



EXECUTIVE SUMMARIES OF PGRI LOTTERY EXPO *AND* POST-COVID19 LOTTERY: THE MOVIE

ROUNDTABLE DISCUSSIONS

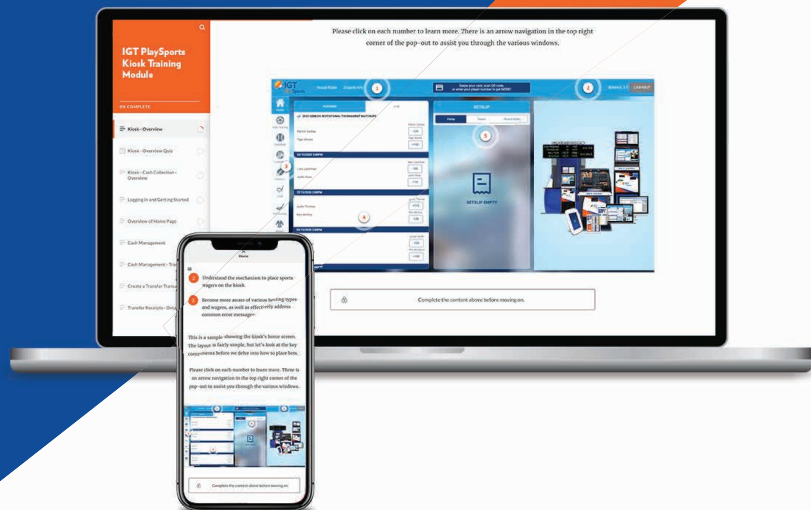
- SWOT Applied to the Lottery Industry
- What are the key drivers for success in the world of online lottery?
- Digitization of the in-store shopping and player experience
- Maximizing the Potential of Instant Scratch-offs to Continue to Drive Growth



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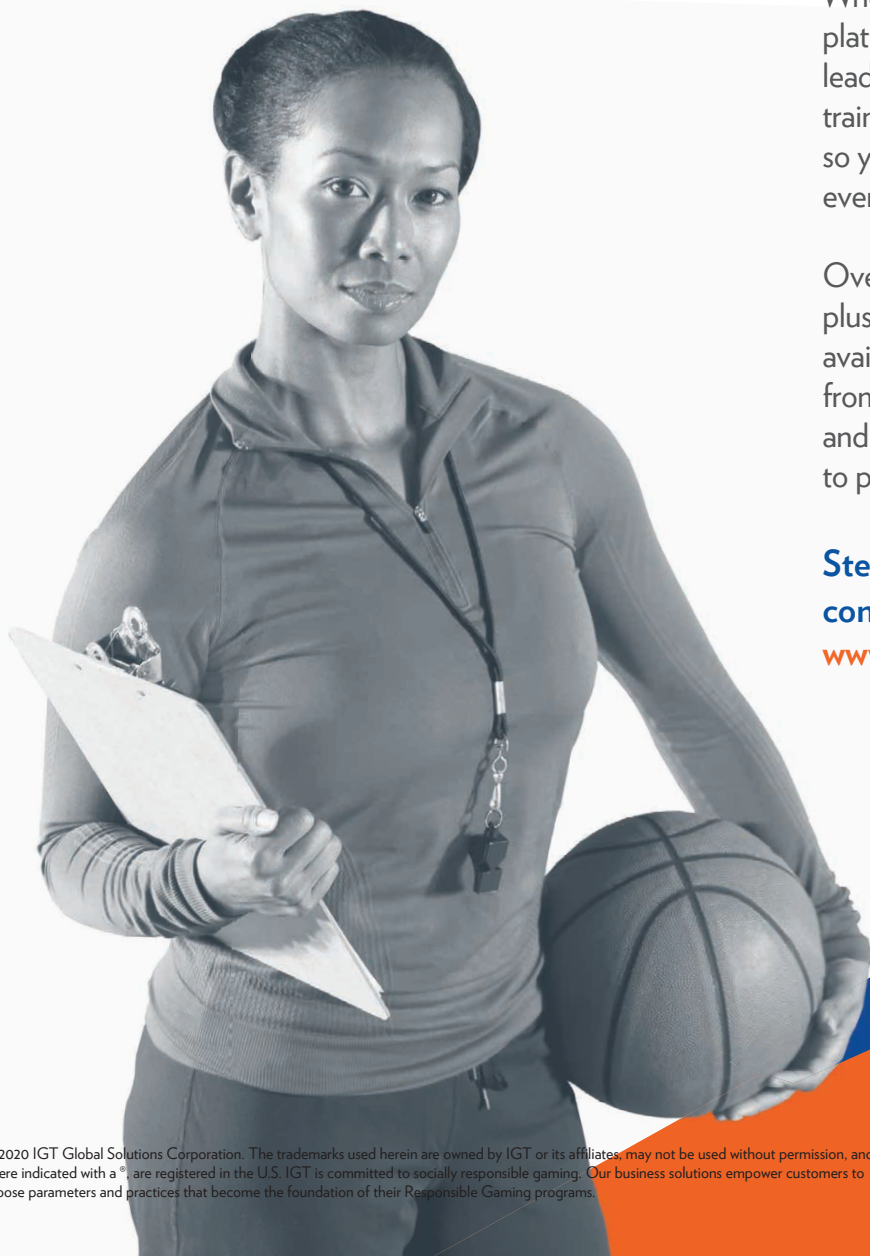
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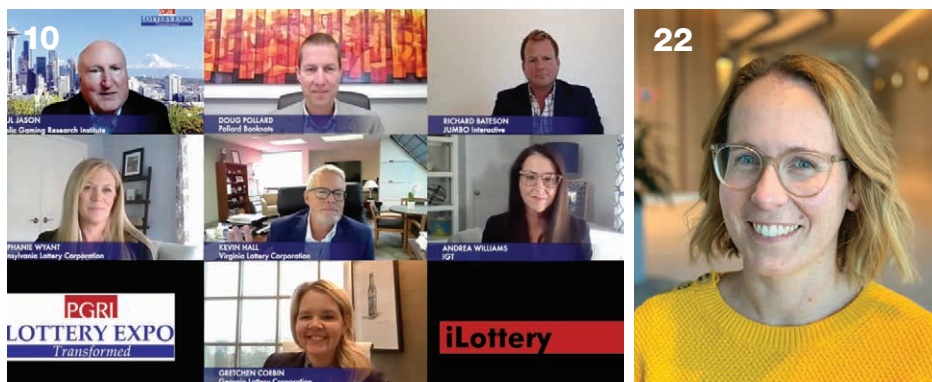
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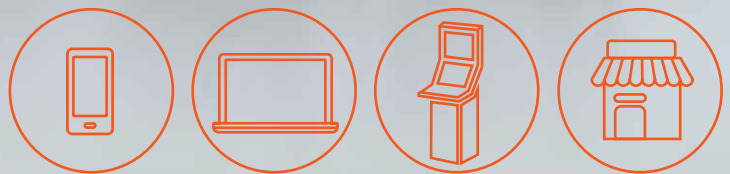
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From the Publisher

One of the big themes to emerge from the terrible ravages of pandemic is that trends are accelerating. Consumer are adopting new behaviours (like online ordering, self-service vending, enjoying local recreational gaming options instead of travelling to resort gaming destinations, playing the lottery online) much more quickly. Technologies like video-conferencing are skipping the whole “early-adopter” stage and moving right into mass-market acceptance. With positive expectations for a fast deployment of vaccines, maybe we can hope for a return to some semblance of “normalcy” in six or seven months – just in time for the EL Congress in the ancient city of Šibenik Croatia on the Adriatic coast the end of May. Certainly we will be more than ready to convene at the annual NASPL big trade-show and conference event the end of September in Kansas City. PGRI’s next in-person event, **PGRI Lottery Expo will be held in Nashville on October 26 to 28.**

The question still looming over us, though, is what the “new normal” will look like. I think we can expect, for instance, that video-conferencing will continue to be a big part of our lives. It has been so vital to our ability to function and still manage to get the job done in this period of extreme social distancing. But once the social distancing constraint is relaxed or lifted entirely, does that mean we will go back to hopping on airplanes to engage in-person meetings with the frequency of pre-COVID days? I think everyone agrees that in-person interaction is an important component to the preservation of a corporate culture and social fabric that is healthy and comports with the fundamental human need to bond and get to know each other. But video-meetings have proven to be quite effective as the communication hub that enables collaboration, teamwork, and the functioning of even large-scale enterprises. On another front, I asked a few people about the ongoing utility of print versus digital media (and print magazines like this one) and was pleasantly surprised to learn that people do still love to receive the print magazine.

What about iLottery – how has the evolution of online gaming been impacted by the chilling effect of the pandemic on shopping and going to casinos and in-person

recreational venues? We know that iLottery sales sky-rocketed during the shut-down period. I would think we can expect that at least some of those players who were new to iLottery as a result of the pandemic will continue to play online. But how many? And what can we do to retain the player-ship of these iLottery newcomers?

Likewise Instant Scratch-offs. Sales increased in this category as well. We do not have data to explain exactly why Scratch-

“I would think we can expect that at least some of those players who were new to iLottery as a result of the pandemic will continue to play online. But how many? And what can we do to retain the player-ship of these iLottery newcomers?”

off sales went up so much. But some are surmising that the lack of other gaming and entertainment options (not just the shut-down of casinos but also movie theatres, restaurants and recreation where people gather together) caused people to turn to the games available everywhere in their local C-stores.

I know you will find the executive summaries of the Roundtable discussions held as a part of Post-COVID19 Lottery: *the Movie* most useful. You can also see the video-recording of the entire conference (or any portion that you want to select) on PGRItalks.com.

We have two big iLottery features in this issue. First, there is the executive summary of the fabulous **iLottery Roundtable led by Gretchen Corbin** and featuring five other iLottery industry leaders. Then there is the feature interview with **Sharon Anderson of Australia’s The Lott** for her assessment of the future of iLottery in the post-COVID world, and for insight into *The Lott’s* strategies for optimizing the future of digital platforms going forward.

The executive summary of the **Instant Roundtable discussion was led by Beth Bresnahan** who was joined by four other industry leaders with special insight into the underlying dynamics of what drives Instant Scratch-off sales.

Gary Grief led the Digitization of the in-store shopping and playing experience Roundtable. The exec summary reflects the confidence that industry leaders have in the momentum going forward to invest in the requisite technologies that will drive retail modernization.

And then there is the over-arching theme of how we begin to analyze the effects of the major disruptions of the past nine months, and what do we do about it. **May Scheve and panel of experts applied the “SWOT” methodology** to the process and led a most provocative discussion that is also summarized here as well as available for viewing on PGRItalks.com.

I want to thank **Scientific Games, IGT, and INTRALOT** for their exceptional editorial contributions to this issue. And thank you to **Jim Acton** for editing the executive summaries of the Roundtable discussions.

The success of “Post-COVID19 Lottery: the Movie” has inspired us to develop a series of six 3-hour virtual seminars that we have dubbed **PGRI Live!** We hope you join us from 1:00 pm to 4:00 pm Eastern Standard Time (EST):

1. January 20: iLottery
2. February 17: Retail Modernization
3. March 17: Regulatory Modernization and the Politics of Gaming

Follow **PublicGaming.com** (PGRI home-page and news website) for virtual conference and webinar updates, and to track the production process as we work together to create a new kind of experience, digitally transformed to not just enable but enrich and enhance the joy of working and striving together.

Paul Jason, Publisher
Public Gaming International Magazine

The Reviews Are In!

Lottery Expo: Transformed and POST-COVID19 Lottery: The Movie

Jim Acton, Lottery Industry Consultant

Getting back to normal hasn't been quite as quick or easy as we had hoped it would be, with the return to the office for many being postponed from Labor Day to January 1 and a mix of in-person and remote learning. Grocery store shelves have started to revert to their spring states, with cleaning supplies again scarce in some areas.

One constant has been the lottery industry, which, unlike casinos and land-based venues, was never forced to shut down in most jurisdictions. That has turned out to be a very good thing for U.S. states with strained budgets which rely on lottery revenue to make up for shortfalls in other areas. Retailers have also needed the foot traffic created by lottery customers, for both lottery sales and the residual purchases that always end up in the lottery player's basket.

For both lotteries and commercial partners, the pandemic provided a host of challenges and opportunities. For lotteries, enabling employees to work from home was a new dynamic but one which balanced safety and customer service. Early returns indicate that the new work-style is, well, working, with many lotteries now considering allowing some employees to work from home permanently or to spend time working from home as well as the office. Resilience and adaptability have served lotteries well, as the hard work, fast response, and effective execution

has paid dividends, particularly with the instant ticket product. Overall in FY2020, traditional lottery (including draw games) sales were basically flat at \$80.7 billion (estimated based on states with fiscal years ending in June and others with later end dates). Instant tickets, though, helped boost most lotteries' revenue, with nation-wide sales jumping 7% over FY2019 to \$53.6 billion. Multi-state jackpot games took a big hit, with both Mega Millions and Powerball having to cut the automatic jackpot increases due to lagging sales.

While the lottery industry has survived most of the 2020 headwinds, the route forward is certainly not clear just yet. And the best opportunities for lotteries to communicate and collaborate – industry conferences and meetings – have moved to the virtual world and will stay there for at least the first half of 2021. But like other areas of our industry, the conference business is adapting to current conditions and constraints.

One highlight of the lottery calendar is the annual fall PGRI Lottery Expo. Typically held in New York City, this year the event was re-branded as **"Lottery Expo: Transformed and POST-COVID19: The Movie."** With a mix of live presentations, pre-recorded "movies" from the industry's top commercial partners, and special features like the Hall of Fame induction ceremony, the Virtual Expo rolled out in a decidedly 2020 fashion, allowing lottery industry representatives to

present, question, collaborate and learn.

The Roundtable presentations featured small groups of thought leaders discussing the top issues we are all facing. These presentations offer timely case studies and sage advice to those on the frontlines of the lottery industry activities, providing roadmaps for navigating these uncharted roads. This special Roundtable overview features:

- The Big Picture: Impact of COVID on the Global Lottery Industry
- Digitization of the In-Store Shopping and Player Experience
- iLottery: What Are the Key Drivers for Success in the World of Online Lottery
- Maximizing the Potential of Instant Scratch-offs to Continue to Drive Growth
- How Does the Lottery Industry Look Through a SWOT Analysis

Three days of insights and spontaneous conversation from industry thought-leaders reinforced that the lottery industry is run by outstanding professionals on both the lottery and commercial partner sides of the business, timely innovation is responding to the changing needs of lottery customers, and the exchange of ideas is needed now more than ever.

With that... **Onward and Upward...**

Introducing PGRI Live!

While we look forward to seeing everyone again in-person ASAP, we are also pivoting to the virtual environment in a big way in 2021.

There will be a total of eleven **PGRI Live!** events in 2021. Each event will be held from 1:00 to 4:00 pm EST, on the second or third Wednesday of every month. The first PGRI Live! will be held on **January 20, 1:00 pm - 4:00 pm U.S. Eastern Standard Time (EST).**

Our next live in-person conference event will be Lottery Expo on Oct. 26-28, 2021, in Nashville.

More information forthcoming, and updates are available at www.public-gaming.com. And we always appreciate your guidance, suggestions, and critique as that helps us to improve. Thank you for your support and hope to see you on Zoom sooner than later.



PGRI LOTTERY EXPO & POST-COVID19 LOTTERY: THE MOVIE EXECUTIVE SUMMARY OF THE iLOTTERY ROUNDTABLE



iLOTTERY ROUNDTABLE LEADER:

Gretchen Corbin, President and Chief Executive Officer, Georgia Lottery Corporation

PANELISTS:

Richard Bateson, Chief Commercial Officer, JUMBO Interactive

Kevin Hall, Executive Director, Virginia Lottery

Doug Pollard, Co-Chief Executive Officer, Pollard Banknote and Co-CEO of NeoPollard Interactive

Stephanie Wyant, Deputy Executive Director, Marketing & Product Development, Pennsylvania Lottery

Andrea Williams, Senior Marketing Manager - PlayLottery, IGT

What are the key drivers for success in the world of online lottery? The path towards adoption of online lottery sales has been slow-going since the Illinois and Georgia lotteries launched in 2012. Thankfully, it appears that we may be nearing the proverbial tipping point. With the expansion of all games-of-chance categories over the last ten years, and now with the explosion of sports-betting into the U.S. market, maybe it is time for state governing authorities to allow their own state lotteries to make the products available online. The Georgia Lottery has been building out its iLottery program for the last eight years with CEO Gretchen Corbin leading the way for the last three years. New Hampshire, Pennsylvania, Rhode Island and Virginia are some more recent entries into the iLottery space. iLottery will hopefully be implemented by more and more U.S. lotteries over the coming months.

When Virginia Lottery Executive Director Kevin Hall's year started, he had the typical "to do" items on his list:

- Continue to provide a strong product line-up for players
- Support retailers with cutting-edge technology and sales tools
- Grow returns for Virginia's Department of Education

2020 would prove to be the turning point for the Virginia Lottery. The House and Senate passed legislation allowing for iLottery in February and the Governor signed the bill three weeks later. After an all-out sprint, the iLottery site launched on

July 1. All this in the middle of a pandemic with lottery employees working from home.

A three-year lottery veteran, Kevin recounted his 2020 iLottery experiences as part of the iLottery panel at the PGRI Lottery Expo. He was in good company, as some of the industry leaders on iLottery joined him to provide an in-the-trenches overview of the path to iLottery and what can be expected post-launch. The industry expectation is that with lotteries still dealing with COVID19-related sales issues, more states will explore iLottery platforms as pathways to increase sales.

As an update, there are now eight lotteries featuring iLottery platforms:

- Illinois (Launched 2012)

- Georgia (2012)
- Michigan (2014)
- Kentucky (legalized 2013, launched 2016)
- New Hampshire (2018)
- Pennsylvania (2018)
- Rhode Island (legalized 2019, launched 2020)
- Virginia (2020)

For lotteries considering going the iLottery route, or which are helping their state's government explore the possibilities, the insights from the experts on this panel of iLottery veterans are most enlightening. They each shared their experiences and tips for those wanting to learn more about iLottery, putting together plans to present to

legislatures or to start the iLottery process, or already moving towards launch. Let's start with those on the frontlines with lotteries and then move to the commercial partners that create and support the platforms.

STATE LOTTERY OPERATORS

With product, marketing, research and iLottery under her purview at the Pennsylvania Lottery, Stephanie Weyant undertakes a fair amount of multi-tasking each day. But with traditional sales channels taking a hit during the initial COVID19 restrictions, the spotlight was firmly on the lottery's iLottery platform, which initially launched in 2018.

