessions.

North Dakota House passes legislation to legalize sports betting

Maryland posts \$497M sports betting handle in first full month of legal mobile wagering

Massachusetts Gaming Commission appoints Bruce Band the Director of Sports Wagering

The Massachusetts State Legislature passed, and former Governor Charlie Baker signed legislation legalizing sports wagering in August 2022. Retail wagering is set to launch at Encore Boston Harbor, MGM Springfield, and Plainridge Park Casino on January 31 and online/mobile wagering is slated to begin in March.

Las Vegas attorney Kirk Hendrick appointed Nevada Gaming Control Board chair

Nevada board recommends approval of esports betting rules

The state is inching close to allowing the public to bet on esports video game competitions, which can draw thousands of spectators and has a huge following in Asia and Europe. Esports has taken hold in Las Vegas with regularly scheduled competitions that can be viewed online and tournaments at the HyperX Arena at Luxor. Other venues, including the MSG Sphere at The Venetian, have indicated a desire to offer esports competitions.

Illinois Reaches \$1 Billion In Sports Betting Handle For October 2022

This makes Illinois only the fourth state to see a \$1 billion betting handle. Only New York, New Jersey, and Nevada have seen billion-dollar betting handles in a single month. Illinois' October numbers also rank 18 in the highest total for any state. Illinois betting fans have pushed their market into being one of the largest in the country.

Bill introduced in Frankfort would legalize sports betting in Kentucky

Sports betting is back on the table in Kentucky in the new year. If House Bill 106 is passed, you could bet on the NFL, NBA, MLB, the PGA Tour, NASCAR, MLS, college sports, the Olympics and more. But sports betting would only be allowed through a track or online through an app. Tracks could also offer wagering at two separate facilities that are within 60 miles of the track. A sports wagering license would cost \$500,000 and would also come with a renewal fee of \$50,000.

Online poker and fantasy sports would also be legalized in the bill.

This bill is only in committee right now in the House, and it's too soon to tell what will happen.

Maine begins process of instituting sports betting by releasing proposed rules

Maine launched the formal process of instituting

sports betting Wednesday by releasing proposed rules, but it will be months before the first wagers are placed, officials said. The law adopted by state lawmakers went into effect in August, but the director of the Maine Gambling Control Unit said it was important to move slowly to get the rules right. A timeline laid out by Milt Champion suggested licenses could be issued between April and January. He said he could not be more specific until the public weighs in over coming weeks.

DraftKings reveals thousands of customer accounts hit by cyberattack



The criminals succeeded in thousands of instances and ended up pulling more than \$300,000 from people's accounts - although DraftKings has since refunded the affected customers. No credit card info stolen.

IGT PlaySports™ Partners with UBetOhio to Deliver High-Performing Sports Betting Technology Across Ohio



INTRALOT signs 5-year Sports Betting contract with Ohio Lottery Commission



NeoGames' Pariplay® makes further significant step in United States with Caesars Sportsbook & Casino launch in New Jersey



NeoGames' BtoBet secures regulatory approval for Ontario launch

WORLD NEWS

Andreas Kötter confirmed as WestLotto-Managing Director for another five years

The committees of Germany's largest lottery operator WestLotto (Westdeutsche Lotterie GmbH & Co OHG) have unanimously extended the contract with Andreas Kötter as spokesman for the management board for a further five years until 2028.

"It is very good news for WestLotto, NRW. BANK and the state of North Rhine-Westphalia that Andreas Kötter will be working for the company for another five years as spokesman for the management. Andreas Kötter stands for successful corporate management," explains the Chairman of the Supervisory Board, Michael Stölting, who is also a member of the NRW. BANK Board of Management.

Andreas Kötter joined WestLotto management in 2013 and has been managing the company together with Christiane Jansen as second managing director since 2016. He has an excellent national and international network and outstanding knowledge of the gaming market.

As the long-standing chairman of the Eurojackpot cooperation, he is leading the world's most successful lottery launch in the past ten years. In October, after several years as an executive member, Kötter was elected 1st Vice President of the World Lottery Association (WLA). This underscores WestLotto's leading role among providers dedicated to the fight against illegal cross-border gambling.

