Merry Christmas
Happy New Year
**AGENDA 2015**

**FEBRUARY**
- **JOINT EL/WLA WORKSHOP ON DESIGN THINKING**  
  Date: 4 February  
  Location: London, UK
- **JOINT EL/WLA MARKETING SEMINAR**  
  Dates: 4 – 6 February  
  Location: London, UK

**MAY**
- **RETAILING SEMINAR**  
  Dates: 4 – 6 May  
  Location: St. Julian’s, Malta  
  Host: Maltco Lotteries Ltd.
- **JOINT EL/WLA SPORTS BETTING SEMINAR**  
  Dates: 26 – 28 May  
  Location: Warsaw, Poland  
  Host: Totalizator Sportowy Sp. z o.o.

**JUNE**
- **EL GENERAL ASSEMBLY**  
  Date: 8 June (afternoon)  
  Location: Oslo, Norway
- **EL CONGRESS**  
  Dates: 8 – 11 June  
  Location: Oslo, Norway  
  Host: Norsk Tipping AS
- **PUBLIC ORDER SEMINAR**  
  Dates: tbd  
  Location: Prague, Czech Republic  
  Host: SAZKA a.s.

**SEPTEMBER**
- **ELU**  
  Dates: 30 August – 4 September  
  Location: Dubrovnik, Croatia  
  Host: Hrvatska Lutrija d.o.o.
- **RESPONSIBLE GAMING SEMINAR**  
  Dates: 16 – 18 September  
  Location: Helsinki, Finland  
  Hosts: RAY Raha-automaatityhdistys & Veikkaus Oy
- **SEMIFAR ON CREATIVITY & INNOVATION (GAME DEVELOPMENT)**  
  Dates: 23 – 25 September  
  Location: Warsaw, Poland  
  Host: Totalizator Sportowy Sp. z o.o.

**OCTOBER**
- **PR & SOCIAL MEDIA COMMUNICATION WORKSHOP**  
  Dates: tbd  
  Location: tbd  
  Host: tbd
- **JOINT EL/WLA SECURITY & RISK MANAGEMENT SEMINAR**  
  Dates: tbd  
  Location: tbd  
  Host: tbd
- **LEGAL SEMINAR**  
  Dates: tbd  
  Location: Budapest, Hungary  
  Host: Szerencsejáték Zrt.

**NOVEMBER**
- **EGM ROUNDTABLE**  
  Dates: TBD  
  Location: London, UK

**Registration for all our seminars can be made online at**  
[http://www.european-lotteries.org](http://www.european-lotteries.org)  
**All events are available on our website (under events). Announcements are made a few months in advance.**
A new year is about to start and the year to come will certainly be no less challenging and interesting for our sector and our Association than 2014 has been!

The work towards our next General Assembly and Congress in June 2015 in Oslo has started some time ago and will now in the coming months enter its final stages. You will receive further information on this as it becomes available and I urge you already now to mark the beginning of June in your calendars so that you can be present in Oslo and discuss and decide the future of our Association with us.

We are of course not only preoccupied with organisational matters but also with the policy developments that affect us and in particular those that concern the EU institutions. The last few months have been of critical importance at European level as the European Union institutions went through an intense and complex renewal process. The European Parliament has 751 members and almost half of them are entirely new in this assembly. EL has sent out its new ‘True and False: Statements on Gambling’ leaflet to a little under a third of the new Members of the European Parliament, namely all those MEPs in the Internal Market and Consumer Protection Committee (IMCO) and with the Industry, Research and Energy Committee (ITRE). We also introduced our Association and its activity, wishing them a fruitful mandate and offering them our support and expertise on their work on potential future dossier. It will now be important for all of us to maintain the contact with MEPs and meet the new ones.

The new College of European Commissioners took office on 1 November. President Jean-Claude Juncker is supported by seven Vice-Presidents and 20 Commissioners. Of particular interest for us among the Vice-Presidents there is the Estonian Andrus Ansip in charge of the Digital Single Market and the Finnish Jyrki Katainen responsible for Jobs, Growth, Investment and Competitiveness. Besides the Vice-Presidents in this new structure of the European Commission, the single Commissioners will still be the main players and the most actively involved in the concrete development of specific policies and decisions making process. The Commissioners responsible for the most sensitive portfolios for our Association will now be the Polish Elżbieta Bieńkowska, with the Internal Market, Industry, Entrepreneurship and SMEs; the Hungarian Tibor Navracsics in charge of Education, Culture, Youth and Sport and then the German Günther Oettinger, responsible for the Digital Economy and Society portfolio. We hope to meet in particular with the new Internal Market Commissioner shortly.

Several developments took place just before the new Commission took office. As it already announced in its 2012 Communication “Towards a comprehensive European framework on online gambling” – the so-called ‘Action Plan’ – the European Commission has the intention to explore the possibility of an EU standard on gambling equipment including gambling software. It started its work on this issue with a workshop to which EL was also invited to designate two experts. Of course, we are also watching the two separate decisions taken by the European Commission on 16 October which referred Sweden to the Court of Justice of the EU in two infringement cases concerning gambling. These two referrals are particularly relevant since this is the first time that the European Commission has taken a Member State to Court over its gambling legislation. The Belgian government, meanwhile, has decided to seek annulment of the European Commission’s Recommendation on Online Gambling before the EU Court.