"We felt very fortunate to have iLottery during the height of the COVID19 pandemic. Having our Draw Games online gave players an alternative during stay-at-home orders," she said. "It didn't entirely close the gap for the loss of traditional sales, but it helped. And overall, just before our second-year anniversary, we hit the \$1 billion mark in top line online play."

That's quite the rapid beeline to a billion dollars in online sales. What does Stephanie owe to Pennsylvania's great success? Actually, she believes that the seeds of their iLottery success were planted more than 10 years ago.

"Around 2009, we started getting our digital infrastructure in place, building our online community, social media followers, VIP Club, our app and then a mobile friendly website," she said. "The great thing about all these component parts of our iLottery program – and something I think lotteries should keep in mind – is that most of these digital activities can be done without any kind of legislation. A lottery can just launch them to support the mission of connecting with its audience of traditional lottery players. Of course, you are also laying the groundwork for the eventual launch of online sales and iLottery activity."

"Take our VIP Players Club, for example. We've offered the Club for many years and we've been building the database of members. When we finally launched iLottery, we had a database of around 750,000 to whom we could market the program. Today, there are more than one million members of our Club. It makes for a powerful marketing tool."

About 700 miles south of the Pennsylvania Lottery, Gretchen Corbin has seen her

For lotteries considering going the iLottery route, or which are helping their state's government explore the possibilities, the insights from the experts on this panel of iLottery veterans are most enlightening.

iLottery activity continue to grow. Mission-critical to their iLottery agenda was that the online connection augment and help its retailers, and not hurt the lottery's traditional sales avenues and retail partners. The Georgia Lottery launched its iLottery platform in 2012, but it has only been the past few years that the lottery has started to offer the full array of online lottery products.

The increase in online offerings in Georgia has certainly helped the lottery's bottom line. But Gretchen has been careful to always remember the importance of their No. 1 sales avenue – retailers. "From a traditional lottery and corporate mission perspective, retailers are our best friends," she said. "We wanted to make sure everything we did in the iLottery platform was communicated to our channel partners, that retailers understood what we were doing and why it was a good thing for them as well."

"To no one's surprise at the Lottery, iLottery acted as a cross-promotional piece for the traditional retailers. When our iLottery sales have grown, our brick and mortar retailers' sales have grown as well. Building this mutually reinforcing synergy between the different channels is so vital to the sustainable growth of iLottery in the future."

The new kid on the iLottery block is Virginia. While always keeping in mind the importance of traditional retail locations, the Commonwealth refused to let the headwinds of retailer resistance stop the Virginia Lottery's efforts. In fact, retailer campaigns to block iLottery had effectively stopped prior efforts by Virginia until the legislature placed iLottery within a sweeping set of expanded gaming opportunities, including sports gambling and casinos.

As Executive Director, Kevin remained focused on iLottery, even as the political

winds were blowing in the direction of the Virginia Lottery overseeing the other new forms of gaming headed his way. His staff had worked too hard for too many years to not keep up the fight, particularly with victory seemingly close in hand.

"We were having many circular conversations with our retail network, and it was not very productive," he said. "We showed them the data from Michigan, Pennsylvania and Georgia, and how other lotteries saw strengthened brick and mortar sales after iLottery launched. The relevance of the overall brand is strengthened with iLottery, and that benefits retailers, too. Just three months after launch, we're certainly seeing that in Virginia."

Also positive has been the financial results seen by the Virginia Lottery. The lottery ended the first quarter of its current fiscal year (July – September 2020) with more than \$121.5 million in online play, shattering its iLottery sales projections for the entire first year by 56%. By the end of its first quarter, iLottery quickly grew to represent 18% of the Virginia Lottery's total sales portfolio.

Kevin is optimistic about the growth of iLottery, while also keeping his eye on the land-based retail network.

"We catapulted out of the gate with iLottery, and we're already seeing that it lifts both the digital and traditional sides of the business," he said. "Now it's up to us to 'put up or shut up.' Now we have to perform. We know from other lotteries that it means aggressively moving to build out an affiliate program, selling online game cards at retail, and launching crossover games and promotions that tie together both digital and traditional. We're eager to continue proving the case."

COMMERCIAL PARTNER

Behind every successful iLottery launch is a vendor which has spent years developing secure, user-friendly platforms and fun, engaging games. While it is easy to see the fruits of a commercial partner's labors on the printed product side – huge, noisy printing press, reams of paper, barrels of ink, etc. ... the work on iLottery is undertaken by a team of people in front of computers, coding, designing, securing and monitoring.

Doug Pollard oversees both the traditional lottery products and iLottery through Pollard Banknote's partnership with NeoGames, which formed NeoPollard Interactive ("NPi"). NPi now provides iLottery programs in Michigan, New Hampshire, North Carolina, Virginia and AGLC (Alberta Gaming, Liquor and Cannabis Commission) in Canada. So Doug has been in the catbird seat to view the growth of iLottery.

There was so much instability in the first days and weeks of COVID19 and we felt so fortunate to have iLottery available to keep players engaged and sales moving forward.

"Michigan was a revolutionary step for our business because it was the first state to show that you could make money in this space, and that retail sales would grow along-side iLottery growth" he said. "Since then, you've seen other states come on board and they've all been successful. New Hampshire showed that Michigan wasn't a fluke. Then Virginia launched over the summer and eclipsed everything done previously.

"With the success of these programs, we know more lotteries will be joining the iLottery trend. COVID has certainly shown the importance of having alternative channels. It's driven up iLottery sales and net revenue, so that's been a positive

outcome for these lotteries. Another upside has been the addition of new lottery players. So good news all around."

At JUMBO Interactive, Richard Bateson has been in a position to observe the impact of iLottery around the world. The Australia-based company operates in a number of international jurisdictions and Richard also ran the digital platform at the United Kingdom's National Lottery for the Camelot Group, so he has experience on both sides of the iLottery experience.

"One of the biggest differences with the United States is stakeholder resistance and the regulatory barriers that lotteries must overcome," he said. "I think that if you asked, every lottery director would agree that iLottery delivers massive benefits to the brand, to net revenues transferred to good causes, and even to land-based retailers. It can be challenging to convince legislatures and retailers of the fact that iLottery is a net win for everyone.

"iLottery moves fast and it's something that those of us who work in this area every day find intriguing," she said. "We put out a daily promotion or send an email and get a response within minutes, or even seconds. And it's not just about iLottery sales. We also capture vital information about players' behavior, about the performance of the games, and even more granular data about which attributes of the games are attracting playership.

"We can then use that data and our research to understand play styles and preferences and apply those insights to improve game development and sharpen the messaging and promotional strategies. We also have live operator assistance which enables us to hear player feedback. They tell us which games they are playing, what they like about the games and what they don't like, and why they play certain games. The questions they ask guide our messaging and our efforts to design and build games that are easy to understand and play. This information is invaluable as we create new content and add features to current games that deliver the best possible experience for the Georgia players."

SUMMING IT UP

Gretchen perhaps said it best about iLottery – "Every day is a new adventure."

"Like my colleagues on this Roundtable, I'm proud of the work of my employees and the vendor community," she said. "There was so much instability in the first days and weeks of COVID19 and we felt so fortunate to have iLottery available to keep players engaged and sales moving forward. Our iLottery platform provided a place for our players to continue engaging with us from the safety of their homes.

"We knew we had a strong iLottery platform prior to everything that has happened. But now we understand just how important it is to our players and the recipients of lottery revenues. The hard work of the Georgia Lottery staff, of our commercial partners, and of our retail partners has positioned the Lottery to serve the state, the players, and most of all our beneficiaries for many years to come." ■



Progressive iLottery e-Instants!



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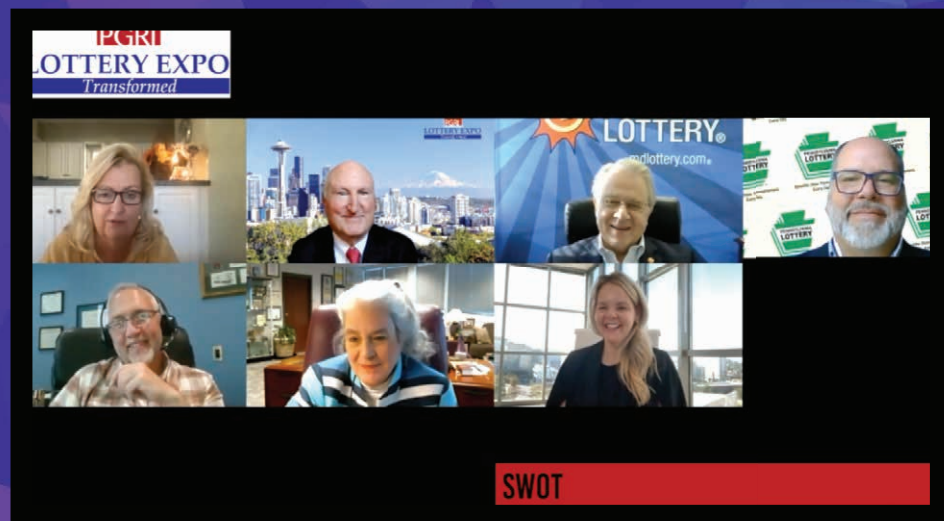
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PGRI LOTTERY EXPO & POST-COVID19 LOTTERY: THE MOVIE

Executive Summary of SWOT: Strengths, Weaknesses, Opportunities, Threats Roundtable



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Drew Svitko, Executive Director, Pennsylvania Lottery

Bret Toyne, Executive Director, MUSL (Multi-State Lottery Association)

HOW DOES THE LOTTERY INDUSTRY LOOK THROUGH A SWOT ANALYSIS? Roundtable Leader May Scheve Reardon introduced this session with a discussion about the renewed importance of strategic planning in these challenging and uncertain times, engaging panelists to address: How can the SWOT method for systematically assessing the lay of the land and designing action plans to optimize performance and results, be applied to guide us in the post-COVID19 world? How might Team Lottery identify and leverage its strengths and mitigate its weaknesses; capitalize on opportunities; and prepare for threats to its business model? And how might SWOT be applied to optimize performance of the National Games – Powerball and Mega Millions.

Businesses have been using SWOT – Strengths, Weaknesses, Opportunities, Threats – analyses for decades to help them develop an awareness of all the factors in making business decisions. Often, this takes place over the course of many months, perhaps even a year.

But in 2020, when our entire existence has shrunk to the four walls of our houses (or at least our home offices), a SWOT analysis for the lottery industry can apply to a time-frame of just a few days and change just as frequently. Such is the nature of a business that relies on people being mobile and visiting retailers as well as staying at home and engaging on their phones or computers.

On the surface, identifying the points under each SWOT attribute does not seem too difficult. But truly dissecting a SWOT analysis of the lottery industry requires a

view from the trenches AND from 30,000 feet. Often it is lottery directors who work on both – their individual lottery issues and industry-wide issues who can provide the greatest insight.

“This has certainly been the most challenging year I have seen in my many decades in the lottery industry,” said Rebecca Hargrove, President & CEO, Tennessee Education Lottery Corp. and President of the World Lottery Association. “One of the strongest assets of this business is our ability to collaborate and that has certainly been altered since March. We’ve lost that face-to-face contact which has always worked so well for us.

“But if anything, this business is resilient. We have fought back from economic downturns and attacks on our products and how we earn revenue. One of our strengths

is working together and we have managed to do that, even if we’re not in the same room.”

As President and CEO of the Georgia Lottery, Gretchen Corbin has encouraged teamwork to her employees during these unprecedented times. It’s a difficult message to convey when your employees are spread across a large state, but they have responded admirably. And Gretchen sees a similar “we’re all in this together” attitude as one of the strengths of the larger industry.

“We all share the common goal of raising revenue for our states’ beneficiaries which makes information sharing much easier,” she said. “And of course, we’re joined by various multi-state games and we really need those to work to help with our success. So we have more in common than not.

“One of the things that helps me is the ability to call a colleague in another state

and ask for advice. There's very little that happens with our lotteries that hasn't taken place in another jurisdiction, so getting another director's take on a situation is helpful. We're better as an industry when we all work together and help each other out."

Gordon Medenica, Director of the Maryland Lottery, identifies the ubiquity of lottery products and their impact on people as two important strengths.

"Humans have a fundamental need to dream, to believe there is something better for them in the future," Gordon said. "That is one thing we provide, and we sell it in so many different ways. Another strength is the number and variety of different games and distribution methods. We meet the needs of the widest spectrum of consumer profiles and different needs.

"As an industry, we're good at determining which products are best for which audience and what is the optimal time for distribution. And we're able to show incremental growth year after year. It's a strength and something we should be proud of."

As Executive Director of the Multi-State Lottery Association (MUSL), Bret Toyne works with ALL states, so his view of the industry's strengths is much more national.

"We have a terrific variety of organizations, whether it's the Mega Millions Consortium, MUSL, NASPL, and then of course our business partners," he said. "And then we have a great diversity of leadership, people from different backgrounds who bring different perspectives to our groups. While at times it can be challenging as everyone has different stressors on them, I definitely see this as a strength."

But drilling down on the word "challenging," making the multi-state organizations operate efficiently can also distract lottery directors from their core duties. Perhaps not exactly the traditional definition of "weakness" but an issue nonetheless. "There's a number of issues on which most directors agree but at some point, we hit issues that are very different from lottery to lottery," said Drew Svitko, Executive Director, Pennsylvania Lottery. "That's where some of our more difficult discussions begin. It also takes a long time to move along projects in our industry so that can also be a challenge, especially with lotteries that have director changes.

"If there is one area of agreement it's that we need to aggressively manage and update our products moving forward. We can't let our products falter to the point where they are no longer relevant. Most of us agree with that but getting us to that point of agreement and action can take some time."

The improvements for multi-state games brought the panelists to the "O" – Opportunities. For one of those opportunities, the lottery directors are looking overseas to international sales of Powerball. As President of the World Lottery Association, Rebecca is keenly aware of the opportunities for brand expansion and raising revenue from new markets.

"This has been a labor of love, with the focus on labor, for the working group that studied the international expansion of Powerball," said Rebecca. "What initially started as a discussion on how to stop the illegal sale of

"If there is one area of agreement it's that we need to aggressively manage and update our products moving forward."

our game has now grown into an initiative to sell beyond our borders. Of course, the best way to stop or at least curtail illegal sales is to give the consumer a safe and legal option to play. We'll start with the five Australian states and run a market test in April with Tabcorp. After that, we hope we can take the pilot to UK. On the opportunity front, this has great potential for the Powerball brand and our ability to increase revenue."

For Mega Millions, the opportunity lies with improving the game from within. The group that oversees that game, led by Gordon, is not looking to sell abroad. But many states are now offering Cash4Life, which is available every day.

Gretchen said that all of these opportunities, no matter how difficult to implement, need to be designed with one result in mind – driving revenue. After all, that is the mission of all lotteries.

"Whether we are a large group like MUSL or a smaller group like Mega Millions, we

exist to make money for our beneficiaries in the most responsible manner possible," she said. "I respect that all of us must consider what is right for our states. We also need to consider the players and what they want. All our deliberating will be a waste if the final decision doesn't work for players.

Gretchen said that all of these opportunities, no matter how difficult to implement, need to be designed with one result in mind – drive revenue. After all, that is the mission of all lotteries. "Whether we are a large group like MUSL or a smaller group like Mega Millions, we exist to make money for our beneficiaries in the most responsible manner possible," she said. "I respect that all of us must consider what is right for our states. We also need to consider the players and what they want. All our deliberating will be a waste if the final decision doesn't work for players.

"We have such great stewards in the industry, people like Gordon and Rebecca who have great experience and share it freely with others. We all want and need the multi-state games to succeed, and everyone is working on how to bring in that next generation of player. If we don't figure that out, the games are in trouble. And that is a major threat."

May concurred. "This is a weakness, opportunity and threat all rolled together. Our player

base is older. If we don't add younger players our games will be in big trouble. These are the topics we have to hit next as a group as they address the future of our games and our lotteries."

Taking a page out of the instant ticket playbook, Drew said he wants to also look at the opportunity to push the price point of Powerball and Mega Millions. He sees this as an important opportunity.

"This might be the perfect time to launch that price point," he said. "We know from our research that players are fine with a \$5 price point. Can we take one game to seven days a week and other game to \$5? Those are some big moves but now is the time to consider the future of these games. One of our strengths is communications, so let's use it to address the sales issues of our games and look to increase the revenue of both games, which represents a big opportunity."

This is where Rebecca thinks international sales could play a roll, serving as a laboratory of sorts where ideas can be tested before being implemented in the U.S.

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PGRI LOTTERY EXPO & POST-COVID19 LOTTERY: THE MOVIE

Executive Summary of the Digitization at Retail Roundtable

The Future is not Just about iLottery: Digitization of the in-store shopping and player experience



DIGITIZATION ROUNDTABLE LEADER:

Gary Grief, Executive Director, Texas Lottery

PANELISTS:

Michelle Carney, Vice President Global Lottery Marketing, IGT

Maxwell Goldstein, Vice President Sales, Carmanah Signs

Nick Papadoglou, Chief Commercial Officer, INTRALOT US

Jennifer Westbury, Executive Vice President Sales & Customer Development, Pollard Banknote

PGRI INTRODUCTION: As much as iLottery is on the radar for many lotteries, brick-and-mortar retail will continue as the most critical sales channel, and modernization of the in-store shopping experience is critical to the continued success of the lottery industry. So while we look at the future of online lottery, Lottery leaders continue to focus on technological trends at retail and on how to help our channel partners merchandise their products in the best manner to engage customers and move product. This starts with deploying the latest technology and digital tools to improve that in-store experience.

To set the record straight – not all lotteries see iLottery as the near-term future for their particular state. Operating restrictions, legislative inaction, technology restrictions – there are a number of reasons that a digital lottery is not in the foreseeable future for many lotteries. So with an eye to the future, the directors of these lotteries have their efforts firmly planted in the here-and-now actionable business of growing sales at retail.

One of those directors is Gary Grief, Executive Director of the Texas Lottery and host of the Roundtable that focused on the modernization of the in-store shopping experience. Running one of the largest and fastest-growing lotteries in the world, Gary is watching carefully the shopping trends of his customers and making plans accordingly. “Since March, we’ve all seen the rise in

technologies that can eliminate, or at least reduce, person-to-person exposure – food and grocery delivery, curbside pick-up,” he said. “The word of the day is ‘contactless.’ Digital engagement makes shopping easier. You don’t have to be present to obtain the goods you either want or need.