This central basic understanding of one's own actions will continue to ensure responsible and safe offers for the state lottery offer in North Rhine-Westphalia. In any case, the state lottery offers stand for stability in the industry. "I would like to thank you for the trust in being able to continue to lead WestLotto on the path to the future. In the future, we as a company will continue to take on a very special responsibility for North Rhine-Westphalia and its citizens via the lottery principle," says Andreas Kötter.

"Best Sustainability Reputation 2022": WestLotto receives the seal of the FAZ Institute

Top marks for WestLotto: A study by the renowned FAZ Institute certifies Germany's largest lottery provider the "Best Sustainability Reputation 2022" in the field of lottery companies. With 100 points, WestLotto achieves the top value in the industry. Andreas Kötter,

spokesman for the management of WestLotto, sees the award as a reward for WestLotto's commitment and at the same time as a motivation to further advance all aspects of sustainability in the company: "As a lottery provider, sustainability is part of our DNA. Social responsibility with player and consumer protection and our social commitment, which goes far beyond the lottery principle, are of outstanding importance."

Germany: The joint gaming authority of the federal states (GGL) takes over all regulatory tasks previously performed by the individual federal states in a uniform state procedure

Germany's unified approach to gambling oversight, which ends years of fractured operations, is closer to becoming a reality. The Joint Gaming Authority (GGL, for its German acronym) will soon take over after receiving the keys to the castle in a ceremony this past Tuesday.

On December 13, the decision-making body of Germany's federal states that led statewide gaming supervision met for the last time. The members of the so-called gambling college symbolically handed over files to the GGL as it passed the torch.

The GGL arrived through the creation and Germany-wide approval of the Fourth Interstate Gambling Treaty (GlüNeuRStv, for its German acronym), which brought all states under the same regulatory regime. The inbound authority will regulate the gaming market, including the issuance of fines and taxes, as of January 1.

Bringing Germany Together

The GGL will be responsible for monitoring arcades, lotteries, online gambling, and all other areas of gambling. Before the approval of the GlüNeuRStv, each state had its own rules and regulations.

Now, the 16 federal states will all adhere to a single framework. GGL now assumes responsibility for overseeing gambling activity in the "transitional federal states of Saxony-Anhalt (online poker/virtual slot machines), Hesse (sports and horse betting), Rhineland-Palatinate (so-called social lotteries), Hamburg (class lotteries) and Lower Saxony (commercial game brokerage)." The gambling treaty gave each state the ability to establish its own gaming regime, with several opting to create state-run monopolies.

The GGL will have two CEOs. Ronald Benter and Benjamin Schwanke are co-CEOs, working closely to drive Germany's gaming industry into a new era. The central element of the new GlüNeuRStv is the OASIS player-blocking system. All casinos licensed in Germany must join this system and submit all player data to it.

If dangerous gaming behavior occurs, the GGL has the right to block the player. The ban would apply to all legal German casinos, including land-based gambling halls.

A Fluid Process: The arrival of the new GlüNeuRStv last year brought with it the ability to launch online gaming. However, the process of approving licenses has been slow, with only a handful of operators given permission to launch.

They have been restricted, only able to offer online slots. It wasn't until last month that additional online gaming options, beginning with online poker through Entain, began to appear.

At the same time, the framework provides for a maximum deposit limit of €1,000 (US\$1,064) per month for online gambling. The GGL will monitor all deposits and withdrawals through OASIS and a "limit file."

Privacy advocates have blasted the use of the limit file. On the other hand, certain consumer groups have accused politicians of catering to the gambling industry by not introducing more restrictive regulations.

Despite the friction, the GlüNeuRStv and the GGL are moving forward. Even so, lawmakers have left the door open to update the treaty at will at any time.

Ronald Benter, CEO of GGL, explained: "We are well prepared and able to work. With the GGL, Germany will for the first time have a central supervisory and enforcement authority for gambling on the Internet."

