

ONE OF THE MOST SUCCESSFUL LOTTERIES IN THE WORLD CONTINUES TO DRIVE INNOVATION AND BOLD GROWTH INITIATIVES

John F. Davis, Florida Lottery Secretary

PGRI Introduction: Secretary Davis is an accomplished leader with more than 20 years of service in the public and private sectors. Prior to his appointment to lead the Florida Lottery in October 2020, John served as the Executive Vice President of the Orlando Regional Chamber of Commerce, where he established solid organizational structures that accelerated revenue and growth. He was also the President of the African American Chamber of Commerce of Central Florida, overseeing businesses and organizations in six counties. In 2018, Orlando Magazine named Secretary Davis one of the Top 15 Leaders to Watch.

The Florida Lottery's mission to maximize revenues to enhance education in Florida is something that Secretary Davis holds near and dear to his heart. His previous leadership roles in the greater Orlando community were rooted in supporting youth and students to help them achieve their dreams. And prior to his career in the public sector, Secretary Davis co-founded a private business aimed at offering professional training services and youth sport programs.

Paul Jason: What are a couple of the high-priority initiatives planned for the Florida Lottery over the coming 12 to 18 months?

John Davis: The Florida Lottery, at its core, sells tickets and pays prizes. While every ticket we sell may not result in a prize payment, there is always a winner when a Florida Lottery ticket is purchased – our state's schools and students receive funding to help enhance educational opportunities and scholarships; retailers reap the benefits of increased foot traffic and revenue; and players win money ranging from modest payouts to grand prizes – essentially, we are all winners! As we look to our Path Forward, the initiatives we have planned focus on maximizing efficiencies with relevant innovations that allow us to not only be one of the most economical lotteries in the nation, but one of the most productive, too. A few of our high-priority initiatives,

outlined below, focus on improving player expectations and providing convenient ways for them to learn about and engage with our products.

The legislative session here has just ended, and the Florida Lottery was fortunate to receive funding for each of its Legislative Budget Requests, including replacement of our **Prize Payment System**. The current system we utilize was developed internally by Lottery staff more than 10 years ago.

As with other lotteries, the Florida Lottery experienced challenges during the pandemic that led to innovative ways in which to pay our players. We plan to incorporate these methods into our new claims and payment system, which we foresee far exceeding our current system's limitations and allowing our business to grow with its ever-changing customer needs. We are currently collaborating internally and reaching out to other



lotteries for innovative claims and payment options that are new to market, and we are aiming to have this new system in place within the next 18 months.

Another opportunity we are seizing to enhance our players' experience is an overhauled **Website Redesign**. This project focuses on an updated design that leverages best-in-class UX (user experience) and technology to keep our players informed and engaged. We are leveraging a new CMS (content management system) that will allow real time updates, internal efficiencies in workflow, and more clearly defined governance over the website content. Our desire is to build something that works today but is flexible enough to carry us into the future. We are working closely with our Advertising agency to help with design and customer experience tools that ensure a consistent look, feel, and tone across ALL of our marketing efforts.

Our **Southeastern Grocers Floor Merchandising Project** is a high priority initiative we are looking to expand upon in the very near future. This pilot project with Winn-Dixie, one of the largest

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corporate retailer chains in Florida, began in October of 2020 and is on track for exponential growth in 2021. We began with two pilot locations under a proof-of-concept model and have shown a same store Scratch-Off sales increase of more than 20% when compared to the statewide average.

As a result of the sales successes, Winn-Dixie recently authorized an expansion of the project to 21 additional stores, and we are currently installing fixtures for an immediate “go-live.” This pilot will continue to grow the Lottery footprint by placing Scratch-Off games within the check-out lane as an additional point of purchase. It has proven to add player convenience and alleviate bottlenecks at the customer service counter, thereby, also reducing retailer labor pain points.

Our sales team continues to place a heavy emphasis on the promotion of **Cashless** purchase of Lottery at retail. We have support from large corporate chains, including Winn-Dixie, Speedway and Circle K, to promote debit acceptance at their locations with additional point-of-sale (POS).

We began promoting the Cashless option with incremental POS placement at 110 Speedway locations in September 2020, which showed significant positive year-over-year growth when compared to the statewide average. We leveraged this success and secured additional POS presence, specifically promoting debit acceptance, at approximately 300 Circle K locations and all of our 325 Winn-Dixie locations across Florida. We expect to execute on this messaging in the next 13-14 months.

What do you think is the likelihood of iLottery being approved in your state, maybe in the next two years? Do you expect any other regulatory changes to be enacted in the near future?

J. Davis: As a business enterprise, we are responsible for creating thoughtful and innovative methods to position the Florida Lottery for long-term success and sustainability. It is also incumbent upon us to identify best practices in our industry that will lead to revenue growth for our beneficiary and to then share these practices with our policymakers. In line with our Path Forward, iLottery is indeed

a platform that we are watching closely, recognizing that the final decision is up to our legislative partners.

As to other regulatory changes, Florida begins a legislative Special Session next week for the sole purpose of ratifying the 2021 Gaming Compact between the Seminole Tribe of Florida and the State of Florida, as well as other gaming-related legislation. We’ll have to stay tuned for what may come from the Special Session!

You've had an incredible run of success with your instant ticket product. How will you keep these impressive results going?

J. Davis: Diligence in product planning and ensuring best practices are executed in the field will remain our pillars for instant ticket success. We’ll continue to be extremely conservative in our product launch plans by supporting decision making through thoughtful research. However, the team is primed to remain curious in order to drive innovation within our instant portfolio. The fact is, we won’t change a whole lot where we have found success, but we will push the pedal to the floor for innovation. ■

channel must constitute a win-win proposition – which we believe is achievable. Mark Hearn, OAL Sales Director, consistently notes that there exists real-world evidence showing that those states who have launched iLottery have proven that traditional retail grows right alongside of iLottery growth; and, in many instances at faster than the national average. The pandemic environment motivated traditional retail outlets to explore forms of product distribution, so they too have observed the benefits of e-commerce platforms. Thus, we are confident that our retailers will be supportive partners in our development of omni-channel distribution. After all, every consumer retail business is being forced to think outside the box as a result of business lessons learned during 2020-2021.

Given your financial background, are there "best practices" you are able to bring over from other industries and past jobs that help you to lead the Arkansas Lottery?

E. Hagler: Interestingly, there are numerous operational similarities shared by lotteries and financial services firms. Both types of entities must delicately balance the dichotomy associated with ‘managing risk’ within a highly competitive business sector that is surrounded by risk and uncertainty. Accordingly, I view lotteries as “public trusts”, with lottery management acting in a fiduciary capacity on behalf of the citizens of Arkansas. This necessarily means that lottery personnel must approach their daily tasks with a keen eye on risk management. OAL has adopted a risk-matrix approach that is a

derivative of those utilized in the financial services sector. We are also using heat maps to identify areas of operational risk and inefficiencies. The list goes on, and over time, I expect that our team will introduce other processes and procedures that will be a variation of those currently utilized in the financial services sector. The business world is replete with examples of how a risk-based approach provides an overarching focus on best practices. It truly is a top-down exercise that must start in the corner office. ■