“Now what does this mean for lottery? The research indicates that there’s strong intent by the purchasing public to continue with contactless activities, not just in the United States but around the world. For lottery, on one hand the changes that consumers have made to their retail shopping behavior is having an impact on lottery buying, and really all impulse purchases. On the other hand, it might accelerate things we had already started to discuss and, in some cases, have implemented. Integrated in-lane lottery purchasing is high on that list.

And retailers are asking us for even more innovation.”

On the frontlines of this innovation are the lottery industry vendors who work closely with both lotteries and retailers. The iLottery developers might get the headlines but many lotteries are working with their commercial partners to make the in-store experience safer and more efficient to satisfy the needs of lottery customers.

“We’ve seen companies such as VISA and American Express reach out to customers about the safety of the in-store shopping experience,” said Michelle Carney, Vice President Global Lottery Marketing at IGT. “It’s no different in the lottery industry – we must communicate with players that cashless and contactless options for lottery transactions are available at retail to support their health and safety. Many

In a brave new world
contactless at retail is
becoming the new way
of interacting with your
customers

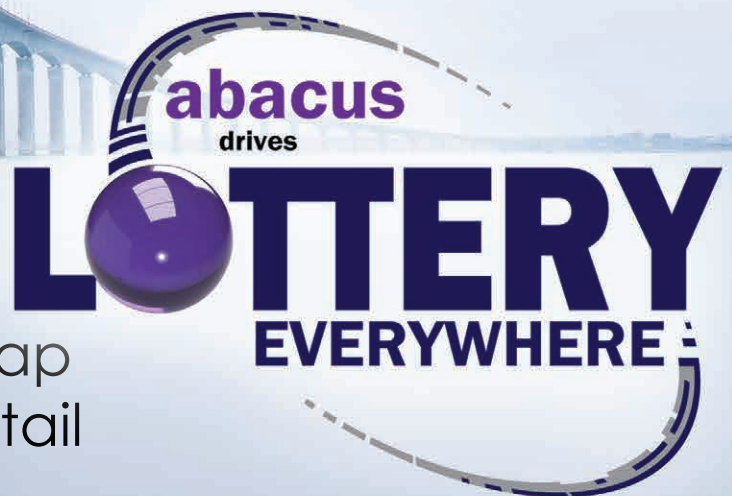
Abacus is already selling
lottery through 4,500+
self-scan and self-checkout
retail systems

Take that first step towards
a contactless future and
open up your products to
a whole new audience

**It started with in-lane but is
now so much more**

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stores have lottery vending machines, and more and more states allow cashless lottery purchases; let's get that information to players.

"For a number of years, lotteries have also offered digital play slips through their mobile apps. They have been offered as a convenience option and have typically seen low adoption rates. Now is the time for lotteries to take the opportunity to promote these tools by emphasizing to players that they present an additional option for a contactless experience: No touching a play slip or pencil, just show the clerk the barcode, it gets scanned, and the lottery ticket is produced. Basically, it's the same process that many restaurants are now offering, making menus available by scanning a QR code and payment via a mobile phone. Technology can support a fun and safer lottery shopping experience for players."

While the majority of lotteries can't offer iLottery, almost all lotteries have websites, apps, notifications, etc. These platforms, originally conceived to improve communication with players, are now the perfect tools for allowing players of all demographic groups to interact with the lottery and purchase products at retail, with a high level of safety.

"The exciting thing to me is that we are seeing more and more adoption of these technologies among our core segments, particularly older people who are increasingly adopting technology for their retail interaction," said Nick Papadoglou, Chief Commercial Officer, INTRALOT U.S.

"At retail, we've certainly seen an uptick in the use of lottery vending machines and cashless options. Our lottery retailers have certainly seen these changes and, thankfully, seen them help keep their sales in the positive direction.

"While much of this increased digitization of the lottery retailer experience has been in the works for some time, COVID19 has pushed this implementation and adoption of a quicker timeline. We are seeing a new norm with business and all of us – lotteries and vendors alike – have had to adapt quickly. These are habits that, I believe, are here to stay."

Of course, the lottery industry has faced challenges before in its 50-plus year history in the United States ... self-service gas

pumps which impacted foot traffic, the rise in local casinos, multiple economic depressions. The one constant has been that lottery has survived and, in some cases, thrived due to the speed at which it adapts to new operating environments.

In a word, the industry is resilient.

Obviously, the lottery has done really well in this period," said Jennifer Westbury, Executive Vice President Sales & Customer Development, Pollard Banknote. "Initially we did really well as almost all forms of entertainment were closed and lottery was basically the only outlet for the gaming dollars. The instant ticket product showed us just how resilient it is and how popular it is to our players.

The critical mission for lotteries and vendors is to put the right tools into the hands of lottery sales representatives so they can properly help their retailers.

"I also believe that our retailers have realized in this pandemic just how important the lottery is to their businesses. And they continue to look to partner with us on new ways to sell the lottery product and attract customers to their stores. So this is a wonderful opportunity for the lottery industry to help convenience stores move customers quickly through the sales process, help grocery stores figure out in-lane sales and self-checkout. Most of these technologies are available now and we have a tremendous opportunity for all of us to work with the retailers and help them sell our products."

Working for a company that produces digital messaging products for retailers, Maxwell Goldstein, Vice President Sales, Carmanah Signs, has seen firsthand the power of providing technology that actually attracts customers and sells lottery products.

"We have seen how the use of digital technology improves customer interaction," said Max. "Digital lottery ticket menus, changeable signs, signage at various points of the store – these all help retailers reach

players before the point of sale, leading to a quick interaction at the register. It's not contactless but it is very quick.

"The critical mission for lotteries and vendors is to put the right tools into the hands of lottery sales representatives so they can properly help their retailers. In the interest of safety, we know that retailers really appreciate digital message boards and menus that can be updated and changed remotely. And customers like the ease-of-understanding that digital devices provide. So win-win ... safe updates and easy-to-understand information."

In Texas, the safety of employees, retailers and customers is always on Gary's mind as director. And COVID19 is accelerating

programs they had already put into motion.

"We work closely with our vendor IGT on safety, as the Texas Lottery sales representatives (LSRs) are their employees, but our retailers very much like to see them in person," he said. "Given the situation and our strict state-mandated safety guidelines, we have all had to be creative to properly serve the needs of our retailers and keep our employees safe. We don't need to require two visits per month to every one of our 20,000 retailers by our LSRs. Our internal discussions are 'how can we be more efficient with our contact, which retailers need more in-person assistance, how can technology help with these issues?' These are critical issues that will impact the lottery for many years to come."

As with many parts of our lives, most conversations about where the lottery industry is headed have to start with technology. Not necessarily the technology that moves paper tickets to eInstants and keeps people out of retailers. For the lottery, there is also the technology that will improve the purchasing experience and increase the customer base at retail, including the younger demographic.

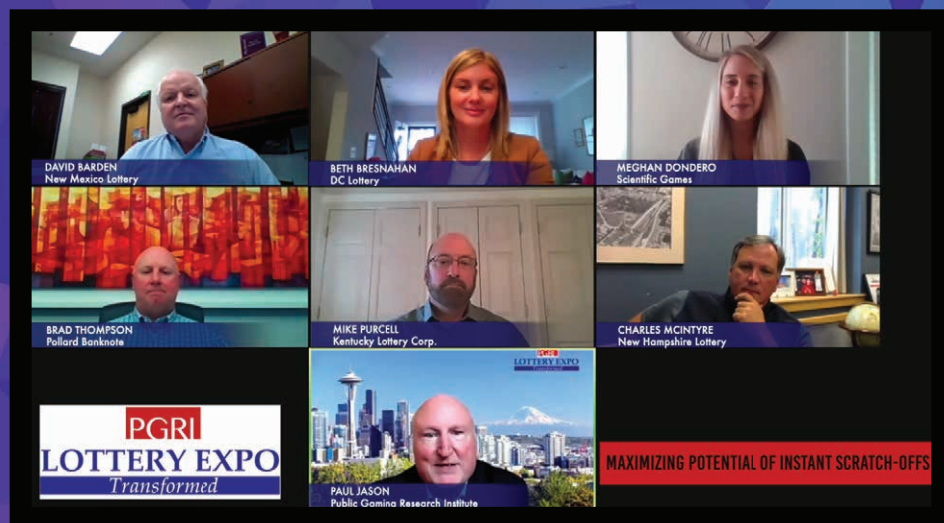
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PGRI LOTTERY EXPO & POST-COVID19 LOTTERY: THE MOVIE

Executive Summary of the Instant Scratch-off Roundtable

Maximizing the Endless Potential of Instant Scratch-offs to Continue to Drive Growth



INSTANT SCRATCH-OFFS ROUNDTABLE LEADER:

Beth Bresnahan, Executive Director, DC Lottery

PANELISTS:

David Barden, Chief Executive Officer, New Mexico Lottery

Charles McIntyre, Executive Director, New Hampshire Lottery

Meghan Dondero, Regional Vice President, Scientific Games

Mike Purcell, Senior Vice President of Sales & Marketing, Kentucky Lottery Corp.

Brad Thompson, Vice President Sales & Marketing, Pollard Banknote

PGRI INTRODUCTION: Scratch ticket sales have been growing for years, but exploded for many lotteries during the pandemic. What's driving the growth during these pandemic times, and what can lotteries do to leverage new insights and drive ongoing growth in Instants? How can a balanced and mutually-reinforcing relationship between online and off-line Instants be built? Why is it important to attract and engage players on multiple channels? What are future growth platforms, POS devices, pathways to expand access to the games and attract new consumers?

Want to know as much as possible about the past, present and future of instant scratch-off tickets? Learn where the product is going, how the move to digital will impact players and lotteries? Let's ask the experts who have been on the front lines of driving sales of both products. Better yet put them all in one (Zoom) room and let them talk.

That's exactly what happened at the "Instant Scratch-Offs Roundtable" which featured some of the industry's most respected leaders. As roundtable leader, Beth set the table for what would be a spirited 90 minutes of lottery discussion. In her previous job as Executive Director of the Massachusetts Lottery, the lottery

first hit the \$5 billion mark in sales (more than 70% of which were instant sales). She now oversees the DC Lottery, which has recently implemented sports gambling. But it is the instant ticket product that truly moves the needle for Beth, and the industry.

"Building a successful instant ticket portfolio is truly both an art and a science," she said. "How to assess the playstyle and theme, how to build an attractive prize structure, what colors to use, what call-outs to feature. These are not the things going through a customer's mind when they walk into a convenience store and see a display of tickets. But these points, and many others, are on all of our panelists' minds, every day. Those who think bringing an instant

ticket to market is an easy task have never fretted over call outs, color schemes and prize structures. It's one of the most critical tasks we undertake as lottery representatives."

And with that, they were off. First step – the meteoric rise in scratch ticket sales in 2020.

Charlie McIntyre, who served as General Counsel at the Massachusetts Lottery before moving north to take the top spot at the New Hampshire Lottery 10 years ago, has had a busy 2020. Expansion of Keno and iLottery was always on the table, and then sports gambling was added. But for right now, scratch tickets continue to pay the bills.

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MUSL & WLA COLLABORATE TO EXPAND UNIFORM SECURITY STANDARDS

A new collaboration between the Multi-State Lottery Association (MUSL) and the World Lottery Association (WLA) has advanced a common goal of more uniform security and risk management standards across the lottery industry. So what does it mean for U.S. lotteries that sell Powerball? More efficient Rule 2 reviews and, for Rule 2-compliant lotteries, the opportunity to apply for WLA Security Control Standard Level 1 certification.

The discussion between the two Associations began last year when the WLA began a scheduled review of its Security Control Standard (SCS). The WLA Security and Risk Management Committee invited MUSL's Information Security Director, Robert Nitz, to join talks with its Technical Working Group on how to expand the SCS to include more U.S. lotteries. The expansion would require the two Associations to fully understand the similarities and differences between the WLA SCS and MUSL Rule 2, the security and risk management standards for U.S. lotteries to sell Powerball®. Working group members undertook the tedious task of mapping all 300 requirements in MUSL Rule 2 to the WLA SCS and ISO 27001, a framework of internationally-accepted information security standards that forms the base of the SCS.



Robert Nitz, Information Security Director, MUSL

According to Nitz, two-thirds of MUSL Rule 2 requirements are covered by ISO 27001, and of the remaining requirements, half are covered by the WLA SCS. In many cases, the duplication was the result of Rule 2 predating the now well-established security standards. MUSL Rule 2 was developed during a time when there were no commonly-established information security standards, and was, during most of its history, an innovative and critical way of ensuring security between lottery partners. However, due to evolving technology and best practices, sections of Rule 2 required continuous review and updates to ensure requirements met modern standards. As a result, MUSL found itself turning to more contemporary standards for guidance.

"By accepting the WLA SCS and ISO 27001 standards, MUSL can focus its efforts and time on maintaining

the Rule 2 requirements not covered by either framework," Nitz said. "These requirements are multi-jurisdictional game specific such as balancing and ticket validation."

In August, MUSL's Security and Integrity Committee, which oversees Rule 2 compliance, voted to accept ISO 27001 or WLA SCS certification as evidence of compliance with portions of Rule 2. The remaining Rule 2 requirements will still require a biennial review by MUSL's Information Security team. The alternative method of attaining Rule 2 compliance will streamline reviews for MUSL member and licensee lotteries that have already undergone an ISO 27001 or WLA SCS audit.



Barry Pack, Director, Oregon Lottery and Chair of MUSL Security & Integrity Committee

"This has been a huge step forward in modernizing Rule 2," said Barry Pack, MUSL Security and Integrity Committee Chair and Oregon Lottery Director. "Not only does this ensure that our security standards are up to date, it allows us to focus on those security features unique to multi-jurisdictional games, and it puts MUSL in closer alignment with other

lotteries for further collaboration and future partnerships."

For its part, the WLA has added a new multi-jurisdictional subhead to its SCS and implemented a new multi-level certification system, which allows lotteries that are Rule 2 compliant to apply for WLA SCS Level 1 certification. The Missouri Lottery, which is both a MUSL and WLA member, will be the first U.S. lottery to achieve WLA SCS Level 1 certification under this new agreement.

"This is meaningful," said May Scheve Reardon, executive director of the Missouri Lottery and Powerball Product Group Chair. "It's forward-looking as it provides even further levels of transparency and consistency in lottery security standards."

The dialogue on security and risk management standards will remain open between MUSL and the WLA. The WLA Security Risk and Management Committee has invited Robert Nitz to join its Technical Working Group as a member. The line of communication and transfer of knowledge is expected to benefit the member lotteries of both Associations.

"Part of WLA's charter is to develop worldwide standards every lottery can follow, regardless of country," said Rebecca Paul Hargrove, WLA President and Tennessee Education Lottery President and CEO. "Our ultimate goal is to share best practices so lotteries across all jurisdictions continue to be innovative in their efforts to raise money for good causes and beneficiaries." ■



SHARON ANDERSON

HEAD OF DIGITAL –
LOTTERIES (THE LOTT) TABCORP



THE FUTURE OF DIGITAL: LOOKING INTO THE POST-COVID19 WORLD

PGRI INTRODUCTION: Sharon Anderson is the Head of Digital for The Lott, at Tabcorp, Australia's leading gambling-led entertainment company, listed on the Australian Securities Exchange (ASX).

Since 2015, Sharon has driven the digital strategy that has contributed a significant increase in sales and customer satisfaction scores across The Lott's digital channels.

Sharon is passionate about innovation, customer centricity and data-driven decision making. She has led and worked directly with teams across marketing and technology to transform products, people, and processes at all levels within the organisation.

Paul Jason: How did the COVID-19 pandemic impact The Lott's digital business?

SHARON ANDERSON: Having had continued investment and support from executive leadership in our digital business since 2015, we felt we were well prepared to handle the organic migration of customers' shopping behaviour from purchasing in-store to online.

From the outset, there was a big expectation on the digital team that we were doing everything we could to ensure the success of the business. Fortunately, the majority of our retail outlets remained open to trade, but we still saw an increase in sales in our digital channels. Digital sales as a percentage of all sales grew from 26.7% in the six months to December 31 2019 to 28% in the six months to June 30 2020.

With this in mind, we revisited the journey for those customers who have never purchased a lottery entry online before. We planned each customer journey and produced experiences to align with

each step. This included new content that highlighted how to join The Lott online, what it means to be a member and how to play online.

A unique customer segment of older Australians emerged during COVID-19 seeking to purchase online however they didn't necessarily have the technical understanding. We communicated with our Customer Care Contact Centre daily to understand what issues they were receiving calls about and used this to overhaul our online help centre content.

During the first few months of the pandemic, the regulatory requirements and restrictions were changing daily as the situation evolved. The challenge became trying to understand what the biggest priority of the business was for that day while being flexible enough to pivot towards working on the new requirements. While that was happening, we also launched PayPal as a new payment method, implemented a new brand identity for The Lott, supported a significant donation

and re-launched Saturday Lotto, one of The Lott's flagship lottery games. It was exhausting and challenging work for our team, but I'm proud of what we achieved as a business function during this time.

Did the COVID-19 pandemic impact your projects for FY20? What was your biggest project for FY20, and why was it such an important project for the business?

The biggest project for us in FY20 was the launch of our omnichannel program in August 2019, which focused on combining both the online and retail experiences through a single membership. We led the digital execution for this project, and it was a good opportunity for our team to focus on how our digital channels can drive an in-store interaction.

As part of the project we digitised a version of the physical membership card our customers use in-store to register entries within our existing apps. Not only saving them wallet space but also ensuring they always had their membership card on hand. For members who also purchased online, we added another feature within the apps to allow them to use the funds within their online account to purchase entries in-store. We're looking forward to building out more features in the future that allow players to use their own device as an in-store experience. Our focus has always been on building our online channels for the future and the great thing about omnichannel is that it meets current and future customer expectations.

What other projects did you focus on in FY20, and how did they benefit The Lott's customers?

All our projects have a customer lens because as a digital channel, we have to be customer focused. We are not a physical person having a conversation or engaging with a customer, so we can't design technology for the sake of it; we need to design it for people to use. Over seven million Australians use our range of channels, and we need to ensure our projects align to ensure they have the best digital experience possible.

One of our customer-focused projects was introducing PayPal as a payment method in our online channels in early April of 2020. Customers wanted more choice in the way they pay, with PayPal being a highly requested option by customers.

PayPal now represents around 10% of total online deposits, with over 60% of PayPal connections and deposits occurring within The Lott Apps. Customers have been delighted to have more choice in the way they pay, and we've also seen a small but steady reactivation of customers who had ceased using our channels due to not having PayPal available.