There is still a long way to go in the area of individual gaming licenses for virtual slot machines and online poker. By the end of 2022, almost 600 of the nearly 3,500 individual game permits applied for had been checked and approved. "We have to conclude that 100% of the gaming permits submitted are not allowable," said Ronald Benter. "Often it fails due to the simplest of requirements, for example if there are only English instructions for the game. Here we expect better coordination between the providers and studios."

In the area of sports and horse betting, most of the applications received have also been approved, but individual bets still have to be checked by the GGL. Benter: "Our goal for 2023 in this area is to complete all licensing procedures, including gaming and betting testing, and thus create an attractive legal gaming market."

A look back at 6 months of fighting illegal gambling: Benjamin Schwanke sums it up: "The federal states had hoped for more pressure and more success in combating the illegal gambling market with the establishment of the GGL and the bundling of resources. In fact, these effects can already be seen."

Since taking over responsibility for combating

illegal gambling on July 1, 2022, almost 150 cases of illegal gambling and almost as many cases of advertising illegal gambling have been filed. In the course of this, around 1150 illegal gambling websites were checked.

Numerous unauthorized offers and the advertising for them were removed after contacting GGL. The GGL has already started more than 60 prohibition proceedings and filed more than 30 criminal charges. A large part of it was taken over by the GGL from the Saxony-Anhalt state administration office on July 1, 2022 and processed further.

In addition to the classic enforcement instruments, GGL is also using payment blocking and network blocking instruments for the first time. Schwanke said: "We attach great importance to transparent communication with the payment service providers and the Internet providers. We are also seeing initial successes. The majority of payment service providers are withdrawing from business with illegal gambling providers. Deposits with illegal gambling providers are becoming increasingly difficult if not impossible."

The first positive developments can also be seen with the new instrument of network blocking included in the 2021 State Treaty on Gaming. On the basis of the new legal basis, 6 procedures have already been initiated against the largest Internet service providers. (See the GGL press release of October 7, 2022)

The affected websites have not yet been blocked because the GGL's administrative files are still being reviewed by the courts. In December 2022, however, 2 administrative courts already considered the means of blocking the network to be permissible in summary proceedings. The affected provider must now block access to the illegal offer. "This is a first milestone on the way to the judicial confirmation of the network blocking," says Benjamin Schwanke. "The first successes in the area of enforcement and the instruments of payment blocking and network blocking show that we are on the right track with our approach. What is absolutely clear, however, is that there is still a very long way to go."

Goals for 2023

The focus of the GGL as a supervisory authority is the consistent monitoring of the approved providers for all types of gambling on the Internet that can be licensed. "We will revoke permits again if we find serious violations," said Ronald Benter. "Because our goal is a level playing field for all providers. We want to ensure that the business model of offering illegal or non-compliant gambling on the Internet is not worthwhile in the long term". "We will also proceed consistently when it comes to enforcement: Every provider who is not on the whitelist

will be picked up, no matter how big it is," adds Schwanke. In this regard, the GGL supports the goal of setting up a special public prosecutor's office in Halle (Saale) in order to enable rapid enforcement against illegal gambling providers.

Another important topic for the next year will also be creating transparency for players about which player protection measures have to be observed by the providers, such as the panic button.

The further development of addiction prevention, in particular with regard to the agreement on early detection systems for gambling addiction, as well as market observation and the awarding of research contracts are goals for 2023.

Germany's Gaming Regulator Approves Massive Number of Operator Licenses

If the latest information on the website of Germany's new gaming regulator is correct, the online gaming market is about to explode. It took over a year for authorities to approve 12 licenses for online slots. But it now seems like a list of 50 is about to find approval.

PATRIK HOFBAUER President and CEO, Svenska Spel 'Towards a better year 2023'

We are leaving behind a 2022 that was in many respects a gloomy year. A senseless war in Europe that destroyed the lives of millions of Ukrainians and ended a long period of global growth. As a result of the war, there was also an energy crisis and rising inflation, which made it even harder for many who were already having a hard time.

