

Digital Lottery is about so much more than selling lottery tickets online

L to R: Kelley-Jaye Cleland, Jesse Saccoccio, Peter Sullivan, Rebecca Swindle, Matt Taormina, Rob Wesley



Digitization and modernization can come in many forms, but how can lotteries make the most of the opportunities they present and avoid being left behind in an increasingly fast-paced and competitive games-of-chance environment? Senior executives of the vendor community shared their opinions on everything from an assessment of lotteries’ current digitalization efforts to “the radical future of digital lottery.”

The discussion was moderated by **Kelley-Jaye Cleland**, Chief Product & Program Officer, New Hampshire Lottery, who was joined by panelists:

- **Jesse Saccoccio**, Senior Director, Global iLottery Pre-Sales, IGT
- **Peter Sullivan**, Chief Executive Officer, Jackpocket
- **Rebecca Swindle**, Vice President Strategic Development, INTRALOT
- **Matt Taormina**, Director of Digital Products, Scientific Games
- **Rob Wesley**, Vice President of North American Customer Development, NeoGames

Introducing the discussion, Kelley-Jaye Cleland mentioned how retail still provides the most revenue but also shared an important fact about the importance of

iLottery. “Four of the top ten U.S. lotteries for per capita sales have iLottery. So, although it is not essential to have it, it is helpful as those results show.”

This discussion is about the importance of investing in the digital future, and about how “digital” is about much more than iLottery. “In New Hampshire, we have many digital products, including iLottery. But we also don’t have the foundations to support all our digital initiatives—we don’t have a data warehouse, a business intelligence tool, or internal CRM that gives us a 360-degree view of the customer. So, we’re still in need of modernization, which doesn’t have to mean iLottery.”

Responding to Kelley-Jaye’s question about how lotteries are preparing for the digital future, **Jesse Saccoccio** focused on establishing the infrastructure required for mobile claims and loyalty programs. He also emphasized the importance of CRM. “If you know your players, their behaviors,

and their trends, you can build customer journeys that really enhance each individual’s experience.”

Elaborating on that, **Rob Wesley** spoke about how mobile claims are gaining momentum even though they are only offered by a few lotteries. “Last year, Virginia launched mobile cashing for every retail ticket that’s purchased into the player’s online wallet. And the tickets cashed in one year have been worth about \$25 million.”

Rob emphasized how modernization is not only about the technology you have but also about using it smarter. “It’s not just about building a database anymore, it’s about communicating more effectively by leveraging the technology that you have and learning from each customer’s behavior how, where, and when they want to engage with you. The core of modernization is using technology and data to create better relationships with players.”

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Continued on page 42

Both Rob and Jesse mentioned the Oklahoma Lottery replacing all paper play slips with digital barcodes at retail to make the player's experience easier and quicker, which Rob cited as an example of the industry going against its traditionally risk-averse approach.

In terms of driving modernization, **Matt Taormina** advised, "Don't let perfect be the enemy of good. Start to build that centralized player profile as soon as possible. Figure out how to merge programs and collate data so you can reach out to players with the right messages, offers, and incentives at the right time. Get your foundations right first, and later you can add loyalty programs, mobile claims, or even online sales. And make sure you keep focused on creating a cohesive omnichannel experience for the player."

Sometimes, however, the limitations that lotteries face when trying to modernize come from legislative constraints. Addressing that, **Rebecca Swindle** argued that lotteries should "to the greatest extent possible, get the legislative authority to monetize their databases. Many lotteries currently lack the authority to get and use player data to grow their business."

Peter Sullivan referred to the importance of retaining control over the data while connecting with the retailer base: "The future of lottery is the digitalization of the retailer base. Bring the big retail chains into iLottery programs so that you can distribute products more widely at lower cost while still retaining all the data because that is what will drive iLottery's exponential growth."

Turning to omnichannel, Kelly-Jaye asked, "What strategies are lotteries using to connect players from retail to digital and vice versa?"

For Matt, the key strategy was using CRM programs and predictive analytics to incentivize players to try something new. "If players are playing a certain game online, we can give them a coupon for the same game at retail. However, it's still easier to create incentives from the digital side until we're able to get better data from retail, which could come from couponing, player cards, or digital wallets."

