

SUPPORTING THE GLOBAL DIGITAL EVOLUTION OF LOTTERIES: NEOGAMES TRANSITION TO ARISTOCRAT INTERACTIVE

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PGRI Introduction: Over the course of twenty years following its inception in 2004, NeoGames(TM) built a reputation as a world-class, technology-driven provider of end-to-end iLottery and iGaming solutions, including a complete platform, online marketing and operational services, as well as cutting-edge game content. NeoGames was acquired in April 2024 by Aristocrat Leisure Limited (ASX:ALL), a global entertainment and content creation company that spans regulated land-based gaming, mobile games publishing and regulated online real money gaming. Aristocrat Interactive (TM) was formed in 2024, with the combination of the NeoGames businesses and Anaxi, Aristocrat's existing online real money gaming business. The business is an industry leader in content and technology solutions for online RMG, with a full-service offering that includes content, proprietary technology platforms and a range of value-added services across iLottery, iGaming, Online Sports Betting (OSB), and Gaming Systems.

Along with their industry-leading platform and turnkey services, the NeoGames Studio is the game development arm of Aristocrat Interactive which has retained its brand name because of its recognized expertise, experience, innovation, and ongoing performance. The NeoGames Studio has produced award-winning instant content for lotteries worldwide for over seventeen years and is rapidly expanding its global presence. In North America, the Studio's industry-leading games are live in Michigan, New Hampshire, North Carolina, Virginia, West Virginia, Atlantic Canada, and Alberta Canada. Launches in British Columbia, Kentucky and Pennsylvania are scheduled for later in 2025, further expanding the Studio's presence in North America.

Paul Jason: It is exciting to see the seamless transition from NeoGames to Aristocrat Interactive. Good for your clients who depend on your world-class iLottery platform and service, good for the players who love your games, and good for Aristocrat.

Chris Shaban: As you mentioned, NeoGames was founded almost twenty

years ago in Europe to create groundbreaking content and - later - an IT platform for online lotteries. Around ten years ago, NeoGames formed a joint venture with Pollard Banknote to create NeoPollard Interactive ("NPi") to provide the iLottery platform, games, and services for the Michigan Lottery, which was soon followed by other lottery customers. The Michigan Lottery truly

revolutionized iLottery in North America with an incredibly successful launch and sustainable growth. We are immensely proud of the fact that it is the NeoGames (now Aristocrat Interactive) technology and the NeoGames GameStudio content that continues to support the Michigan Lottery, and other successful iLottery programs operated by our customers in Alberta Canada, New Hampshire, North Carolina, Virginia, and now West Virginia. Now, as Aristocrat Interactive, we are applying all the assets of NeoGames technology and the NeoGames Studio combined with the resources, technological breadth and depth, and product extensions of the broader Aristocrat group, a global entertainment and gaming content creation business that spans regulated land-based gaming, mobile games publishing and regulated online real money gaming.

In what ways have the iLottery sector been reshaped by NeoGames/Aristocrat technology and manner and methods?

C. Shaban: One of the things that makes the Aristocrat Interactive platform for iLottery unique is that all results are abbreviated to a single code. What that means is instead of waiting three or four months (or more) for a technical upgrade to be deployed, Aristocrat Interactive customers receive it seamlessly in a single batch of technical changes, innovations, and upgrades implemented to all our customers each month. The single code enables the smallest change or largest technical upgrade to be deployed

throughout the entire family of Aristocrat customers. Innovation that happens with any of our customers is automatically deployed to all Aristocrat Interactive platforms throughout the world. We then will work with our customers to determine if, how, and when they would like those innovations to be turned on.