Against this background, it may seem less important to talk about the gaming industry and its challenges going forward. But games at the same time stand for something that is very human: Our need for entertainment, excitement – and to be allowed to dream!

In addition, we contribute to society. Tax revenues from the Swedish gambling industry strengthen the treasury in difficult times as well as in good ones. Svenska Spel delivers its entire profit to the owner, the state. During the 25 years that Svenska Spel has existed, SEK 107 billion has gone back to society .

But it is also about what we want to achieve going forward.

Svenska Spel's goal is to offer entertainment while minimizing the risks associated with gambling. In 2023, we want to be even sharper in that work, more precise. We will look further into how we can strengthen protection for the vulnerable group of young adults. In 2022, we saw very good results when we lowered the general maximum deposit limit for 18-19-year-

olds to SEK 1,000/month . We will now take those insights with us in our continued work. Our long-term support for Swedish research on gambling and gambling addiction has begun to bear fruit in more and more domestic studies on how risky gambling can best be countered. It is incredibly important to customers that our care work is based on scientific evidence, makes a real difference. That is why we decided last year to add another 42 million kroner to Swedish gaming research over the next five years .

We also want to see sharper government protection against over-indebtedness, a national debt register. Gambling addiction is often financed with payday loans, leading to personal tragedies. Even if the individual gets help to get out of their addiction, the debts remain. Just as there is Spelpaus for those who want to block themselves from gambling and targeted gambling advertising, there should be a "Loan block" that protects against quick loans and advertising from loan companies .

There are more important issues for the gaming industry and society in 2023. Svenska Spel was an early driver in the issue of match-fixing, that is, that athletes are threatened or bribed to underperform so that criminal actors can make money from an unexpected game result.

After many years of struggle, the work has produced political results. Just before Christmas, we received an early Christmas present from the government, which in a bill, among other things, wants to make it easier for gambling companies and authorities to share information with each other. Svenska Spel's expert Dan Korhonen explains this in more detail in his blog .

One of the concrete proposals is that gambling companies on the Swedish license market will now be obliged to hand over the information needed to investigate crimes in connection with gambling at the request of the authorities.

A matter of course? Yes, we at Svenska Spel have thought so all these years. Unfortunately, the entire industry has not caught up behind. Now you are forced to do so. But acting first under duress is a bad strategy for any industry that wants to improve its reputation. And the gaming industry really needs to increase its trust with the public.

So if I can wish for something for 2023, it is that the Swedish gaming industry can come together around more positive initiatives. That is why I am happy that Svenska Spel was able to agree with ATG and Kindred to openly report key figures for how we work with customers who show signs of risky gambling . At the end of January, we will publish the first figures. This is something that will increase public transparency in how the companies work with the issue and a step in the right direction.

During 2023, Svenska Spel will continue the work with increased gender equality in sports. In 2020, we decided to distribute all our sponsorship funds, around SEK 300 million annually, equally between female and male athletes. Among other things, we entered into a long-term giant investment in Swedish women's hockey.

Now we are starting to see signs that the investment is paying off. Between 2021 and 2022, the number of girls playing hockey in Sweden increased by 29 percent – the largest annual increase ever. But there is of course a lot left to do in both hockey and the other sports we sponsor, and we promise to continue working there in 2023.

We are also looking at how we can become even sharper within the Gräsröten initiative, the project which during its 10-year history added over half a billion kroner to Swedish youth sports .

In short: I see 2023 as a year in which Svenska Spel takes new steps to contribute to a better society, while at the same time offering our 4 million customers the best imaginable entertainment. We will make it easy, fun and safe. That's our New Year's resolution.

PATRIK HOFBAUER

President and CEO, Svenska Spel

Apollo-Backed Gambling Firm Lottomatica Weighs \$1 Billion IPO

Lottomatica, the Italian gambling company backed by Apollo Global Management Inc., is considering a Milan initial public offering this year that could raise about \$1 billion, people familiar with the matter said. Lottomatica is working with banks including UniCredit SpA as it evaluates the listing, which could take place as soon as the second quarter, the people said. It's considering seeking a valuation of around \$5 billion including debt, according to the people, who asked not to be identified because the information is private.