However, Jesse focused not so much on moving players between channels but rather meeting them wherever they want to be with a modern, personalized experience. "Instead

"Required registration results in 100% of players being known, which also means you can't purchase a ticket without scanning a barcode. It's like logging into an Amazon account. The player gets personalized offers and recommendations."

of forcing or moving them into particular channels, let's just put the player at the center of everything we do and let them decide."

Agreeing with that, Rob said, "Omnichannel is about giving your customers the choice of how, where, and when they want to interact with you. So, you have to create as many touchpoints as possible and offer a frictionless, consistent, and a great experience across them all, which is key to player retention and value."

Approaching the issue from a different angle, Rebecca discussed the ongoing importance of the anonymous player. "We're still selling millions of dollars in tickets for anonymous play. And transitioning the anonymous player might not always be the only goal. Or maybe we redesign what anonymous really is in our industry and tell our customers what they can get back in return for giving away a little bit of information through 'registration light'."

Talking about how new technologies facilitate data collection, Peter highlighted Apple's new Face ID. "Soon, they'll be creating APIs that the Lottery can use so that when a new player starts, a Face ID will be all that's required to show that that player has a payment method that's available for Lottery."

For Rebecca, that raised questions about the extent to which lotteries can use biometrics and retain data. Matt shared some important tips about data collection. "Start by finding out each program's needs and then decide whether you need a full know-your-customer process or whether you just need to verify age, or maybe you don't need to identify the player at all."

Making the case for changing how the industry gathers and uses data, Rob stated, "We are facing direct competition like never before. And if we don't proactively create the relationships that we want with our players, somebody else will do that for us. We might

want to ease into know your customer, but the reality is that the technology and the competition are coming very, very fast, and I think it's critical for Lottery to own that relationship."

Replying to Kelley-Jaye's question about whether more lotteries are adopting apps or staying web-based, Matt said, "Mobile is king, but web's not dead. We see about an 80/20 split, and we can't ignore those players who are still using websites, just like we can't ignore any other player subset in this competitive environment."

Moving on to retail, Peter emphasized the potential for iLottery and retail to drive customers to each other in mutually beneficial ways. "When you first talk about iLottery, retailers' initial reaction is, 'This is not good.' But we've established a partnership with Circle-K so that when they send us a customer, we provide that customer with coupons that they can use in-store for other products. So, people are signing up to play iLottery and then being sent back to the retailer, which is just what the retailer wanted."

That prompted Kelley-Jaye to highlight the retailer affiliate programs that are operating in some iLottery states, "where retailers receive either a percentage of deposits or a initial lump sum for each person they bring to iLottery."

Focusing on Jackpocket, Kelley-Jaye asked Peter how it co-exists with lotteries in the 18 states in which it operates (two of which have the state lottery operating iLottery). He replied, "We're never going to be able to compete with the state lotteries' iLottery on price because we have to charge extra to cover our transaction costs. But we can offer some features that are more attractive to some users. Plus, we can provide new ways to acquire customers digitally through things like making deals with national brands that

wouldn't make sense for a state lottery. And in states where we can offer products like e-Instants or scratch-offs, we want to help promote them as well."

Commenting on whether state lotteries have the resources required to analyze data or do they depend on vendor partners for that, Jesse explained, "Some lotteries don't have the tools they need, others have complete teams doing data analytics. Vendors can still add value because we work with lotteries all over the world, so we can bring new ways to analyze and interpret the data based on leading best practices in other markets."

Reflecting on differences between states, Rob observed, "Some lotteries have the resources and flexibility to build the teams they need; others face restrictions when trying to hire the right people. So, some states need to hire vendors to apply the technology and get the job done. There is also the option of sharing the load, a hybrid model."

Rebecca recommended, "Investing in a robust R&D program that layers in broad strokes, like segmentation marketing, with much more curated approaches that drill down to the individual level. But some lotteries still face challenges about the extent to which public policy allows them to capture and use data."