Another successful customer-focused project we implemented in FY20 was expanding our team's ability to optimise our existing digital experiences. By introducing team members who are dedicated to optimising our selling touchpoints through A/B testing, we have been able to realise millions in revenue per annum, just through streamlining the customer journey of existing website and app traffic. It really shows that small changes can make a big difference! By changing a button here or there, or making something on the website a different colour, you can completely change the outcome of what customer is trying to do.

It also means we can be more data-driven about decisions we make regarding our projects. The team focuses on ensuring we are making the right enhancements to the website and app, spending the right investment in time and funding, and we use the data to make the best decisions to run a campaign. It's been a huge focus for us in FY20, and it will continue to be our focus in FY21.

What is your strategy for planning what projects you will focus on in the coming financial year?

"By changing a button here or there, or making something on the website a different colour, you can completely change the outcome of what the customer is trying to do."

We identify one landmark project to work on and then identify several other key areas to focus on. These areas can be anything from customer experience to compliance and security. Running a digital business carries risk, so we must balance ensuring we keep our customers safe and protected. While at the same time, providing a reliable, easy to use and fun experience.

The customers, what they want to see, and their feedback is at the core of what we do, and this helps us decide which enhancement projects to work on. Each financial year we ensure there is funding available for us to continually evolve the customer experience through the website and apps. We don't want the channels to become stale. We also make sure we liaise with our Customer Care Contact Centre to see what roadblocks customers are experiencing and any other insights we get from our marketing teams.

Looking forward to FY21, what are the three major projects you hope to achieve in the next financial year?

The Lott is launching a new brand identity this year, so our major focus is to continue to roll that out across the digital platforms. We have been a caretaker for The Lott brand since it was launched digitally in 2016, so we understand how important it is that the brand comes to life in our channels.

Overall, our focus is to continue to bring the digital and retail customer experience closer together supporting each other. In addition to the website and the app, we have expanded our focus to include our in-store terminals. We see the launch of the brand identity as a chance to align our look and feel and give The Lott a real breath of life.

Another project we are hoping to launch this year is store syndicates online as currently, players can only play syndicates in store. It will be our first toe in the water since we launched Syndimate in 2018. When it launched, it was a tool to help private syndicate leaders to organise syndicates and find the best value

entry and conveniently purchase in-store printing syndicate shares for all members of the syndicate. We've seen huge adoption of this tool, and last year 4% of syndicate revenue was made through Syndimate.

Creating store syndicates online is a great next step as it gives online players access to more chances to win but also allows our retailers to sell their syndicate offerings online.

Where do you see the focus of digital channels and customer experience of The Lott heading in the next few years?

Now that we have established our digital channels, we are focusing more on how to increase the experiential part of our services, which is why we hope to launch our voice app as a trial later in the year. This voice app will be across the Alexa and Google Assistant applications. We are excited by this as it will be information focused, which will help our customers if they have a winning ticket.

We think lotteries is the perfect way for people to engage with their voice-based assistants regularly.

As part of our goal to create a more experiential online experience for our customers, we want to reinvigorate our lottery draw experience. As a business that sells anticipation and excitement, we need to maximise the glow of the actual event that creates winners.

We've also made significant investments in our marketing technology platforms, so we need to focus on how we are using it to deliver a personalised experience for our customers. We also want to optimise and make our advertising as efficient as possible. Personalisation is a large focus for us over the next three years.

Where do you see the future of digital retail going in the next few years?

In digital and technology things move so quickly that it can be challenging to think where you will be in a year, let alone three or five years! I've always subscribed to the idea of thinking about what might not change in the future as it gives you an

Instant Scratch-offs continued from page 20

"The acceleration in sales has been crazy – we're already in the top 10 in per capita sales in the United States," he said. "And there have been many factors. We know that many Massachusetts residents moved to their second homes in ski country and at the lakes during the COVID lockdown and we got a tailwind from them. And there was not much else for people to do – no movies, no restaurants, no recreation that involved groups of people. And the casino in Boston was closed.

"But the lottery stayed open. We met internally in the early weeks of March and decided that under no circumstances will we shut down. I wanted more inventory then was projected to be needed and asked our vendors to work closely with us on achieving that goal. The result was that at no point did we fall short. When our players started returning to stores, they found full bins of tickets, and it has stayed that way through the year."

Ensuring the stores would always have a full stock of tickets was also on the mind of lottery veteran Mike Purcell. Having previously worked for the lotteries in Virginia and Florida, Mike has vast experience in creating and selling the scratch ticket product. Now leading the sales efforts in Kentucky, Mike's past experience and his knowledge of the players in the Bluegrass State helped keep tickets stocked and selling.

"Like the NH Lottery, we pushed inventory and our ticket levels never fell short," he said. "When the pandemic started, we had a four-week supply on hand for retailers,

anchor from which to plan.

What we know is that people will always want the chance to dream about winning the big one, and our business will conduct lottery draws each and every day. But how they buy their ticket, where they buy their ticket, how they check their numbers – those are the things that can change. By looking at what doesn't change, it gives you more control over the things that can change.

Our greatest opportunity over the new few years is bringing our online and in-store experiences even closer together and giving our customers as much choice as possible, be it celebrating a win with a local retailer, creating a syndicate with friends online or

but our vendors kept us supplied and we never fell short of what our retailers needed. With an automated ticket ordering and delivery system, we saw very little interruption in delivery to retailers. That was a key for our sales.

"So much of the entertainment and recreation industry closed in Kentucky – horseracing, so important to our culture, stopped. No casinos, no theaters, people couldn't go out to eat. But our c-stores were busy. Because people weren't travelling, they didn't need as much gas. But they did have more discretionary income, and some of that went to lottery. That trend continues today."

Across the country in New Mexico, CEO David Barden applied mathematics to help push sales. The NM Lottery has payoff restrictions which require the lottery to return 30% of revenue to the state every month, a daunting requirement for any lottery. With sales of jackpot games lagging, David had unclaimed prize money that he could use to seed his scratch product offering. That resulted in an increase in payout across all denominations. The result?

"Surprise, surprise – we're up 24 percent this year over last year," he said. "We've also worked closely with our vendors on prize structures. The chances of winning are about the same, but we've loaded the games with prizes between \$500 and \$1,000. This has created a buzz among players, and we've heard that people love the new games even though the top prizes are not at the levels you see in larger states.

checking results with Alexa!

We also ask ourselves how dramatically does the landscape need to change, or even if we want it to change? We have had some varying forms of competition, and it makes us consider do we transform our offering or adapt it to the market. We've taken an adaptation approach, and it has worked well for us so far.

What's core to our business is creating a dream by selling tickets, conducting draws, delivering results and paying prizes. Those are the levels we need to innovate and streamline as much as possible and not transform for the sake of transformation. ■

Winning experiences keep the players coming back."

In our nation's capital, Beth had a unique problem – empty streets, empty stores, empty commuter trains. With workers being told to stay home, the daytime population in Washington, D.C., dropped an astounding 90%, as commuters from Maryland, Virginia and other neighboring states stopped travelling to D.C. Beth didn't have to worry about inventory – there simply weren't enough people to buy their products.

"Our biggest retailer shut down because there were no commuters travelling into the city," she said. "Our neighborhood retailers continued to sell our products and we had no problem providing them with tickets, so District residents had 100% access to lottery products. Our sales didn't completely shut down. But we were certainly impacted by stay-at-home orders and the lack of daily workers."

While lotteries were scrambling to equip workers with laptops so they could effectively work from home and safely supply retailers with tickets, commercial partners were facing their own concerns. How do they keep the printing presses running efficiently yet safely? What would happen if COVID shut down a manufacturing location? Will COVID restrictions interfere with the shipping of the product?

Lottery commercial partners faced multi-prong challenges – take care of their employees' health needs, make sure their lottery customers are properly supported,

Continued on page 41



When Doing Good Just Comes Naturally

Protecting the environment is a cause that many lotteries support with their revenues. Scientific Games' **ONE** Suite provides valuable insights in to consumers that drive sales and enable our lottery partners to deliver on their promise to keep our environment healthy and accessible for generations to come.

Reimagine
Next



Reimagine **Next**

6 TAKE-AWAYS FROM 2020

Actionable Insights for Lotteries

Marketplace trends are one of the most important components in developing a successful lottery business strategy that grows performance and protects vital funding for beneficiary programs. Understanding the trends and being ready to adapt and pivot becomes even more important in a year like 2020.

Scientific Games' Analytics & Insights team identifies and tracks ebbs and flows in the marketplace as they happen, while our Consumer Insights team conducts market research to better understand the why behind those ebbs and flows. This powerful combination of insights helps lotteries best prepare and plan their business.

To close out the year – one filled with unpredictable twists and turns – we're sharing some of the more significant take-aways of 2020 from our research and our research vendor partners. These insights, which are informing business decisions for 2021 and beyond, come from consumers and the retailers on the front line who deliver the lottery experience to players.

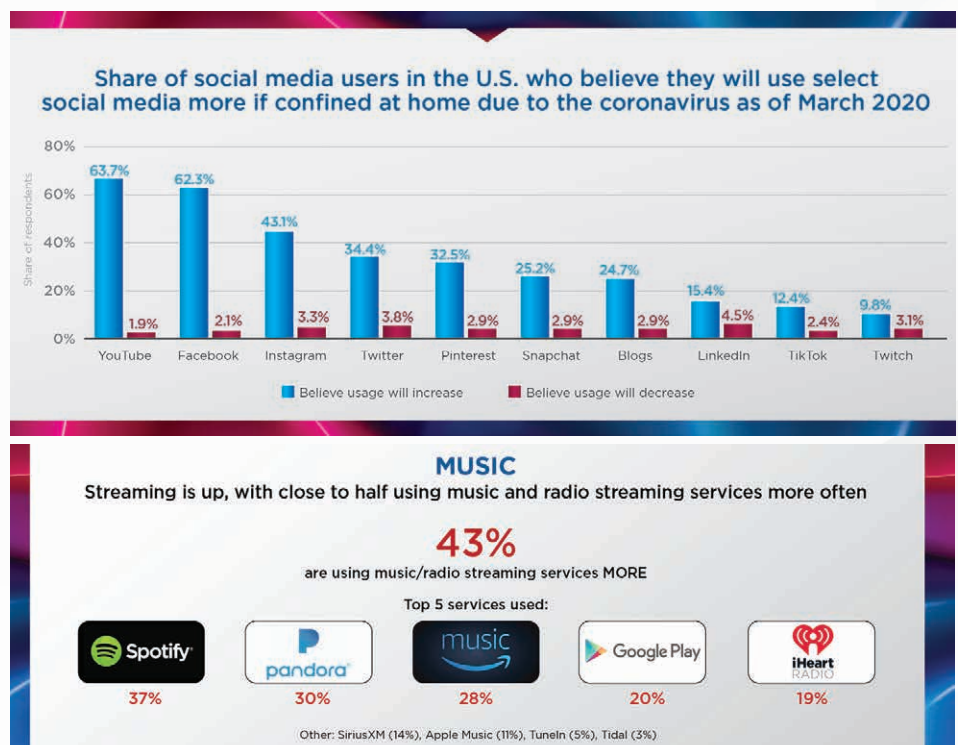


Reach Consumers Digitally

Given that consumers are so focused on getting in and out of stores as quickly as possible, it's not as easy to capture their attention at the point-of-sale. Many if not most lottery players use online/mobile channels these days, which presents a critical opportunity to communicate with them outside of traditional lottery retail channels. Another strategy is to leverage the lottery's players' club to communicate. One of the benefits to being a club member is knowing immediately about any changes to programs, games, retailers, etc. Lotteries can deploy any number of tactics to experiment with optimal digital engagement in the club.

Social media is also perfect for low-cost messaging to the masses. Social media usage is increasing across all platforms, which creates an opportunity for the lottery to keep those members up to date on new game launches, promotion dates, etc., as well as potentially reach less engaged players.

When considering the role of digital in their overall marketing strategy,



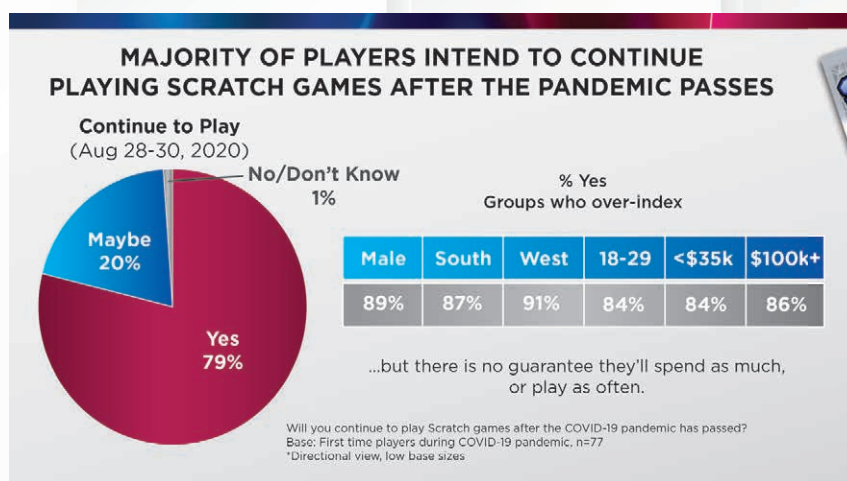
lotteries would benefit from understanding ways to switch up consumer reach and use popular websites, apps and internet-based services to connect with consumers. Traditional radio advertising is being challenged by the significant increase in music streaming this year.



Keep Lottery Newcomers Entertained

With casinos running at limited capacity due to social distancing, as well as other non-gambling forms of entertainment still being off-limits or shut down, discretionary income that consumers set aside for entertainment means other entertainment forms have benefitted. Lottery instant scratch games are no exception. According to a national study conducted by Leger, up to 20 million new players have tried instant scratch games during COVID-19. And many of these new players plan to continue playing instant scratch games after the

pandemic ends – but there are no guarantees they'll spend as much or play as often. Going back to the rich combination of analytics and consumer insights, we know that many of these new players are drawn to higher priced instant games; those that offer similar play value to their typically available gambling choices. So knowing what they like and why is key to creating best-fit lottery content to keep players entertained and engaged beyond the pandemic. And reinforce that lottery games are worthy of a constant share of their entertainment wallet.



"I am spending more on lottery than gambling during COVID-19."

11% of the U.S. population agrees that they are spending more on lottery than gambling during the current pandemic.

However, the growth appears to be coming from two specific areas, casino players and sports bettors.

It also skews younger and non-white.

% Agree - Over-index

Ages 18-29	17%
Ages 30-39	18%
Casino Players	30%
Sports Bettors	41%
Non-White	18%

20 MILLION+ NEW PLAYERS have tried instant scratch games during COVID-19. **90% of new players** have played some form of lottery before, but a significant number of U.S. adults (approx. 2 million) have entered the lottery sector looking for something "new" to scratch.

6 TAKE-AWAYS FROM 2020 CONT.

3

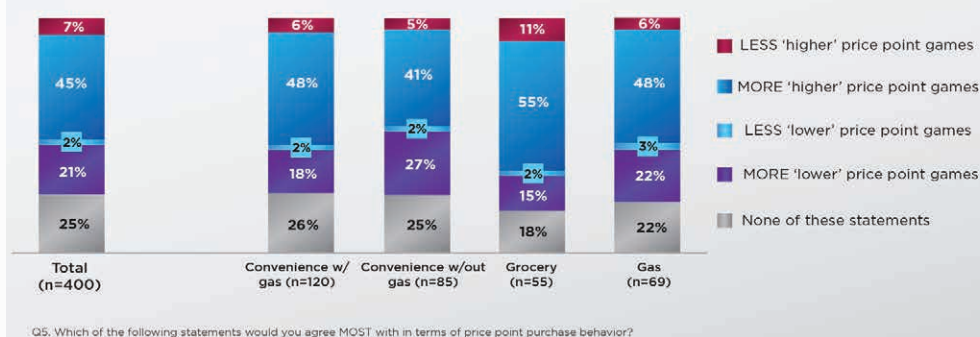
Offer a Variety of Higher Price Point Games

Three in five retailers report noticing new customers buying lottery products, and 17% of these retailers estimate that new players are 'typical casino players.' Additionally, one-third of retailers report increased spend since the beginning of the pandemic. An even higher proportion noted that lottery players are buying more higher priced point games. Both existing players and new players appear to be contributing to the popularity of higher price points.

When considering the evolution of lotteries' instant product portfolios over the past 15 years, since the true inception of higher price point games as a category, this observed gravitation to these games

makes sense and foreshadows the need for continuous portfolio refinement. Creating games that appeal to the heavier spenders (and keeping those games in-stock) are key to keeping casino players coming back, even after their regular gaming entertainment options become safer, and more available.

45% of retailers report players buying more 'higher' price point games



4

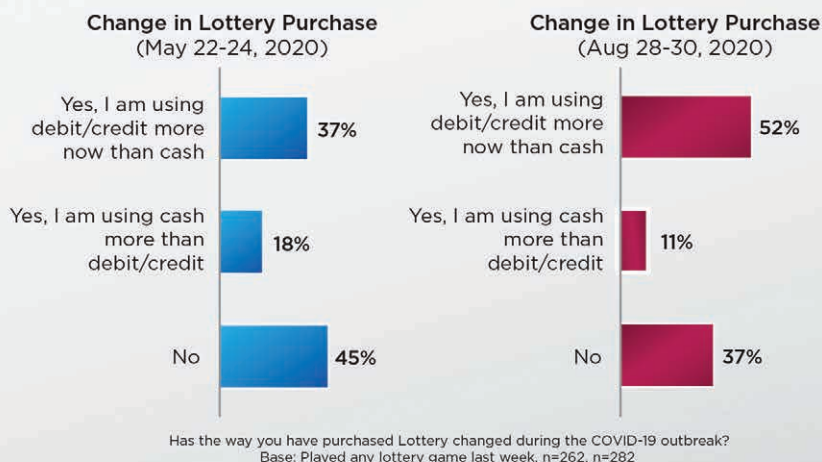
Offer Cashless Payment Options

Cash is no longer king! A recent national study conducted by Leger saw a dramatic increase in consumers stating they use debit or credit more often

now than cash, up 15% in just three months. The shift away from cash has been anticipated for many years, but nobody ever expected such a dramatic shift so

quickly due to COVID-19. This is a new reality that the lottery industry will need to adjust to in order to stay current. While most lotteries have worked to remove barriers to allow debit card payments, now is the time for those that have not to focus on any necessary policy changes and retailer cooperation to make this change. Business sustainability depends on it.