India Drafts Rules for Online Gaming: The Beginning of an Enabling Framework?

Augmented Reality and its Potential in the iGaming Industry

Technology is now part of our everyday lives. We use laptops, tablets, and computers to study, work, and communicate with those around us, which now happens almost daily. Not to mention smartphones, which have become an extension of ourselves. Technology hasn't only impacted how we work, study, or communicate but has also changed numerous industries. Doctors can now perform state-of-the-art,

minimally invasive incisions; automobiles are more intelligent than ever, using techniques like autopilot or lane assist. Businesses all over the globe are perfecting their operations with technologies like cloud computing, and the advance of technology seems to have no signs of slowing down.

The tech world is innovative in saving lives, making businesses thrive, and transforming how people relax and access entertainment. Augmented Reality (AR) and Virtual Reality (VR) are two new tech innovations transforming how people perceive and use computers. AR and VR are not as widespread as smartphones, laptops, or tablets, yet they possess excellent qualities that could change how people interact, play, relax, or even work.

Both technologies are no longer just prototypes. They are being used actively in some fields. For example, VR has emerged quickly in the gaming world, while AR has been a substantial part of the development of popular smartphone apps.

What's precisely AR? Augmented Reality is a tech system or a combination of software and/or hardware products that combine elements of the natural world with features generated by a computer. Augmented Reality can make use of multiple human sensory experiences like visual, haptic, or olfactory sensors. Some of the most popular AR apps include Snapchat and Pokémon GO. Snapchat uses AR through some of its filters, which allow users to add certain simulation elements to their selfies or videos. Pokémon GO is a game that adds computer-generated aspects to a physical environment and has been a sensation in the gaming world since its launch in 2016.

AR versus VR: AR and VR are both parts of the same technology field called Extended Reality. While Augmented Reality adds some computer-simulated elements to the natural world as we know it, Virtual Reality creates a completely simulated new world or new environment for the user. That is why VR experiences require using a headset, which has become a famous symbol for the entire extended reality universe. With the help of the headset, users can emerge in a completely simulated environment, whether for relaxing purposes, playing a video game, or studying.

AR could also transform how live casinos or events like conferences or seminars occur in the iGaming industry. The best way to understand how AR is already used in broadcasts is through sports events. For example, in some competitions, AR elements are added to the screen to show exactly where a ball hit.

Augmented Reality innovation has already transformed the world as we know it. For example, it allows users to enjoy fantastic games or interact in unique matters through camera lens filters.

It is not a matter of if but a matter of when Augmented reality will completely transform the entertainment world, including the iGaming industry.

SCIENTIFIC GAMES SYSTEMS POWER RETAIL AND DIGITAL SALES FOR LOTTO BAYERN IN MUNICH



IGT Inks Long-Term Contract with Loterie Romande to Power Swiss iLottery System



Pollard Banknote Awarded Instant Scratch Ticket Contract By Norsk Tipping



IGT Achieves Sector-Leading ESG Score from Moody's ESG Solutions

FIGHTING ILLEGAL LOTTERIES, GAMBLING & BETTING: URGENT TIME FOR GOVERNMENTAL ACTIONS *continued from page 50*

monopoly for certain games alongside a system of multiple licenses in other game categories. But the Court did not state or even imply that opening the online gambling market is the best solution.

A government can further address illegal gambling by monitoring the illegal market, improving legislation and introducing where necessary géoblocking and payment blocking, and by making ISP, financial institutions and media companies co-liable for cooperating with illegals, and by enhancing law enforcement.

Some will argue that such measures do not work well or are not legal. These falsehoods are propagated by the illegals because they do not want the authorities to actually have the power to prevent their illegal activities. Not only are such measures perfectly legal under EU law, they are necessary to minimize illegality and problem gambling. These measures in fact enable a thought-

IGT received an 'Advanced' environmental, social and governance ("ESG") score from Moody's ESG Solutions putting it in the number one position in the hotel, leisure goods and services of North America sector.