Things move so fast in the digital world that we must continue to find the most efficient ways to execute, from new game content to technical upgrades to transformational innovations. There are new payment systems, new promotions, integrations of third-party technologies and game content, and a host of other fresh solutions to always drive better performance. The benefit we hope to bring to our customers is how Aristocrat Interactive enables the deployment of technical upgrades and innovation to happen more seamlessly and automatically.

and breadth of iLottery and iGaming expertise, and for its global team of digital professionals. As Aristocrat Interactive's CEO, Moti Malul points out that NeoGames was "born digital" back in 2004. Being born digital, there is a native understanding about how Mobile apps and websites work, and how to produce the online user-experience that keeps the players engaged and coming back to their favorite – and new – games. Competencies that are mission-critical in the digital world include KYC, CRM, geo-fencing, player acquisition and retention, and data-analytics. Loyalty programs and Players Clubs also provide new levels of potential in the digital world.

In recent months, we have also been able to recruit some of the best digital lottery professionals in the industry to further complement our current team. Rob Wesley spearheaded the super-successful

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Do the benefits of these systems result in higher sales and net funding?

C. Shaban: Yes, higher sales and an increase in net funding is the objective for these efforts on behalf of our lottery customers, and in fact, the iLottery programs in Virginia, North Carolina, New Hampshire, and Michigan are the top four per capita in the United States.

How did the acquisition of NeoGames by Aristocrat come to happen?

C. Shaban: The successful acquisition allows Aristocrat to leverage its world-class gaming content, customer relationships, and expanding capabilities across an even broader range of channels and geographies, adding further to the Group's resilience, and accelerating growth.

NeoGames was acquired for its depth

digital initiatives at Virginia Lottery before joining NeoGames as Vice President of North American Customer Development, a position he holds now at Aristocrat Interactive. Stephanie DuVal headed Loyalty, CRM, and Digital Engagement programs at the Virginia Lottery before joining us as Director of Marketing North America. Shane Taylor comes to us from the Massachusetts Lottery and Jessie Teague from the Kentucky Lottery. Our team is steeped in the culture of digital lottery and excited for the opportunity to continue to work with lottery professionals to drive performance for Aristocrat lottery customers going forward. In addition, Aristocrat's European and Latin American teams have been up and running for many years with NeoGames and are now thriving under the new corporate umbrella of Aristocrat.

Traditional retail channels will continue to be primary to lottery's success. How does Aristocrat Interactive ensure that iLottery complements the retail channel so that both work together in a mutually reinforcing way?

C. Shaban: As we all are aware, retail has long been the bread-and-butter foundation of the lottery business. That is why when you add the digital component, like was done in Michigan, New Hampshire, Virginia, North Carolina, West Virginia, and the others, it is helpful to reimagine the business around the omni-channel model. We are not just thinking about the iLottery or retail lottery independently. We work to take a holistic view, especially since the lottery player thinks simply thinks of any channel as part of "their lottery". And the player wants everything to work together harmoniously, enabling seamless navigation across channels and an intuitive interaction with all lottery touchpoints. This omnichannel model works so well because it brings in new online players who might not otherwise have played lottery, and it enhances the playing experience for the casual and core players, so they stay loyal.

Applying this omnichannel view of our business is more crucial than ever as more options to play different games become more readily available to players. And recent studies (including an iLottery report done by Spectrum) have shown that, when effectively executed, retail sales not only continue to increase right alongside iLottery sales, but they also increase at a rate that is higher than the national average. Stated differently, iLottery enhances performance at retail by bringing in new consumers to lottery. Using promotions to incent iLottery players to play at retail, digital lottery can drive retail traffic and lottery play. As we continue to learn and help improve the player journey, and focus on enhancing the overall experience, iLottery sales can be expansive without impairing – and in fact enhancing - retail sales.

Isn't digital lottery as much about player engagement as selling lottery tickets online?

C. Shaban: Yes of course. Rob Wesley and his team ramped up Virginia Lottery's non-wagering digital program years before they could sell online. Players Clubs,

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Loyalty Programs, strong mobile apps and web sites, incentives to drive online traffic to retailers, cross-promotions to incent retail players to go online and digital players to play at retail, Responsible Gaming messaging ... these all deliver an immediate ROI even for lotteries that do not sell online. And they form the baseline for building out CRM programs and KYC initiatives which are really the key to long-term growth at retail and online. At the Virginia Lottery, Rob and the team worked hard to get players to register. Mark, Randy, and the digital team have done similar things in North Carolina. The NC Lottery was already selling draw-games online so eInstants became a seamless addition to their online portfolio. And then when Virginia and North Carolina did get authorization to sell online, they had a built-in registered player base which responded immediately. Sales in those two states grew right away and continue to increase today.