DEBIT/CARD USAGE IS UP SIGNIFICANTLY COMPARED TO CASH



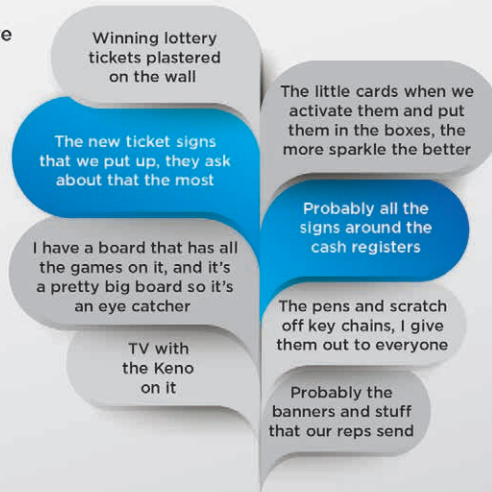
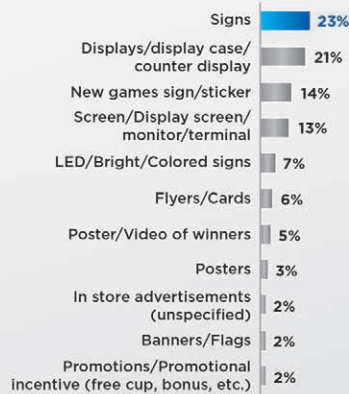
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Continue Evaluating & Adjusting In-store Marketing

When shopping, consumers are focused on getting in and getting out of the store quicker than ever before. This means that the effectiveness of traditional in-store marketing may be altered. Retailers are working to understand

new shopper journeys and how purchase decisions are impacted by reduced shopping time and condensed traffic patterns. Signs and displays at the point-of-sale are still perceived to be the most effective in-store marketing, however lotteries need to remain vigilant in assessing the messaging on that signage and adjust quickly to respond to the environment.

According to Retailers, **Signs** are the most effective in-store marketing item to get players' attention.



Q29. Thinking about the Lottery point-of-sale materials in this store, what in-store marketing items do you feel are most effective in getting the players attention? Total, n=400

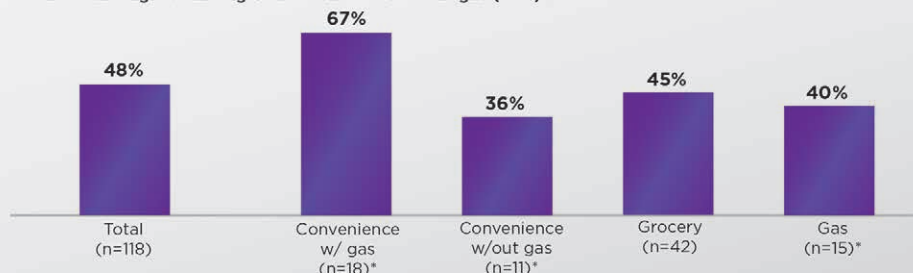
6

Restock Vending Machines, Usage is Up

The upward trendline for self-service vending usage has existed for a number of years across various industries, including lottery. For maximizing an individual lottery retailer's sales performance, the industry has worked diligently to determine the right combination of at-the-counter point-of-sale and vending. Among retailers who have a lottery vending machine, nearly half (48%) report that lottery players are using the machine more during the pandemic. This makes having a proactive process for stocking the machine all the more important right now to avoid out-of-stock situations.

According to Retailers, Customers Are Using Vending Machines More During COVID-19

- Among retailers who have a lottery vending machine, nearly half (48%) report that lottery players are using the machine more during the pandemic.
- This is the highest among Convenience stores with gas (67%)*.

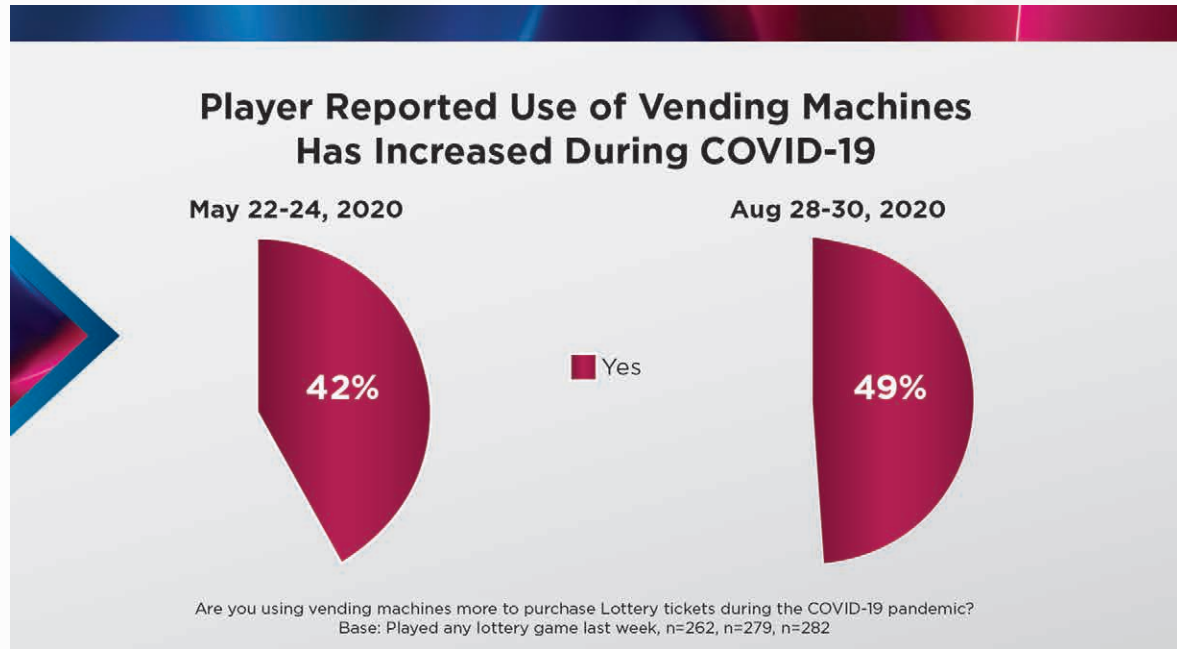


Q14. Are lottery players using vending machines to purchase lottery tickets during the COVID-19 pandemic? (Among those with a lottery vending machine)
*Note: low sample size

6 TAKE-AWAYS FROM 2020 CONT.



Confirming what retailers have noticed, a national study was conducted with consumers by Leger which confirms that players are using vending machines more often to purchase lottery products during COVID-19.



These insights are just the tip of the proverbial iceberg. As the world continues to challenge us, so must we continue to challenge our assumptions about our lottery ecosystem. It's imperative for lotteries to take the time to talk to customers – both consumers and retailers – and focus on necessary adjustments for success.

To receive more actionable insights for your lottery or to request a custom research study, please contact Tim.Menzia@scientificgames.com or Kisha.Eltagonde@scientificgames.com

SOURCES: Ohio Lottery "Lottery Retailer Satisfaction Study." September 2020. Leger "COVID-19 & Lottery Tracking Study." October 2020. Reach3 Insights "Consumer Closeness in the Age of Social Distancing - Week of April 26th: Sports & Entertainment." April 2020. Izea "Coronavirus Impacts on Influencer Marketing." March 18, 2020.

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LOTOSXI: EMPOWERING LOTTERIES IN THEIR "FIGHT" AGAINST THE PANDEMIC

by Sotirios Sklavounos, Customer Experience Director,
INTRALOT Group

No longer an emerging trend but an established reality, online purchasing affects consumer behavior in all areas of commerce. According to 2019-2020 data, 77% of global consumers shopped online, while 64% used their smartphones to make purchases at least once a month (Foresight Factory, Consumer Trends). For US consumers, monthly shopping via smartphone leaped from 31% in 2015 to 57% in 2019.

Lotteries have been lagging in the global online commerce revolution, partly due to regulatory restrictions but also due to their strong retail heritage and hesitation to change an established and profitable operation. Recently, the COVID-19 pandemic forced governments to implement country-wide lockdowns. According to La Fleur's, US Lotteries, which offer iLottery solutions, posted a 47% increase in Internet revenues and a 50% increase in e-instant revenues in the first quarter of 2020. Additionally, new customer registrations skyrocketed. For example, the New Hampshire (NH) Lottery reported a 58% increase in player registrations and a 110% increase in first-time depositors.

INTRALOT has been on the "iLottery forefront" well before it became a trend or a reality. Lotos Xi, INTRALOT's latest state-of-the-art digital Lottery solution, is a holistic offering that enables Lotteries to embark on the digital transformation journey, rapidly and securely.

In terms of infrastructure, iLottery solutions should be quickly deployed and adjusted to any hardware demand variations, i.e., processing power, memory or disk capacity, etc. Designed and developed with flexibility, scalability, and speed of deployment in mind, Lotos

Xi is fully and easily scalable, secure and cloud-ready, allowing Lotteries to choose between public, private or hybrid cloud infrastructure, and thus reduce the total cost of ownership.

Feature-wise, any basic iLottery solution should include a gaming portal offering online ticket purchasing and e-payment options, and a Player Account Management system supporting player registration and promoting responsible gaming. A more elaborate iLottery solution may also include native applications offering an elevated play experience, as well as push notifications for personalized, immediate and engaging marketing. Available in two feature-rich editions, INTRALOT's LotosXi can meet the needs of any Lottery: from the fast launch of a mobile-optimized online Lottery portal that offers subscription and online ticket purchasing, to a total online presence including native mobile applications, push notifications and online marketing features.

With more than 65% of gaming portal traffic originating from mobile devices, any iLottery solution should focus on mobile device access. On that front, LotosXi offers an unparalleled mobile experience. The gaming portal is fully responsive, using a mobile-first approach that ensures optimal UI/UX for mobile devices and a powerful built-in CMS that allows Lottery operators to manage the site layout per viewport, offering a fascinating player journey for all screen sizes. Furthermore, the LotosXi native applications for iOS and Android use totally native implementation, as well as mobile push notifications opening a new communication channel between Lotteries and end users.

Rapid deployment and fast time-to-market are key factors that alleviate the ef-

intralot

intelligence

flexible, reliable, secure
gaming solutions
and systems



fects of retail setbacks due to lockdowns or social distancing measures. LotosXi offers a turn-key solution that can be deployed and made fully operational within weeks, without compromises in the features offered. This is possible because INTRALOT designed LotosXi with a set of fast deployment functionalities: it is configurable and ready-to-play, supporting all families of numerical games and boasting an embedded Player Account Management system with advanced responsible gaming features, a Lottery portal with gaming-ready widgets managed and configured by a CMS, and a pre-integrated payment solution.

Alternatively, operators may opt for the full online solution, which also includes native mobile applications; a Player Account Management system enriched with marketing capabilities such as player segmentations, online promotions, bonuses and loyalty features, a full-featured wallet pre-integrated with the majority of gaming payment providers and a mobile push notifications and campaign management system for boosting player engagement.

To sustain their sales operations in today's challenging business environment, Lotteries need to become faster, more agile and more versatile, adopting an out-of-the-box approach regarding online solutions. By offering fast and engaging multichannel content in a user-friendly and simplified manner, INTRALOT's LotosXi provides a unified player experience, driving the efficiency and growth of Lottery operators worldwide. ■

Fast-Forward To The Future

As the industry adapts for a post-pandemic future, IGT is paving the path for success. The company is building on consumer trends and applying research-driven solutions to support lottery customers in the transition to what's next.

The post-COVID-19 world may still be coming into focus, but IGT is thinking about the future. No one is likely to forget the recent challenges in the industry. But even in today's changeable environment, operators can harness the momentum of evolving consumer preferences and behaviors to build a stronger connection with players – and support sustainable growth at a time when funding for good causes is more necessary than ever.



Gauging Trends

Global analytics and trends agency, the Foresight Factory, IGT's longtime research partner (see sidebar), has found that many of the retail and consumer trends impacting lottery prior to the pandemic remain highly relevant. And some familiar ones – such as the move to a “convenience culture” and a cashless society – have rapidly accelerated with corresponding health and hygiene concerns related to COVID-19.

The following findings from Foresight Factory research point the way to strategies that lottery operators can use to harness consumer preferences and help ensure sustainable performance and transfers in the coming years.

The Rise of Presence-Free Living

Pre-pandemic, the concept of “Presence-Free Living” was already trending upward, along with the growing acknowledgement that in a connected world, a physical presence is no longer necessary or desired for many transactions and experiences. Consumers have become more aware of the associated costs of in-person experiences, whether in time, energy, money, or environmental considerations. And the widespread encouragement to socially distance and find alternatives has only boosted this trend.

The Continuing Shift to Online Shopping

Unsurprisingly, weekly online shopping has doubled in the U.S. and the U.K. since the start of the pandemic, including a dramatic increase in online shopping for the 65+ age group. The Foresight Factory found that the shift within this age group went from 19% pre-pandemic to 49% post-pandemic, highlighting the impact of the coronavirus on the behaviors of those who were reluctant converts to the digital age. When the pandemic recedes, these figures may drop slightly, however, The Foresight Factory expects the overall trend towards more online shopping to continue.

Favoring the In-Store Experience

Despite of the rising trends noted above, the research also shows that many U.S. and U.K. consumers continue to *prefer* the in-store experience to shopping online. Approximately 50% of consumers surveyed in these markets say that, post-pandemic, they will shop in store the same amount as before. And, in the U.S., close to 30% say they will do it *more* than before. This is good news for the lottery industry, which can take advantage of multiple opportunities to improve the player experience at retail.

A Surge in New Activities

The crisis has also produced a surge of new activities, with 75% of consumers surveyed stating that they have tried a new shopping behavior. A full 36% of those surveyed by Foresight Factory reported trying a new brand since the start of the pandemic, calling into question the concept of brand loyalty, and 73% of these respondents say they intend to continue incorporating new brands in the future. The beneficiaries of this shift include big, “trusted” brands that are seeing 50% growth during the crisis — including major digital and brick-and-mortar retailers. Many lotteries operate in monopoly or pseudo-monopoly markets, but brand loyalty is important if lottery players switch away from the retail brands where they currently buy lottery.

A Pivot Point

Trends like these give the industry an opportunity to leapfrog on the path to modernization and initiate the changes that are most relevant to consumers now.

What's more, lotteries are moving forward from a position of strength: In North America, many lotteries experienced record-breaking sales and transfers to good causes in early 2020, a trend that is continuing through the latter half of the year. This is an amazing accomplishment in the middle of a pandemic and a testament to the resilience of lottery, the strength of lotteries' operations, and their hard work and partnership efforts with vendors.



Foresight Informs Future Growth

Along with substantial investments in global player studies and new product-category research, IGT works with a range of independent research firms. IGT's longstanding partnership with the **consumer analytics and trends agency Foresight Factory** provides access to:

- **Multiple data sources to understand consumers worldwide**
- Insights drawn from data collected from **50,000 consumers in 27 markets**
- A team of **500 trend spotters in 80 markets** to analyze and **add local perspectives**
- A process of **innovation-scanning** to uncover disruptive and best-in class examples across technology, products, services, branding, and other communications
- **Social media** analysis to measure the volume, key topics, and tone of emerging themes

This established partnership with Foresight Factory allows IGT to provide lotteries with **more research-based consumer insights** and devise **tactics and solutions** to help customers address industry challenges.

What does this mean
sees the future? How
to change and adapt?
are being impacted in
are players being affe
bridge the retail and
Which messaging wi
players today and tom
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As operators continue to weather changeability, the question becomes, "What do the trends that have strengthened during this time mean for the future, and how can we act on them to support further sustainable growth?"

IGT has identified the following tactics to capture opportunities to better serve retailers and players, meet post-pandemic requirements, and build on current successes.

Accelerating Into the Future

At Retail: While trend data confirms that many consumers still prefer the in-store experience, more than 70% of shoppers also report needing further reassurance around hygiene concerns. Contactless and curbside pickup are accelerating. And, in the U.S., there is strong intent to continue these activities, as hygiene has supplanted convenience as a reason for consumers to pay by contactless means. It will remain vital to reduce consumer anxiety around completing transactions. Self-service is a natural way to help achieve this, through vending machines, in-lane purchasing (see "Expanding In-Lane"), and online fulfillment. IGT's cashless-enabled vending machines and other state-of-the-art solutions support health and safety as well as responsible play, while offering consumers the preferred experience they are using today for other purchases.

Point of Purchase Strategies: Traditional point-of-sales materials that advertise vending machines' features can be used to inform consumers about the benefits of using the machines. Including a QR code on vending machines can encourage players to scan and learn more about digital offerings.

Expanding In-Lane: In-lane sales is another way for lotteries to expand distribution while meeting consumers' need to minimize contact points. Many consumers who are reluctant to go to the customer service desk to buy lottery tickets might be willing to purchase them if they were

conveniently offered in-lane during the grocery transaction. IGT recently collaborated with the Texas Lottery Commission on the first implementation of the NASPL API to enable print-on-receipt paper tickets at HEB supermarkets, as well as Quick Tickets™ for Powerball and Mega Millions at Dollar General stores. Both implementations have been successful and there is active discussion about expanding this opportunity for instant tickets, given that most sales in Texas are derived from instants. And recent pilots at five Albertsons stores in the Dallas/Fort Worth area showed that an IGT-provided in-lane instants solution can increase store sales more than 20%.

Evolving Lottery Loyalty Programs: Some lotteries have partnered with retail chains and retail associations to offer promotions via a lottery's or store's mobile app. These types of affinity programs have been used broadly to the benefit of both the retailer and the lottery as a method to attract consumers to retail and to specific product offers. They are also another way to generate loyalty among players, for example, by offering players a discount on their purchase if they are willing to download the lottery app on their mobile device.

IGT recently introduced **digital couponing** functionality in Texas, and player response has been very positive. During the month of August, when the lottery was promoting its mobile app and offering the digital coupon, installs increased nearly 26% compared to the previous year. Year-over-year page views were up 22%. The promotion also appears to be driving repeat visits, with more returning users during the promotion than in the previous two months.

Offering "Connected Play": Given the current environment, enabling the **omnichannel journey that bridges the retail and digital space** – what IGT calls **Connected Play** – is a critical component to **aligning with new consumer expectations**.

For players, Connected Play starts with their mobile phone and access to a **lottery's convenience app**. IGT now provides a mobile app to 11 U.S. lotteries, with functionality ranging from locating a retailer, to checking winning numbers, to mobile couponing.

Some players use paper play slips to make their number selections, so another contactless opportunity from IGT is to offer players **digital play slips** that can be scanned not

Contact-Free Digital at Retail



Player downloads convenience app, makes selections on their mobile device and creates a **Digital Play Slip**.



Player's **Digital Play Slip** is scanned at the terminal.



Player elects to pay with **eWallet**. Barcode in the app is scanned at the terminal.