Elaborating on that point, Kelley-Jaye explained how two-year budget cycles limit lotteries' abilities to react rapidly to new requirements and highlighted how legislatures' demands to grow revenue are not always accompanied by the required resources.

That point prompted Matt to advise "All vendors must invest in our products, so lotteries don't have to do that individually. It's tough at the state level to get funding and navigate policy changes. Vendors don't face the same restrictions, and we can analyze data to inform lotteries' roadmaps."

Peter discussed the challenges of recruiting high-quality data analysts. "They're so expensive and everyone wants them." He also argued, "Data is only useful if it leads to a decision. Having too much can be overwhelming and make it hard to know what to focus on. But AI does have the potential to perform analytical tasks and recommend actions."

Addressing the non-iLottery states, Rob stated that they can still learn from the data and technological approaches being

pioneered by their iLottery peers and vendors. Agreeing, Jesse identified ways in which non-iLottery states can learn about their players, such as through player cards and loyalty or second-chance programs, to continue improving and refining the player experience.

Thinking about best practices in the digital arena, Rebecca said using nationally branded games like Powerball and Mega Millions to attract new players is dramatically reducing customer acquisition costs and offering new opportunities to get valuable data. She also stressed the importance of engagement beyond acquisition. "It could be through social media, or it could be through second chance, which I really believe is one of the industry's superpowers in terms of customer engagement."

Matt also described how claims processes created for iLottery products could be transferred into mobile claims. Discussing how Virginia has been offering mobile claims for a year, Rob also asked, "Why are lotteries not providing a service like a courier service themselves and owning that relationship to leverage the increase in knowing your players opportunities and grow their databases?"

Concerning digitalization in retail, Rebecca identified the opportunities presented by proximity marketing. "You don't have to be inside the store, you can be near it or at a special event, and you can have a special promotion that goes from selling live tickets to offering something digitally or second chance in an enclosed environment that you own."

Returning to the key issue of data ownership, Rebecca also asked, "As lotteries are in retail space why not make the data available to consumer products by putting it on the grocery store card? There are multiple ways for lotteries to use, sell, and monetize that superpower, which shouldn't be given away cheap."

Matt identified digital wallets and player cards as the obvious ways to digitize retail. "Some lotteries internationally require registration, which results in 100% of players being known, which also means you can't purchase a ticket without scanning a barcode. Anything we can do to get closer to that in the U.S. would be great for players. It could be as simple as scanning a loyalty card at the retailer POS to access online offers."

Jesse further highlighted the opportunities presented by player cards. "When players scan that card, it's like logging into an Amazon account, they get all their personalized offers and recommendations. So, that's one way to offer a modern experience at retail."

Concluding the discussion, Kelley-Jaye invited the panelists to give their top pieces of advice to lotteries looking to modernize their digital operations, with or without iLottery.

Peter recommended, "Reading and staying up on trends; we always need to see what we can leverage to stay relevant for our customers. Big tech companies' annual conferences tell you a lot about what new features and capabilities are coming out, so staying up to speed and educated about the future is more important than ever."

Rebecca emphasized the importance of adaptation. "Retail and customer preferences are changing, so leverage new technologies and adapt your strategies and ecosystems to curate the type of brand experience you want."

Quoting Drew Svitko of the Pennsylvania Lottery, Matt said that lotteries must be CRUMY: convenient, relevant, ubiquitous, and modern. "We need to be all of those things if we are going to resonate with players and face the competition." He also reemphasized the importance of working with what limited resources lotteries may currently have to start new initiatives that will develop into bigger and better things.

Rob's succinct advice was "If you haven't started, start; and if you have started, go faster. The competition is only going to grow so we must move quickly to not get left behind. And that requires us to lose the old, methodical, risk-averse mindset because if you apply a wait-and-see approach in a rapidly changing world, you're just going to be leaving opportunities on the table."

Finally, Jesse stressed the importance of learning from other lotteries and doing the research to understand how markets and technology are changing. "Innovate continuously," he advised, "and continue to try new things. If something works, run with it, and if it doesn't, that's okay. Don't be afraid to trial, learn, move on, and try something else." ■