From loot boxes to gambling addiction: experts warn video games open door to betting and problem gambling

Video games in which players spend money on in-built games of chance can be a gateway to gambling because they acclimatise young people to habitual use and erode their sense of caution, a coalition of experts in screen addiction has warned.

EL/WLA Webinar: Lottery experts discuss how to tackle unexpected security issues

As the world continues to be a complex place of interdependent elements with black swans ever more common, lottery professionals from all corners of the world tuned in over the course of two days to hear testimonies and learnings on the topic in the EL WLA Security and Operational Risk Management webinar 2022 entitled "Expect the Unexpected: Black Swans in Security & Risk Management".

165 Belgians share \$150 million lottery jackpot

Christmas came early for 165 people from the small northern Belgian village of Olmen who won 142,897,164 euros (\$150.81 million) in the EuroMillions lottery this week, the biggest group win ever in Belgium. Each individual will get almost 900,000 euros tax-free, EuroMillions spokesperson Joke Vermoere told Reuters.

She said it was the first time in Belgium that such a big group had won this much. "It's a lovely story, really." The winners all chipped in 15 euros to a pot set up in a local store whose owners regularly organise a EuroMillions group buy, resulting in the occasional win but never a major jackpot. "Many winning customers were in disbelief at first," said storekeeper Wim Van Broekhoven who was as stunned as his wife when they heard the winning numbers.

Star Entertainment Group fined \$100 million over Queensland casino breaches

Attorney-General Shannon Fentiman: "Today we are sending a very clear message that unlawful and criminal behaviour will not be tolerated in Queensland casinos." Star has been given 12 months to pay the fines, which total \$100 million. Star Entertainment Group made \$1.53 billion in the 2021-22 financial year. ■

ful, measured and strategic expansion of online gambling. The Court of Justice of the European Union calls this "controlled expansion", namely the managed process of modernizing rules for advertising and expansion of distribution channels.

Fighting illegal gambling is actually not a matter of choice – it is a legal obligation under EU law. Member states are required to maintain a consistent policy on gambling in accordance with the Court of Justice of the EU as well as the Council of Europe Macolin Convention against manipulation of sport events. Countries which signed up to the Macolin Convention, and luckily that number is growing, have a legal obligation under international law to implement serious measures and policies to fight illegal gambling.

Lotteries have been studying, collecting data, and preparing comprehensive material about this issue. That is important,

but we need to forge a pathway towards relevant political action. A comprehensive public affairs strategy should be set up and implemented on all continents, and in all concerned jurisdictions. There is no time to lose. Governments need to be convinced to recognize the harm that is being done by their inaction and the furtherance of regulatory loopholes that enable illegal gambling. And they need to be convinced to take action against operators of illegal gambling. The sustainability of a growing market for legal games-of-chance, including government lotteries as well as land-based operators, depends on effective enforcement of the laws that prohibit illegal gambling. The fight against illegal gambling is a legal and moral obligation necessary for the health of society, for the stability of the lottery sector, and for the preservation of Public Order. ■

FIGHTING ILLEGAL LOTTERIES, GAMBLING & BETTING: URGENT TIME FOR GOVERNMENTAL ACTIONS

By Philippe Vlaeminck

Managing partner of Vlaeminck.Law, Brussels

Lotteries and their associations have been wrestling with the growing problem of illegal gambling for many years now. WLA and EL task forces continue to do an excellent job in collecting data, clarifying the challenges, and discussing strategies to defend the interests of lotteries. But we need more!

Illegal activities are flourishing more than ever throughout Europe, and now are expanding into the African continent and elsewhere. Illegal operators openly advertise their activities in jurisdictions throughout Africa and Europe, regardless of whether they have proper license to operate, and even entice retailers with higher commissions to promote their illegal games over the legal games. They openly violate the laws and are pleasantly surprised that governments do not take action to enforce the laws and stop them from operating. On the contrary, we see politicians, investment companies and media companies act as if there is nothing wrong with affiliating with enterprises that operate illegally. There seems to be no recognition on the part of policy-makers and regulators of the social costs and lost revenues that result from illegal gambling. In many countries, the illegals control more than half the market. Not only does this lead to loss of governmental income, but it also increases the level of health problems and criminality. Organized crime uses illegal gambling as a source of income and money-laundering. They manipulate sport competitions, betting and casino games, enter the lottery market through derivative products, and completely disrupt the games-of-chance market.