Player receives the **Digital Ticket**.



Player can claim prize at retailer to **eWallet**. OR Ticket is auto checked. Prize is paid to the **eWallet**.

only at traditional lottery terminals but also at vending machines. This functionality also allows players to store their favorite numbers in the app rather than use paper slips that they must pick up and fill out in store.

Many lotteries already offer players the ability to scan their ticket on a mobile device to check if it's a winner. Working with IGT to enable a Connected Play experience will allow players to have **lower-tier winnings paid digitally to their eWallet or bank account**. IGT can also assist customers in offering a **digital payment option**, another way to improve the player journey – and one that is consistent with how most consumers are transacting today.

Of course, one of the big questions here is, just how frictionless should transactions be? The issue of facilitating a completely anonymous player journey versus some type of light registration, such as a phone number and name, is one for each lottery to determine based on its market, regulatory environment, and the level of consumer acceptance.

When some type of player-registration occurs, IGT can work with lotteries to

provide additional functionality. For example, with light registration, IGT can embed a **unique ID** into the digital play slip, allowing operators to associate transactions with player profiles, providing additional data that operators can analyze to improve the player experience.

The next step in enabling Connected Play is to introduce digital tickets. Importantly, this remains a retail transaction, so **lotteries can offer a digital-in-retail solution even if they are not permitted to offer internet wagering**. And digital players who have funded their lottery eWallet can apply unused funds at retail – either at a traditional terminal or at a vending machine – to purchase tickets in store.

When players have the prizes from a winning ticket paid to their eWallet, it eliminates cash handling for retailers and players and keeps funds safe in the wallet for future purchases. Use of the eWallet is another feature that makes the lottery journey at retail contact-free, more hygienic, and at the same time gives lotteries visibility into the full spectrum of transactions to know their players better. It now becomes

possible for lotteries to communicate with players directly through CRM tools with more personalized and relevant messaging or offers, based on players individual behaviors and preferences.

Partners for the Future

Critically, all the features and functionality of Connected Play provide opportunities for lotteries to better understand their players and offer solutions to meet growing expectations for a frictionless purchase and play experience.

Change is inevitable, and the need for it has accelerated. As 2021 approaches, IGT looks forward to being our customers' partner for the future, working with lotteries as they develop their business plans and seek to bring new player experiences to life for ongoing success.

Contact your IGT account representative to learn more about Connected Play and solutions to adapt lottery to new consumer preferences and behaviors.

LOTTERIES, CASINOS AND ILOTTERY:

A PARTIAL PRODUCT SOLUTION IN THE TIME OF COVID-19 AND BEYOND?

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BACKGROUND

The emergence of Covid-19 in the United States has had dramatic impact on the US economy in general. The economic effects impacts on the travel, tourism, entertainment, and gaming industries have been especially severe. These impacts were occasioned by wide-spread shutdowns as their customers were advised to only leave the safety of their homes for essential purposes in order to stem the contagion.

In the gaming industry, casinos were closed in many states for several months and began to re-open over the summer with capacity limitations and social distancing measures (such as moving card gaming stations to outdoor tents in Washington State).

Lotteries and casinos have experienced some mixed results applying a variety of innovations for example:

- **Most lotteries** experienced a rise in “scratch off” sales
- **Kentucky** found that its instant play and lottery sales were up over 2019’s record results
- **Texas** found that its jackpot lottery has grown
- **North Carolina** found that its educational lottery has increased revenue
- **Maryland** has experienced a small rise in casino revenue on a year-over-year basis

Other states have experienced declines:

- **New York** has experienced a \$550 million revenue decline for Fiscal Year, 2020
- **West Virginia** is losing \$9 million a week at its closed casinos
- **New Jersey, Pennsylvania and Ohio** have limited spending and imposed hiring freezes.

These mixed results raise questions about the future strategic direction public lotteries and casinos need to pursue. This is particularly the case since much of the revenue from public lotteries and casinos goes to support education. One potential vehicle for gaming growth includes iLottery which provides a “touchless” approach to gaming in which players use the internet on portable devices to engage in playing the lottery or other gaming pursuits.

At this point in time a number of states have successfully implemented iLottery programs including Michigan, Pennsylvania, New Hampshire, North Carolina, Kentucky, Rhode Island, Georgia and most recently, Virginia.

WHAT IS THE MARKET FOR ILOTTERY SERVICES IN THE US?

In a 2020 paper by Goodstadt, Fulton & Chew, the authors analyzed a March, 2020 nationwide Harris Poll of 2,011 respondents (data were collected between March 2 and March 4, 2020) to develop a forecast indicating that approximately 25% of the population would be likely to sign up for iLottery services offered by their state lottery organization. In addition, the survey indicated that 5% of the respondents had already obtained an iLottery subscription. This suggests that demand for iLottery is in the neighborhood of 30% overall. Analysis of the survey also determined that interest in iLottery was particularly strong among Millennials and Gen-Zers—key major population segments that have not been significantly engaged in gaming either in lotteries or in casino games.

As part of this paper we undertook an analysis of the relationship between particular gaming activities and interest in signing up for iLottery services. That is, we sought to understand whether interest in playing particular games is associated with interest in iLottery. This in turn, would be sug-

gestive of the value of specific games might be enhanced by making them available as offerings in the iLottery program.

To further examine this issue, we carried out a reanalysis of the March, 2020 nationwide Harris Poll of 2,011 respondents. Several specific analyses were performed, including:

- Examining the likelihood of subscribing to iLottery among non-players. This analysis will reveal the extent to which iLottery can expand the overall gaming market by attracting non-lottery-players to lottery gaming.
- Examining the likelihood of subscribing to iLottery by current players of traditional lottery games; and
- Determining the level of interest in subscribing to iLottery among current players of casino games.

INTEREST IN SUBSCRIBING TO ILOTTERY AMONG CURRENT LOTTERY/CASINO PLAYERS AND NON-PLAYERS

In March 2020, it was determined that 30% of all adults had not participated in any lottery or casino games in the past 12 months. These “non-players” reflect a population of 76.15 million persons in the U.S. while gaming players represented a population of 177.7 million adults.

In the survey, respondents were asked to indicate how likely they would be to sign up for an iLottery service in their state. Were they “very likely”, “somewhat likely”, “not

very likely”, “not at all likely” or “not sure” they would sign up for iLottery. Respondents also had the option of indicating that they already had an iLottery subscription.

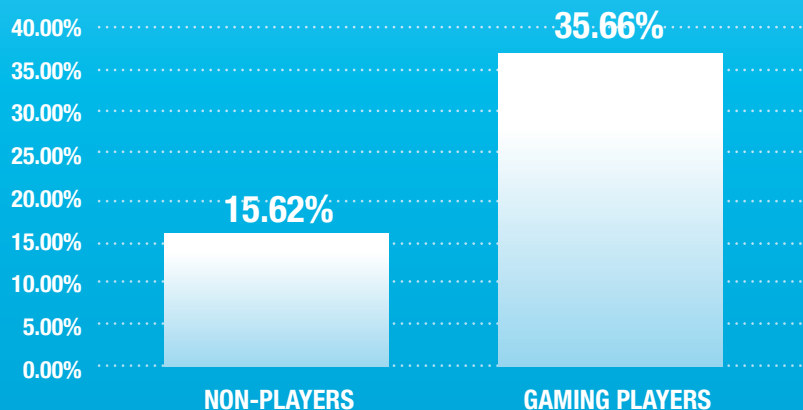
To estimate the likelihood of adopting iLottery, we used a conservative approach to analysis of these data by applying an 80/20 rule (i.e. we assumed that 80% of “very likely” and that 20% of “somewhat likely” cases would actually subscribe to iLottery). To the percentage of likely players we added in the percentage of those players who had indicated that they already subscribed to iLottery. The total percent of likely iLottery subscribers among gaming players and non-playing segments is shown in Figure 1.

The figure reveals that 15.62% of non-Players and 35.66% of Gaming Players were likely to adopt iLottery. In population terms, this means that 11.9 million Non-Players would pick up iLottery thereby adding to the currently playing population. Among current gaming players, approximately 63.4 million would be likely to make use of iLottery.

It should be noted that we do not know how these adopters would make use of iLottery. That is, will they use iLottery as a complement to their current gaming behavior or will this new offering be a substitute for their currently lottery ticket or casino visiting activity? Of course, it must be recognized that iLottery use may be more convenient than visiting a brick and mortar lottery retailer or visiting a casino but it may also be a less immersive experience.

FIGURE 1

Likelihood of Subscribing to iLottery Among Current Gaming Players and Non-Players



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STAYING AHEAD OF THE GAME IN EXTRAORDINARY TIMES

The release of the **13th annual IGT Sustainability Report** continues the company's longstanding practice of reporting transparently on its efforts to **advance the goal of socially responsible corporate citizenship.**

The COVID-19 pandemic may have presented the world with extraordinary challenges, but IGT remains focused on its commitment to responsible and sustainable practices. The company's newly released 2019 Sustainability Report celebrates the efforts of IGT people around the world to help customers and communities stay ahead of the game and create value for the wide range of IGT stakeholders.

As detailed in the report, IGT continues to fulfill its promise to deliver unrivaled gaming experiences that engage players and drive growth. And the company's commitment to employees' well-being, high standards of integrity and ethical conduct, and Diversity and Inclusion (D&I) are central to IGT's ongoing pledge to grow sustainably.

IGT's corporate social responsibility strategy is centered on four key pillars: Valuing our People, Advancing Responsibility, Supporting our Communities, and Fostering Sustainable Operations. Following are highlights from the new report:



Valuing our People

IGT supports a fair, inclusive culture where all employees feel valued, respected, and engaged.

In 2019, the company's Office of Diversity and Inclusion expanded its number of employee Diversity & Inclusion Groups (DIGs) from two to five. In addition to the Pride with IGT LGBTQ+ group, and the WIN with IGT Women's Inclusion Network group, 2019 saw the addition of Super Abilities at IGT, which empowers and promotes the rights of people with disabilities; Military Veterans at IGT; and a group for employees age 50 and over. The Office of Diversity and Inclusion also added four regional D&I Councils – EMEA, Asia Pacific, Italy, and Latin America and Caribbean – to strengthen and enhance the work of the Global D&I Council.

Professional Development is one of the most important elements for the success of an organization, as every employee's skills and know-how are key to reaching the business goals. IGT's commitment to this effort includes Individual Development Plans, a global learning program for managers, and customized training to support employee development and continually improve the company from within.



Advancing Responsibility

IGT is committed to player protection and product integrity. In 2019, the company joined the Global Lottery Monitoring System, as well

as the Sports Wagering Integrity Monitoring Association, to support responsible gaming in the betting vertical by addressing concerns around match-fixing and continuous monitoring.

As the only supplier with three business operations certified by WLA and G4 for its commitment to Responsible Gaming, IGT is intently focused on player protection. Through its comprehensive responsible gaming program, IGT contributes features and capabilities to promote safer gambling and prevent under-age play. To protect data, a robust security incident management system is enacted to prevent cyberattacks 24 hours a day.



Supporting our Communities

IGT supports communities where it operates through corporate programs that align with the nine out of 17 United Nations Sustainable Development Goals (SDGs) that the company committed to in 2018. IGT's Community Ambassador program focuses on community engagement at the local level while aligning with global giving efforts.

The company's flagship community initiative, the Afterschool Advantage Program, has provided non-profit community agencies and public schools with more than 300 digital learning centers in the past 20 years to help underserved children gain critical, competitive skills, further supporting the SDGs. In 2019, IGT refreshed the program to support inclusive and equitable quality education and future employment with an emphasis on Science, Technology, Engineering, Arts, and Math (STEAM).

Employee-driven giving programs complement the corporate programs by supporting the local causes that are important to individual employees.



Fostering Sustainable Operations

Effective and reliable monitoring systems allow IGT to assess its progress in continually improv-

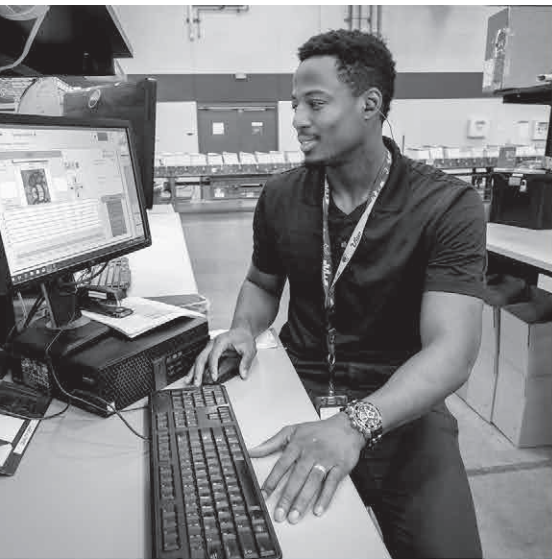
ing the company's environmental management systems and reducing its environmental impact. IGT has continued to increase the boundaries and accuracy of its greenhouse gas (GHG) emission monitoring and reporting through a web-based tool. In 2019, 227 sites were involved in the data collection, covering 100% of IGT's active locations. The company continued its commitment to reducing CO₂ emissions and waste, increased recycling efforts at its Reno manufacturing facility, implemented efficient lighting schedules to save energy at the Las Vegas campus, and successfully lowered emissions for Lottomatica in Italy by using remote

As a new year begins, IGT continues to look ahead, connecting players around the world with best-in-class solutions that respect both people and the environment, while delivering excellence to keep gaming fun and safer for all.

For more information, download the [IGT 2019 Sustainability Report](#), available now on [IGT.com](#).

troubleshooting for point of sale terminals. IGT also received an FTA Sustainability Excellence Award for implementing a volatile organic compound reduction program in the flexographic printing operation at the instant ticket printing facility in Lakeland, Florida, transitioning from solvent inks to a full water-based ink system.

The company extends its commitment to fostering sustainable operations to suppliers, who must meet high economic, ethical, and environmental standards as outlined in the company's Supplier Code of Conduct. ■



I think the meaning of Sustainability for our future will absolutely coincide with a preservation of the environment and the human community. Business should find a new way to be performed in order to re-create a harmonious balance between economy and the planet.

Maria Grazia Chimenz
CSR Specialist
Rome, Italy

"The incredible scratch sales numbers show it is still the most popular product lotteries offer. We are confident that it will continue in that spot for years to come."

keep inventory moving, plan for the future. The result? Mission accomplished.

Brad Thompson has worked with lotteries for more than 25 years at Pollard Banknote. He said that after some initial tense moments, his company realized that it could continue to provide their customers with the products they needed and the services they required, while still keeping everyone healthy and safe on both sides of the equation.

"Initially we were fielding calls about pushing back games, lotteries asking about the status of our warehouse and shipping operation, and would the presses keep running," he said. "Once it became apparent that we were going to be just fine on that front, we switched to the opposite issue – how do we keep the ticket pipeline open and get tickets to all our customers in a timely fashion? Each lottery has different needs, so we had to be flexible and make sure our customers' needs were taken care of. This is where relationships are important. We need lotteries to trust us that we'll deliver the products they need when they need them and to help them continue to drive sales."

"At all our plants, our number one priority is to keep everyone safe. For example, at our manufacturing facilities, all but essential workers were sent home to work so we could safely keep the presses running. Our No. 1 concern was to keep COVID out of our plants so our production employees could safely continue to work. And knock on wood, so far it's been good."

Having worked on both the lottery and commercial partner side of the lottery business, Meghan Dondero brings a unique perspective to the situation the industry has faced this year. Now as a Regional Vice President for Scientific Games, Meghan has used that firsthand lottery-side experience to help her customers weather the bumpy waters of 2020.

"This has been an interesting, sometimes exciting, year for the lottery industry as there have been so many ups and downs," she said. "But so many lotteries finished their fiscal years on high notes and I'm proud that my colleagues at Scientific Games played a role in that success. We also need to praise lotteries and retailers, who really responded well in some difficult conditions."

"The incredible scratch sales numbers show it is still the most popular product lotteries offer. We are confident that it will continue in that spot for years to come. Of course, we need to continue to modernize lottery to attract new player groups, appeal to new play-styles favored by younger demographics, and energize our core players. But even in this era of technological advancements, the paper scratch ticket sold at retail is still very much the staple lottery product."

Second stop – What have the past nine months taught us about player behavior and product development?

All the panelists had been through similar experiences and Beth invited them to discuss insights picked up in 2020 that might stick in the post-COVID era. How will they use these experiences to drive sales over the next few years?

The operative word from all panelists – CONVENIENCE. Let's make it as easy as possible for players to purchase lottery products.

"We know a certain percentage of our player population is always going to want to purchase products at a brick-and-mortar retailer," said David. "Hand the clerk money and receive a ticket. That part of our business will never go away."

"But one thing many of us have not done well is provide consumers with convenient ways to play our games, whether that's an

e-Scratcher or delivering tickets to players through a courier service. If the COVID experience has taught us anything, it's that we have to be prepared for any situation, and that includes our most important sales points being shut down."

Charlie McIntyre is one director you won't have to convince of the importance of alternative sales channels. Since New Hampshire launched its iLottery platform more than two years ago, growth was steady. Until the pandemic when growth accelerated. Their e-Instant sales are up more than 100% over last year and the growth shows no sign of stopping.

"The key for us is that there hasn't been one blip in the sale of traditional products since our iLottery launched, including during the pandemic," Charlie said. "iLottery is about grabbing customers across all channels and adding players new to the lottery. As I've said to retailers, I'm not looking at building a business that cannibalizes brick and mortar sales. We want to build incremental sales by attracting new players. I'm going after the folks that play Candy Crush while waiting in their doctor's office or pay money to play online games that have no payoffs. That's who we've been missing and that's who I want to add. I'm all about protecting our retailers while we explore new technologies."

In Kentucky, iLottery has seen incredible growth this year, with e-Instants 280% above last year and 140% above goal. However, e-Instants are only about 7.5% of total sales.

"iLottery is certainly the future of the lottery, but for now instant tickets have been driving our sales over the past few years," said Mike. "One thing that has changed is that our \$5 ticket sales have spiked and that has really become our new entry point, as opposed to the \$1 and \$2 tickets. Given how many people are now jumping in at \$5, we're going to look at that price point very carefully. We need to make sure we have plenty of those games in our vending machines and dispensers. Players clearly love them."

"We are certainly concentrating our attention on promoting iLottery while working on our traditional products. We will keep both categories relevant to players, offer engaging games and attractive payouts, and market the tickets aggressively

on the internet and through traditional marketing. Together, these products will provide us with strong sales numbers at the end of the year.”