The short-term ROI for digital engagement might be hard to directly measure but the overall results show it is there, and the ramp-up preparation for digital sales is critical. Customer Relationship Management is the cornerstone to Amazon's success and all consumer marketing enterprises. Walmart, Starbucks, and casinos – businesses based on land-based operations and not online sales, have invested hugely in digital engagement with a strong effect. CRM is the key to sustainable success for Lottery just as it is for all consumer-facing businesses.

NeoGames Studios retained its brand, was not rebranded as Aristocrat Interactive Studios. I assume that is a reflection of the brand equity of NeoGames Studios?

C. Shaban: Exactly. The NeoGames Studios designs and produces online games that can be deployed on any online gaming platform, making them available to players in markets throughout the world. As we continue our integration, we simply want to preserve the value of that name recognition and its prominence as a game supplier that can be available to all online lottery operators. In January, we are launching a major update on the NeoGames Studios website to reflect the integration of Aristocrat's huge treasure trove of content that is now a part of our portfolio. We brought 180 games from the NeoGames Studio to

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market in 2024, and more are planned in 2025. Our customers will now also benefit from the incredible brain-trust that comes over from Aristocrat's game development assets and resources and will soon be able to select from Aristocrat's industry-leading portfolio of gaming content being brought to the lottery market. Combining that with NeoGames seventeen+ years of gaming experience results, it is a win for our lottery customers and lottery players.

Is there a concern that as eInstants become more and more exciting and fun that they come to resemble casinos-style games?

C. Shaban: Aristocrat Interactive's objective is to support our lottery customers, and we want to provide a variety of various products to meet the player demand and offer a diverse range of playing experiences. That would still include games that appeal to the core lottery player who prefers traditional games, and games for casual lottery players. We also are focused on developing games that appeal to the next generation of players who may have a background of playing longer-play Mobile games. We want to design games to excite all playstyles and preferences.

So, to address your question Paul, the imperative is to be clear on the local regulations and comply with their directives and guidelines. Lottery operators hold themselves to the highest standards of integrity and compliance with the laws and regulations, so we want to align with the spirit and the letter of the jurisdictional laws and regulations. We also need effective geo-fencing and age-control systems and are committed to ensuring responsible play and consumer protection programs are also in place.

Are most business decisions based on a best-practices approach that assumes some commonality to consumer behavior all around the world?

There are commonalities in consumer behavior found everywhere. But the

answer to your question is that the customer - the jurisdictional lottery operator – ultimately makes the decisions. Our job is to provide our lottery customers with technology, content, and support services, and with the benefit of our research and global experience we can provide counsel on how to proceed. But lotteries know what works best in their markets, so we aim to be their long-term partner of choice to support those operations, security, and growth. With this approach, we are proud that Aristocrat Interactive iLottery has never lost a customer.

That said, our iLottery specialists do work to deconstruct the attributes of iLottery content and the different motivational drivers of the consumer to try to gain more granular insights to improve the games and tweak them to accommodate different local markets. And there remain huge opportunities for our industry to continue to grow the player base and overall business with further understanding of the almost infinite variety of playstyles and motivations. The games we develop can be tweaked to retain those underlying motivational drivers that may have universal appeal, while changing other attributes to appeal to local markets. The goal is to enable lotteries to maximize their appeal to a wider range of consumers, bringing more people into the joy of playing the lottery.

With the objectives of the lottery digital team as our priority, Aristocrat Interactive is driven by continuous improvement of our industry-leading platform and the next generation of games, and marketing and operational support. As we kick off this new year, on behalf of my colleagues at Aristocrat, we are thankful for this opportunity and motivated to help drive iLottery growth in existing and new lottery markets. ■