Many operators manage to procure legal license to operate in some jurisdictions while continuing to act illegally in others where they can't get a license to operate. These operators comply with laws where it is expedient, and illegally where it's not. Granting a license to operate legally

to companies that operate illegally in other jurisdictions is perpetuating this problem. By minimizing the consequences for breaking the laws and disregarding regulations, we are implicitly sanctioning and institutionalizing this double standard that perpetuates illegal iLottery and online gambling. **Companies which operate illegally in even one jurisdiction should be denied license to operate legally in any jurisdiction.**

If all governments worked together to embrace this straightforward standard, illegal gambling would be significantly reduced.

Illegal operators use a similar strategy everywhere. They enter markets where governmental authorities have other bigger priorities than to enforce laws against illegal gambling. They build market-share with little regard for making a profit. Once they have a strong customer base of players, they petition the government for license to



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operate legally and turn the underground economy into taxable revenues. Governments should not accede to this blackmail as that simply reinforces the incentive to operate illegally.

It was more than twenty years ago that the European Court of Justice stated that a monopoly is a very good solution to address the gambling market, and is acceptable under EU law. The Court also stated that a regulatory framework can include a

Continued on page 49

Article 11 of the Macolin Convention:

Article 11 – The fight against illegal sports betting

With a view to combating the manipulation of sports competitions, each Party shall explore the most appropriate means to fight operators of illegal sports betting and shall consider adopting measures, in accordance with the applicable law of the relevant jurisdiction, such as:

- a) closure or direct and indirect restriction of access to illegal remote sports betting operators, and closure of illegal land-based sports betting operators in the Party's jurisdiction;*
- b) blocking of financial flows between illegal sports betting operators and consumers;*
- c) prohibition of advertising for illegal sports betting operators;*
- d) raising of consumers' awareness of the risks associated with illegal sports betting*

LOTTERIES BUILDING A BETTER WORLD FOR GOOD CAUSES

PGRI SMART-TECH MIAMI 2023

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CONFIDANTE HYATT MIAMI BEACH HOTEL
MARCH 28, 29, AND 30, 2023

- March 28, Tuesday 5:00pm: Opening Night Reception
- March 29, Wednesday: Conference Sessions followed by Reception
- March 30, Thursday: Conference Sessions conclude at 12:30pm
PGRI conference followed by lunch and ...
1:30 to 4:30 pm. Women's Initiative in Lottery Leadership Seminar (WILL)
- March 30, Thursday 4:30 pm to 6:30 pm: WILL Reception

See PublicGaming.org for complete information and conference updates

NORMALIZATION OF GAMBLING, BETTING, AND LOTTERY:

If you wanted to go to a casino in the U.S. fifty years ago, you had to get on a plane and fly to "Sin City" Las Vegas. The proliferation of casinos has now brought casino gambling to within a half-hour drive of almost everyone everywhere. And it all happened in less than two generations. Over this same fifty-year period, the U.S. went from having six state lotteries to having forty-five state lotteries. And now, the explosion of sports-betting, online gambling, and iLottery over the last few years has capped this transition to where betting in all its forms is as socially acceptable, i.e. "normalized", as your typical consumer product or recreational activity.

How is this monumental sea-change of social attitudes about gambling reshaping player behaviour, the regulatory environment, and the competitive landscape within which lotteries operate?

How do we carve out the most relevant role for State Lotteries in this new consumer market-place of gambling as a socially acceptable consumer product/recreational activity?

- Conference Info & Details: www.PublicGaming.org
- News website: www.PublicGaming.com
- View video-recorded presentations: www.PGRItalks.com
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