And this brought the panel to a discussion that is taking place at many lotteries these days - multi-channel marketing. With more products being offered via the internet (whether it is subscriptions, single-draw terminal-generated tickets, or e-Instant tickets), lotteries are deciding how best to reach players.

Having worked on product plans as an employee of the Georgia Lottery prior to moving to Scientific Games, Megan brings a unique perspective to the discussion. “It is incumbent on lotteries that these channels peacefully co-exist because it’s not necessarily one player buying one product and another player buying the other,” she said. “So, marketing efforts need to take this into account. You can’t just move all your marketing onto digital devices as you’ll miss some players.”

“These new players were attracted to the \$5s and \$10s, and that is where we’ve seen remarkable growth. That is a valuable new player group and now we have to keep them.”

“The great thing about iLottery is that you can make traditional games fun and attract the player Charlie mentioned, the person waiting in their doctor’s office or already playing online games and would like to try out the lottery games. But that’s not to say that the new player might not also become a buyer of traditional products at retail. That’s why cross-marketing efforts are so important.”

With Pollard and its NeoPollard joint venture (in partnership with NeoGames) offering iLottery programs to a number of lotteries, Brad has seen the power of digital. For states that can’t yet offer iLottery, Brad said it’s the “old school” loyalty program which could be the first “toe dip” activity for lotteries and their players.

“To me, a loyalty program is a great way to attract new players, particularly the younger demographic,” said Brad. “They take to these types of programs and we can build affinity to certain brands among customers. By launching loyalty first, a lottery can build its database, learn more about its players, and then market to them directly. This is how Michigan started so quickly and successfully.”

“Even once a lottery launches an iLottery program, a loyalty platform should remain. This is also a great way to drive players from digital to retail through couponing and other incentives. Allowing the virtual and brick-and-mortar worlds to co-exist can only help sales and allow lotteries to attract new players.”

In New Mexico, David wants to retain these players who migrated to the lottery when there were no other entertainment options. “We know that we gained casino players during the height of the lockdown and we need to keep them by offering attractive products,” said David. “These new

players were attracted to the \$5s and \$10s, and that is where we’ve seen remarkable growth. That is a valuable new player group and now we have to keep them.”

“We can also keep these players, and attract others, by offering all the things mentioned – iLottery, loyalty clubs, apps. Those are all things that are part and

parcel to a good portfolio that will succeed into the future. If lotteries can achieve that balance, they will be in a good place with their customers and retailers.”

Final Stop – What are the important takeaways?

David Barden: “Brick and mortar – it will always be there, it’s where we plant our flag every day we go out and do business. But how do we get our key product – instant tickets – into new spaces, whether that’s through e-Instants or a courier model? I have a 24-year-old and 25-year-old and when I ask them ‘What do you like about the lottery?’, they say ‘We don’t like the lottery.’ They aren’t going to stand in lines to buy a product. They want to play on their phones.

“If we want that next generation of players, we have to stay relevant, stay convenient, and offer them products with good value. Most lotteries have good physical products and we need to use those to attract the new players until all lotteries have digital options.”

Charlie McIntyre: “We have to not be afraid to make mistakes. Whether it’s ending under-performing games or taking a risk on a new initiative, like iLottery. Sometimes we’re afraid of making big moves and big changes because we fear repercussions. That has to change. Progress will only come with taking risks.”

Mike Purcell: “Creativity – we need as much of it as possible in the lottery industry. Often, we are not as creative as we can be with our games and our prize structures. The more expensive the ticket, the higher the payouts – but mixing up the prize structures within our games can only help our sales. Just a small move can make a difference.”

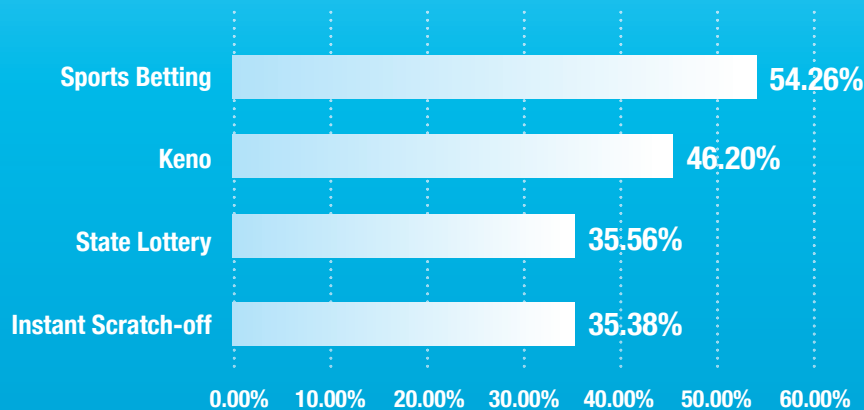
Meghan Dondero: “Out of the tragedy of this pandemic has come some positive activities for lotteries. I think the door has been opened for so much innovation and new ideas in the future. One important thing we have to do is try and maintain as much of the new player base we’ve gained as possible. Holding those players will only help our businesses going forward.”

Brad Thompson: “I think we need to continue to focus on prize structures. To those lotteries that are able to add a pool or two of tickets to their run lengths, this is an opportune time to take a look at prize structures. It doesn’t mean you have to maintain the exact same prize structure. You now have more leverage to create better prize structures for your games. Bigger ticket runs mean bigger prizes and more attractive prize structures. This will attract and retain new players, particularly those typically attracted to casinos.”

And the final word went to roundtable host Beth Bresnahan: “What I’ve learned this year is that we have to be nimble, and that’s not something we are used to as an industry. We have to be bold and make choices that weren’t in our plans but are needed if we want to keep our momentum. Let’s not lose these opportunities we have gained throughout 2020. Let’s make 2021 an even better year for our retailers and our customers.” ■

FIGURE 2

Likelihood of Subscribing to iLottery Among Sports Betting, Keno, Scratch-off and State Lottery Players



INTEREST IN SUBSCRIBING TO ILOTTERY AMONG CURRENT PLAYERS OF TRADITIONAL GAMES

As the figure reveals sports betting players exhibit the highest likelihood of iLottery subscriptions (54%), followed by Keno players (46%), State Lottery players (36%) and Scratch-off players (35%). Given the interest of players of these games, the iLottery platforms need to be configured in a way that supports the interests of these different game constituencies.

INTEREST IN SUBSCRIBING TO ILOTTERY AMONG CURRENT PLAYERS OF DIFFERENT CASINO GAMES

Figure 3 provides estimates of the likely

iLottery subscription rates for casino players with different game interests. The data indicate that players who play video lotteries in casinos evidence the highest interest in iLottery subscriptions (49.5%) followed by table game players (48%) and slot machine players (40%).

These data suggest that iLottery platforms need to take into consideration the needs of players of video lotteries, table games and slots players so that the game interests of these different constituencies are addressed by iLottery systems. For casino players, this will be particularly important since the game experience is immersive in nature and it will be a challenge to provide the same level of stimulation on an iLottery platform.

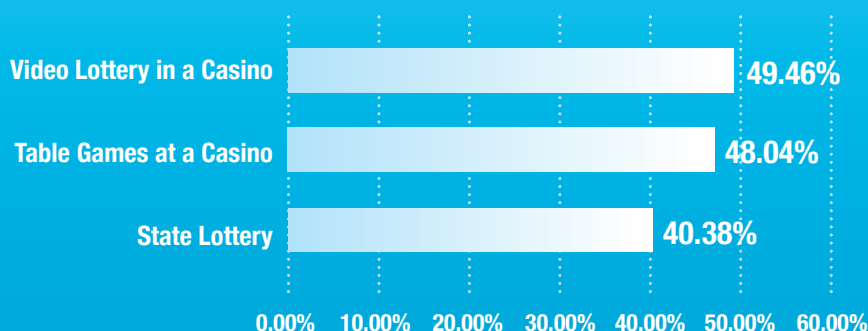
IMPLICATIONS

1. iLottery will expand the market for lottery and for casino games by attracting new consumer groups and consumers who do not play the lottery at land-based retail.
2. iLottery will reinforce the loyalty and playership of current players are interested in using a touchless methods and the convenience of playing online.
3. The level of interest among existing lottery and casino players in obtaining iLottery services suggests that such offerings will have wide appeal to existing players and may enhance the ability of state lotteries to increase funds transferred to beneficiaries whose budgets have been negatively impacted by the Coronavirus pandemic.
4. iLottery complements existing land-based lottery and casino gaming services but it does not replace the kind of immersive experience associated with casino visits and playing the lottery in the stores.
5. Implementation of iLottery needs to take place in a fashion that supports the ongoing role of lottery retailers in this process. Lotteries that have been online for years have already shown us the way. Through a wide variety of cross-promotional strategies, players are incited to play at land-based retail and online, the results being higher engagement and a growth rate at retail that is higher in iLottery states than in states that do not have iLottery.

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FIGURE 3

Likelihood of Subscribing to iLottery Among Casino Video Lottery, Casino Table Game and Casino Slots Players



“We’ve done a lot of testing and we know that Australia and the UK are ready for a \$5 price point and multi-day drawings,” she said. “It’s been 10 years since we started pressing the price point to \$2 in the United States. We will have a platform in Australia to test the idea of an increased price point and if it works, we’ll want to seriously consider the same move here.

Firmly in the “Opportunity” category is iLottery and all panelists agreed that if anything positive comes out of 2020, it’s that the digitization discussion within the lottery industry is in hyper speed. From robust features added to cashless purchasing to player clubs to full online lottery sales, all lotteries are having the internal discussion centered around “what can I launch and how soon can it be in the market?” Some states, like Maryland, are legislatively prohibited from selling lottery product online while others, like Pennsylvania and Georgia, have seen internet sales explode since March.

“In Georgia, we have worked hard to expand the ability to buy our products without cash,” said Gretchen. “It’s been a priority, both from a sales and safety perspective. And iLottery provides another safe channel for sales. We’ve grown the product 300% this year and while we saw growth throughout the first three months of 2020, certainly the pandemic was a major driver of this huge spike.

“My hope is that states like Georgia can assist lotteries that are pursuing iLottery and want to share with their stakeholders that adding this important sales channel will boost revenue without hurting retailers.

iLottery is not a threat to retailers...it is an opportunity for all of us to add new players, a younger demographic, and the overall lottery customer base. We need to get that message out there.”

While Bret agrees that the iLottery category is the future for the industry, he sees the current status of the channel as a weakness and threat as well as opportunity, all in one.

“MUSL’s product planning committee saw iLottery as an important channel many years ago and began to study the best course for lotteries,” he said. “But the scattered approach to launching iLottery is certainly a threat to gaining the new customers that will make it a success. It is a challenging category, it’s not like an instant ticket. You need people to take a number

of steps that sometimes involves alternate payment forms. It can be complicated, especially for a multi-jurisdictional implementation that would involve different constraints from state to state.

“At MUSL, we’re working on a three- to five-year plan regarding iLottery. What’s the national strategy that we can create to help lotteries more efficiently roll-out their own plans for the category? We have 48 lotteries with 48 different agenda and different priorities. But there are only a small number of vendors that are supplying these programs and only so many different ways to offer these games. If we start there, with a plan that begins at the ground floor, the opportunities become much more achievable.

Gordon said he is heartened that the industry, particularly the North American Association of State and Provincial Lotteries (NASPL), has answered the clarion call for iLottery and responded with support and forethought. The realization that this is not just a moment in time created by the pandemic, that iLottery is here to stay, bodes well for the expansion of iLottery into states beyond the handful currently offering these platforms.

MUSL’s product planning committee saw iLottery as an important channel many years ago and began to study the best course for lotteries

“NASPL’s pivot to education and continuing with seminars that provide lotteries with the information they need, especially with respect to iLottery, has been encouraging and helpful to this important cause,” said Gordon. “NASPL is a unifying umbrella organization for all of us and they have certainly embraced that role this year. We’re a business with consumer products but we’re also government agencies. Having NASPL serve as the entity that can focus on the business side while we handle the government side is incredibly helpful.”

An additional opportunity for some lotteries, a potential threat for others, is sports betting. The increase in sports betting has been eye-popping as it has eclipsed iLottery in terms of legislative

debates. Whether a lottery or another state agency is overseeing sports betting, all lotteries must monitor this additional form of gambling. This includes non-sports betting states with border states that allow it, as players may cross state lines to make their bets.

“Sports betting wasn’t necessarily on my radar screen a few years ago but it has been my primary work in 2020,” said Rebecca. “I’m the regulator for mobile-only sports betting which is now live in Tennessee. None of us knows what the threat will be to our traditional lottery products. But if sports betting is on mobile and lottery is not available on mobile, that is potentially a threat and is something that needs to be rectified.”

Staying with “threats”, Drew said he, like other directors, is concerned about the strength of the overall product mix. It’s been widely discussed that Powerball and Mega Millions have faced strong headwinds over the past year-plus. But other games have been impacted by the pandemic too, such as Keno which is primarily played at social settings. It’s troubling and needs addressing.

“In Pennsylvania, as with other states, strong instant ticket sales are masking other problems because they are adding so much to our top line revenue,” said Drew. “But we are seeing some significant long-term trends with our product lines that we have not had to address in depth because our overall financial picture looks strong. I’m certainly grateful that my instant ticket sales are so strong, as they are just about everywhere. But the

conditions that contribute to those sales are not permanent, so we have to figure it out sustainable solutions going forward.”

Closing out the discussion, Gretchen said that in this time of little travel and no in-person meetings, planning and communication is critical.

“Taking us back to the subject of this panel discussion, I love a good SWOT analysis and a good plan because it keeps us on a path to success,” she said. “We must also make sure we keep open lines of communication between our states. When we share information, we are better as an industry and as individual lotteries. Together we can identify our threats and weaknesses, focus on our strengths and act on our opportunities.” ■

For Intralot, these types of discussions are now happening at hyper-speed. While lotteries are busy in the trenches working on retailer issues, they are looking to the vendors to concentrate on the “big picture” issues.

“The technology is there, now we have to make sure it gets to the players and that they understand how to use it and trust it,” said Nick. “As more parts of our economy continue to build their online presence, from banking to shopping, we will see acceptance of lottery technology rise among our players. It might continue to be small for some players – QR codes and registering for player clubs. But that is how we can grow the digital footprint for customers. As people feel more confident in the safety and security of our technology, the acceptance and use of this technology will grow.”

Of course, there is a “middle road” between in-store sales of lottery products and iLottery and that is the courier or concierge services which have been adopted in some states, including Texas. Gary said that while the adoption of this trend has been slow, it is here to stay.

“What we have seen over the past few years with couriers just partially cracks the surface of the potential of these types of services,” Gary said. “It is really about how can we most easily get our products into the hands of our players. Selling over the internet and mobile apps through outside services is another tool in our toolbox.”

Michelle Carney said that IGT has spent much time studying digital adoption by players and what this means for the future of lottery sales. Mobile certainly leads the way, in most estimations.

“More than ever, mobile is the channel that will be the technology future for all commerce, including lottery,” said Michelle. “At IGT, we deploy 11 mobile apps in the United States with varying degrees of functionality, from pure basic convenience to full iLottery. Each lottery enables different features, some allowing

players to choose their preferences, others rolling out digital roadmaps.

“At IGT, we use the data collected from these mobile apps to inform our current and future efforts. Certainly, using an app to purchase tickets is high on the list of player demands. In Texas, we also use the app to provide mobile coupons, and the consumer reaction has been very positive. We feel that is a great opportunity for future customer engagement.”

“More than ever, mobile is the channel that will be the technology future for all commerce, including lottery”

Of course, any discussion about moving forward with technological advancement has to include an important topic – budget. With states seeing lower revenue across their agencies, lotteries have to balance their spending against the financial restrictions they are facing.

Max said he and his Carmanah colleagues recognize the financial pressure lotteries are facing but think that stressing the safety that technological advancements offer might help advance their causes.

“We’re working on technology that allows for in-store signs that are easily read before players get into the store,” he said. “This lowers the time-in-store for players. So the lottery spends money on technology that improves the shopping experience AND increases the safety of retailer personnel and lottery customers.”

Nick said that he sees three areas where lotteries might want to consider investing their budgets. “We think vending machines are a critical component of the channel mix for lotteries,” he said. “Second, lotteries need to look at sales automation tools, making sure that the sales representa-

tives can do their jobs better, quicker and safer.

“And third, as others have discussed, is improving the mobile experience, retailer portal, web sites. Lotteries have to offer the same digital experience that players find with Amazon and other online retailers.”

Pollard Banknote’s Jennifer Westbury said retail is where we must focus. “Lotteries must expand their retail footprint. We need to fast-track our work with the Costcos,

Dollar Generals, the stores that are located across multiple states and who we know are interested in offering lottery.

“And as hard it is in these unsettled times, lotteries must develop a roadmap. This will help lotteries decide where to put their limited resources. And this roadmap must include digital. Where does a lottery want to go with its digital footprint? The answer to this question will be critical for lotteries to answer.”

Michelle Carney said that IGT has focused investments on creating tools to advance the player journey and help lotteries use their resources to make lottery easier to buy and a better experience for players.

“Obviously each state’s investment will be unique to that particular lottery,” she said. “But in some way, all lotteries have the same need to deploy technology that expands points of distribution and evolves the player purchasing experience. Adding features such as mobile play slips, digital tickets, various cashless payment and redemption options is important, as is making sure the technology is user-friendly when deployed, so players can easily download, register, and use it.

“Lotteries need to make decisions based on what’s best for their jurisdiction and what’s happening within their state. But we see from the insights we collect that all lotteries are dealing with the same types of issues. In the end, we move forward as an industry by working together – vendors and lotteries – to improve the player experience and make the purchase of our product as safe and simple as possible.” ■



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

President and CEO of the Tennessee Education Lottery Corporation Rebecca Paul Hargrove was unanimously reelected as president of the World Lottery Association (WLA) for her second two-year term



The WLA is a member-based organization with more than 140 government-authorized and licensed lottery organizations from more than 80 countries on six continents. The WLA's mission is to advance the interests of state-authorized lotteries through a variety of programs that foster relationships and establish best practices for lotteries across the globe.

Rebecca Hargrove has held several leadership positions within WLA, including senior vice president and chair of its Corporate Social Responsibility (CSR) Committee. She is the founding chair of the Women's Initiative in Lottery Leadership, a program designed to support the advancement of women into top positions of lottery management, leadership and responsibility; and has also served as president and/or chair of all offices of the North American Association of State and Provincial Lotteries and the Multi-State Lottery Association, as well as serving as president of the international industry organization A.I.L.E.

Governor Ron DeSantis Appoints John Davis Secretary of the Florida Lottery



John Davis is Executive Vice President of the Orlando Regional Chamber of Commerce. Previously, he served as President of the African American Chamber of Commerce of Central Florida. Davis is active in his community, volunteering his time with the United Way, Valencia College, Volunteer Florida, and Kappa Alpha Psi Achievement Foundation. John also serves on the Florida A&M University Law School Dean's Advisory Council. A native of Pahokee, he earned his bachelor's degree in political science from Florida State University where he was a standout safety of the Seminole football team.

West Virginia Lottery Director John Myers Appointed Chairman of Lotto America Product Group

MUSL is a non-profit association that assists its member lotteries in multi-jurisdictional game development. There are currently 38 member lotteries in the organization. "The Lotto America Product Group is a brain trust of the 13 U.S. lotteries that sell the game," MUSL Executive Director J. Bret Toyne said. "We are excited to have Mr. Myers at the helm as the group looks for innovative ways to promote the product and assist participating lotteries in raising money for good causes and beneficiaries."

One of the biggest challenges facing multi-jurisdictional draw games is relevancy, and with Myers at the helm, the Lotto America Product Group will be looking for ideas and opportunities to promote the game and build

brand awareness. The group will also look for ways to get players excited about the game despite a lower jackpot. Lotto America launched in November 2017, shortly after Mega Millions raised in price point to \$2 per play. Lotto America is one of the few multi-jurisdictional draw games with a rolling jackpot that is just \$1 per play- a unique price point for a lottery's draw game portfolio.

IGT signs retail sports betting agreement with Turtle Mountain Band of Chippewa Indians in North Dakota

IGT Secures Extension to Continue Delivering High-Performing Instant Tickets to the Minnesota Lottery

IGT's Seven-Year Contract Extension with Western Canada Lottery Includes Deployment of

Enhanced INTELLIGEN System for 4,200 VLTs in Saskatchewan

Globally relevant IGT cabinet backed by extensive research and high-performing content



This latest addition to IGT's high-performance Peak hardware line, the PeakSlant32™ is the Company's first cabinet to feature three seamlessly integrated gameplay displays.

INTRALOT Inc. and Camelot Illinois Deploy Fast Play Games for the Illinois Lottery

intralot

Texas Lottery grows again, surpasses all-time sales record



The Texas lottery had a record \$6.704 billion in sales for FY 2020.

The Florida Lottery will introduce a new version of Florida's flagship Draw game, FLORIDA LOTTO®

Ohio casinos, racinos continue hot streak after re-opening with a September record

Arkansas Lottery revenue sets record in September \$47.5M



Minnesota Lottery sales increase 5% to hit new record high sales

BULLETPROOF™, a GLI company, Announces Partnership with Missing Link Technologies Ltd. and New Analytics and Artificial Intelligence (AI) Practice for the Lottery Industry



After a COVID-19 Shutdown, Every New York State Casino is Back in Business as of October 1

IWG announces progressive jackpot e-Instant games



The industry-first feature is set to launch across US and Canada. Jungle Jackpots is set to be the first title to feature IWG's new progressive jackpots product.

Pollard Banknote Ltd subsidiary Diamond Game has received a two-year contract extension from the Michigan Lottery



Michigan Senate Approves Interstate Online Poker Bill

The bill will now advance to the House of Representatives. If the bill passes into law, it would serve as an amendment to the Michigan Lawful Internet Gaming Act.

Five States Have Gambling Initiatives on the Ballot This November - Voters in Maryland, South Dakota, Louisiana, Nebraska, and Colorado Can Alter The Legal Landscape Of Local Gambling Markets.

'PlayAlberta', an online gambling website in an effort to move bettors away from unregulated sites and boost government revenue launched in Alberta, Canada.

Ontario Lottery and Gaming Corporation Announces A. Duncan Hannay was appointed as President and Chief Executive Officer

New Hampshire Lottery Hires Daniel Maloney as its first Director of Sports Betting

Scientific Games unveils Kascada™, the next generation of

industry-leading gaming cabinets

Kascada builds upon the gaming cabinet revolution Scientific Games began with the introduction of the ALPHA Pro Wave®, the first curved-screen portrait cabinet.

Scientific Games awarded a new, 10-year contract from the Oklahoma Lottery to supply lottery central gaming system services and its world-leading Scientific Games Enhanced Partnership (SGEP) program

Scientific Games has been awarded a new, five-year contract from the Massachusetts State Lottery Commission to supply its world-leading instant games, second chance promotions and digital engagement programs



Retailer's mobile app Jackpocket offers way to remotely play lottery in Arkansas

SCA, the industry leader in promotional risk management, announced that Bishop Woosley of Woosley Gaming Advisors, LLC. will consult with them on the best solutions and services to bring to the lottery industry.

INTRALOT Inc. and Camelot Illinois Deploy Fast Play Games for the Illinois Lottery

EquiLottery Games Enters into Licensing Agreement with the NBA



Virginia Lottery sales surge, as gaming options multiply



Lottery sales increased by \$181.5 million, or almost 36%, in the first three months of the fiscal year that began on July 1, compared with the first three months of fiscal 2020, powered by the quick launch of internet sales of lottery tickets. Even without the new internet boost, lottery sales increased by 13% in September at traditional retail operations.

Ohio casinos, racinos continue hot streak after re-opening from coronavirus closings with a September record

Lottery.com to go public via SPAC merger

Successful Launch of PlayAlberta.ca Marks NeoPollard Interactive's Entry to Canadian Gaming Market

On the 45th anniversary of the Delaware Lottery, Delaware Lottery Director Vernon Kirk, receives award for his 45 years of service



Pollard Banknote is pleased to announce that its subsidiary Schafer Systems has been awarded a four-year contract from the Ohio Lottery Commission

A Las Vegas judge has sided with former casino magnate Steve Wynn in Nevada regulators' attempt to ban him from the gambling industry over sexual misconduct allegations.

Gerald W. Beasley, Director of Human Resources and Compliance, Eldorado Resort Casino Shreveport, Louisiana, is the 2021 recipient of the Arch L. Gleason Award for Responsible Gambling Leadership.

STRATACACHE, the parent company of Carmanah Signs, has announced the launch of commercial grade LINQ all-in-one intelligent tablets

LINQ tablets are integrated across all digital signage, interactive experience, and mobile commerce/mobile shopping platforms in the STRATACACHE family.

INTRALOT Inc. Secures Extension to Continue Delivering the Successful Operation of COAM (Coin Operated Amusement Machines) Project to the Georgia Lottery Corporation

With a close collaboration for the last six years, INTRALOT and the Georgia Lottery Corporation teams have established a dynamic operation of monitoring and accounting for the COAM project. Under the new contract, INTRALOT will empower the Georgia Lottery with its state-of-the-art technology to modernize and support key business requirements.

Pollard Banknote Limited has been awarded a five-year contract for instant game tickets, game designs, and marketing services by the Massachusetts State Lottery.



Gambling.com Group expands business into Tennessee and Illinois

Gambling.com Group has been granted regulatory approval to offer its services to operators in Colorado, Indiana, New Jersey, Pennsylvania and West Virginia.

Billionaire casino owner Sheldon

Adelson eyes Texas—will legalized casinos be next?

SPORTS BETTING IN THE U.S.

Tennessee sports betting went live on Nov. 1



Tennessee is the first state to regulate online sportsbooks directly, without the framework of casinos or possession of a retail gambling license as a precondition to operate a sportsbook online, a common qualifier in the 18 other states where betting is legal. Licensed sportsbooks in Tennessee must also abide by a 90% cap on payouts.

The Tennessee Education Lottery Board of Directors approves the initial list of sporting events for online wagering in Tennessee

The Sports Wagering Committee of the Board also approved 17 new vendors. There are three categories of potential applicants: licensee (operator), supplier and vendor. Definitions can be found in rules on the sports gaming page of the Tennessee Lottery website. There are no restrictions on the number of licenses that may be issued for interactive sports gaming operations, but licensees and suppliers must meet suitability requirements.

Louisiana Sports betting to be on November ballot

IGT Announces Betting Partnership with the NBA

IGT becomes the first B2B sports betting platform provider in U.S. to bring NBA official data, marks and logos to regional casinos and sportsbooks, further differentiating its PlaySports sports betting solution through a multi-year partnership with the National Basketball Association (NBA).

Virginia Lottery to license mobile sports betting early next year

The Virginia Lottery is now reviewing 25 applications for 12 mobile sports betting permits, and the first licenses could be issued early next year.

New Jersey is on pace to break the \$5.3 billion yearly all-jurisdiction record set by Nevada in 2019.

The \$800 million it collected last month generated \$7.4 million in tax revenue—its highest monthly mark to date. It is also a reflection of the much lower margins generated by sports betting than lottery.

DraftKings was fined by the state of Iowa for failing to download new self-ban list information

Gambling companies spend more than \$2M trying to persuade Maryland voters to approve sports betting

Indiana sports wagers top \$200 million in September, a new record

Scientific Games Extends Partnership with Hard Rock International for US Sports and iGaming Expansion

New Jersey: proposal submitted to allow betting on college competitions

The Philadelphia Eagles on Thursday partner with DraftKings

The deal includes the naming rights to the Field Club at Lincoln Financial Field. It won't be a sportsbook, but it will have the feel of one.

Iowa Fines DraftKings And Two Casinos For Violating Regulations

The Iowa Racing and Gaming Commission has fined DraftKings sportsbook, the Rhythm City Casino, and the Diamond Jo Casino all for separate situations of violations. The violations involved DraftKings being late to download new self-ban list information, and the retail casinos for having security camera malfunctions.

Illinois Online Sports Betting Booming

The state has yet to release its September figures,

but given the encouraging \$140 million in total handle it generated during August, the numbers are expected to be staggering. Keep in mind the in-person requirement was largely in place in August and big time players such as FanDuel and DraftKings didn't enter the market until the end of the month. In September, PointsBet and William Hill joined amid the start of the NFL regular season and during the NHL, NBA, and MLB playoffs. In other words, it was a perfect storm for sports betting in a new market – one that is expected to generate more momentum in the months ahead.

DraftKings Launches Live Dealer Speed Roulette In New Jersey

WORLD NEWS

Malta's national lottery operator goes online with Intralot's LotosXi

LotosXi enables operators to define and offer subscriptions for any available game and manage its content, allowing full localization and parametrization of the user interface. Characterized by an omnichannel philosophy and offering a wide range of innovative and engaging games, along with player experience personalization through data analytics, LotosXi creates value both for the operator and the player.

INTRALOT Notification for the Recomposition of the Board of Directors

Further to its announcement dated 13 November 2020, INTRALOT announces the recomposition into body of its Board of Directors, on the same day, as follows:

Sokratis P. Kokkalis, Chairman and CEO, Executive Member

Constantinos G. Antonopoulos, Vice Chairman, Non-Executive Member

Chrysostomos D. Sfatos, Deputy CEO, Executive Member

Nikolaos E. Nikolakopoulos, Executive Member

Alexandros – Stergios J. Manos, Non-Executive Member

Christos K. Dimitriadis, Non-Executive Member

Anastasios M. Tsoufis, Independent Non-Executive Member

Ioannis P. Tsoukaridis, Independent Non-Executive Member

Ioannis K. Tsoumas, Independent Non-Executive Member

Jumbo Interactive Secures Gambling Commission Software Licence Approval in Great Britain

This enables Jumbo to supply its proprietary Software-as-a-Service (SaaS) online platform to GC-licensed operators, which in-turn provide gambling and lottery services to consumers in Great Britain. The software operating licence is in addition to the external lottery manager

operating licences (remote and non-remote) already held through Jumbo's wholly owned UK subsidiary Gatherwell.

NeoGames Announces Pricing of \$81.7 Million Initial Public Offering

NeoGames is a technology-driven innovator and a global provider of iLottery solutions for national and state-regulated lotteries.

EL launches first lottery module on EL Learning Platform

UK National Lottery sees record online sales amid pandemic

National Lottery operator Camelot quick switch to online enabled it to overcome an 18% hit to sales at the start of the coronavirus crisis to end its half-year with sales down just 1.7% to £3.85 billion. Digital sales increased by 39% over the same period of the previous year.

Apollo Injects €500 Million Into SAZKA, also Buys Canadian Casino Giant

Czech lottery operator SAZKA Group's bid for the license to operate the UK's National Lottery just got major backing from Wall Street buyout fund Apollo Global Management which injected €500 million to finance its expansion efforts.

News also emerged that Apollo will acquire Great Canadian Gaming Corp. in a deal that values the Canadian casino operator at more than C\$3.3 billion (approx. \$2.5 billion) and represents the private equity giant's latest big move into the casino industry. Olympics chief Keith Mills is leading SAZKA's National Lottery bid.

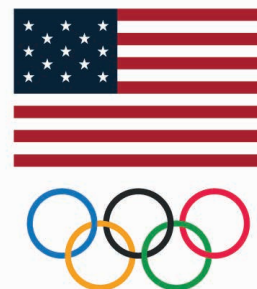
Danish Gaming Authority Spillemyndigheden names new director

Anders Dorph has been appointed as director effective November 1. He previously served as deputy director of the Danish Immigration Service.

Spillemyndigheden reported a 19.2 per cent fall in gambling revenue in the first half of 2020 due to the impact of the Covid-19 pandemic on land-based gaming and sports betting.

Spain's Online Gambling Market Grows 17.7% Year-on-year in Q2 2020

TEAM USA IS READY TO BRING ITS INSPIRING, UNIFYING, PATRIOTIC AND OPTIMISTIC CHARACTERISTICS TO U.S. LOTTERIES



With the Summer and Winter Games on the horizon, Team USA scratch tickets are now available for U.S. Lotteries.

And they could not have come a moment too soon. As our country gets ready to move on from the Pandemic, and a new administration is preparing to take over in Washington, Team USA is getting ready to create new memories for us starting with the delayed Summer Games in Tokyo in July 2021 and the Winter Games in Beijing in February 2022.

And who cannot remember some of the incredible achievements and fond memories of Team USA athletes and teams at past Olympic Games:

- **The Miracle on Ice.** The 1980 US Olympic Hockey Team composed of all amateurs stuns the Soviet Union in Lake Placid and goes on to beat Finland and capture Gold
- **The Dream Team.** The 1992 US Olympic "Dream" Team that not only won the Gold in Basketball at 1992 Games in Barcelona but is called the greatest team ever assembled in any sport
- **Mary Lou Retton.** She becomes the first Women Gymnast outside Eastern Europe with win the all-around title
- **Michael Phelps.** The most decorated Olympian of all time. 28 medals earned at four different Olympic Games, concluding at the 2016 Summer Games in Rio when he won five gold medals.

One thing is certain – more great memories will be created in Tokyo and Beijing and there is little doubt we have never needed the Olympics more than ever to bring us together like they do every four years.

For the first time ever, all US Lotteries and their players can be part of the action at the Tokyo Summer Games in 2021 and the Beijing Winter Games in 2022 as our athletes share with us their most important qualities; Inspiration, Optimism Patriotism and their Unifying spirit.

ENTER FOR YOUR CHANCE TO WIN A TRIP TO THE OLYMPIC GAMES!
SEE BACK FOR DETAILS

WIN UP TO \$XX,XXX!



Team USA, through a subsidiary of the United States Olympic Committee, United States Olympic and Paralympic Properties (USOPP) is offering US Lotteries the opportunity to employ Team USA marks, logos and even possibly Olympic athletes from each lottery's state in an integrated marketing plan for Team USA games.

"We are excited to bring the emotion and excitement of Team USA to lotteries and their players across the country," said U.S. Olympic and Paralympic Properties Senior Vice President of Consumer Products Peter Zeytoonjian. "The upcoming Olympic and Paralympic Games will be a special moment for our country as the world's best athletes come together to compete on the global stage. We are excited to share this moment with lottery players across the U.S. as they cheer on Team USA."

The Team USA promotion offers a robust second chance program to maximize participation, emotion and sell thru. All lotteries can offer select winners a fabu-

lous four-day three-night Olympic themed trip to Los Angeles highlighted by an Olympic Gala at one of the key venues of the upcoming 2028 Summer Games in LA. There are also four different Team USA prize packs available for second chance drawings. Your players can win an assortment of Team USA branded merchandise so they can display their love of their country and its athletes.

Consulting with and leading the USOPP's efforts is lottery industry veteran Steve Saferin, who founded MDI Entertainment and virtually created the modern third-party licensing side of the lottery industry. Also involved are former MDI executive and now industry consultant Jim Acton and NFL vet Gene Goldberg.

"I well know and look forward to the special feeling I get during the Olympics", said Saferin. "I am gratified to work with the USOPP and US Lotteries during these extraordinary times. We have lived with the

restrictions brought on by the Pandemic for close to an entire year and good news has been hard to come by.

"Given the rapid development of vaccines and the change in administrations in DC, I believe that, like never before Team USA is going to swing into action at the perfect time to provide optimism and patriotism, to unify us and more than anything inspire us. I have never felt greater anticipation for an upcoming Olympics".

Lotteries can now harness this anticipation and excitement and offer a Team USA ticket to their players. Combined with an exciting and robust second chance program, I am certain that players will be intrigued and stimulated to show their support for Team USA and our Country's Olympic Athletes."

Lotteries interested in learning more about the Team USA opportunities can contact Steve Saferin at steve.saferin@esgn.media or Jim Acton at actonjim11@gmail.com. ■

Live Online

PGRI LIVE! 2021

PGRI's digital platform is where the audience of thousands of industry professionals convene to forge new pathways that enable us to stay connected, share ideas and best-practices, and preserve our feeling of community. Let's take this opportunity to transform for a new age, a digital era rich with tools for collaboration, communication, and interaction. This is a time for aspirational goals to inspire us to stretch the boundaries for what can be accomplished, invent entirely new ways to change the world, and embark on a journey fueled by vision-driven momentum to meet the future head-on ... with gusto, confidence, and actionable strategies.

Join us for PGRI Live!

This Monthly Virtual Conference held from 1:00 pm to 4:00 pm Eastern Standard Time (EST), the middle Wednesday of every month:

1. **January 20: iLottery**
2. **February 17: Retail Modernization**
3. **March 17: Regulatory Modernization and the Politics of Gaming**



Follow **PublicGaming.org** (our conference website) or **PublicGaming.com** (PGRI home-page and news website) for virtual conference and webinar updates, and to track the production process as we work together to create a new kind of experience, digitally transformed to not just enable but enrich and enhance the joy of working and striving together. Visit **PGRItalks.com** to view video-recordings of Post-COVID19 Lottery: the Movie which premiered on October 25.

iLottery

Now is the Time to Stay Connected

Today more than ever, it's vital to be where your players are, wherever they are.

Scientific Games' portfolio of iLottery products lets your players stay connected to each other and to the games they love.



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Next

Reimagine **Next**