The coming year will thus without a doubt again be full of challenges. I look forward to working together in the same constructive manner as it has been the case in the past. In that context, I thank you all for having participated in our questionnaire on “Security in the Lottery Operations”.

I thank you all for your constant support, I take the chance to wish you and all those close to you my very best wishes for the holidays and the coming New Year.

Yours sincerely,

Friedrich Stickler
EL President
EDITORIAL

ANOTHER PRODUCTIVE YEAR GONE BY, A NEW ONE ON THE WAY WITH MORE ACTIVITIES!

The end of the year is quickly approaching in an extremely busy atmosphere at the General Secretariat already in preparation mode for 2015.

FOCUS ON EDUCATION

Education is one of our aims and objectives as without a doubt EL has an important role to play in this sector. Dedicated to improving knowledge among Members via workshops, conferences, seminars and other forums, EL has designed educational programmes addressing specific areas such as technology, security, distribution channels, responsible gaming, etc.

Indeed, throughout 2014, EL has organised a significant number of successful educational seminars and workshops that attracted numerous participants, due to the high quality of the content, which is carefully prepared to address the current trends. In this edition, you will be able to find a comprehensive overview of the events organised over the past three months. We are also pleased to publish already the list of events that EL is planning in 2015.

SPORTS: MORE POSITIVE DEVELOPMENTS

The past months brought about some very positive developments in the field of sports. The most significant one is that the EPAS Convention against the manipulation of sport events opened for signatures. The Convention has been already signed by 16 states and more are expected to follow. As you know, the Convention defines illegal sports betting as: “all sports betting activity whose types or operators are not allowed, in accordance with the applicable law of the jurisdiction where the consumer is located”, which is very positive for our lottery model.

Recognising Lotteries as the primary sports funding bodies in Europe and in acknowledgement of EL’s significant contribution to the fight against match-fixing, the Members of the Expert Groups “Economic Dimension of Sport” and “Fight against match-fixing” of the European Commission awarded EL with Observer status in their respective groups.

VITAL PARTNERSHIPS

Traditionally, Lotteries in Europe share a commitment to society and, of course, to its most vulnerable members. Being a strong believer in the need for social inclusion of people with disabilities, EL has renewed its partnership with the European Disability Forum (EDF). Also, EL has renewed its cooperation – for one more year with SportAccord, the umbrella organisation of all international sport federations, a cooperation that primarily focuses on the protection of sports integrity. At the same time, EL is in discussions with the European Non-Governmental Sport Organisation (ENGSO), regarding the renewal of our long-lasting partnership for 2015.

2015 will definitely bring new developments and new challenges. You can feel assured that I personally together with the support of all EL collaborators will make sure that the EL Members stay on top of all information and that Lotteries’ interests are well defended at all levels. One of our major events will undoubtedly be the Congress in Oslo and the General Assembly – which for the first time will take place prior to the Congress.

2015: UPCOMING CONGRESS IN OSLO

Most importantly, don’t forget to save the dates for our upcoming EL Congress: 8-11 June 2015 in Oslo, Norway. The business programme of the Congress is to be published soon.

As a final word, I would like to thank everybody who participated in our events and activities and in particular the Chairs of our Working Groups and Members who have undoubtedly contributed a lot to the success of our activities.

On behalf of the EL staff and myself, I wish you once again a wonderful holiday season.

Bernadette Lobjois
Secretary General
“Keeping lottery organisations secure has become much more complex in recent years with the availability of cyber tools and mechanisms to criminal organisations. Now, through the World Wide Web, organised criminals gangs can attack or use your organisation and your customers by taking advantage of a range of on-demand services – such as hacking, money laundering and buying personal details, including email addresses, passwords, credit card data and bank account information.

These details are likely to have been sourced from other organisations, or from directly hacking your customers’ devices. They use social engineering through call centres sited in offshore locations, and perpetrate fraud and money laundering activities from jurisdictions that local law enforcement agencies cannot reach. The criminal gangs have access to the ‘Big Data’ tools and analytics that we are only beginning to get to grips with. And the scale is enormous. One assessment by the mobile phone industry is losses of $50 bn/pa. So, what to do?

Here in the UK, law enforcement agencies talk about the four Ps – Prevent, Protect, Pursue and Prosecute – as their general strategy for tackling organised crime. However, when it comes to cybercrime, their message is that they cannot pursue or prosecute these criminal gangs. They do not have the resources and they do not have the authority to take action where many of these criminal activities take place. This will, no doubt, be the same problem facing your law enforcement agencies. So, UK law enforcement agencies are urging UK organisations to co-operate on preventing criminal activity against their organisations, and protecting their organisations from criminal activity.

Lottery organisations around the world are well used to preventing and protecting against criminal activity at a domestic level, but, more than ever, we need to co-operate and find ways of sharing data and intelligence on an international scale about what attacks are happening, where they are coming from and who is carrying them out. In the area of sports betting, EL has shown commendable leadership in enhancing such intelligence sharing.

Once again, at the recent EL/WLA Security Seminar, there were several sessions on what the threats are, and how we can work together to enhance our prevention and protection. The challenge of the security professionals within our organisations is to convey those messages to our leadership teams in a way that allows constructive and collective action to take place across our industry.”

Martin Sutton
Head of Corporate Assurance and Compliance, Camelot UK Lotteries Limited
Member of the EL Public Order and Security Working Group

MONITORING AND MITIGATING THE RISKS

The gaming world has always been the target of organised crime, unscrupulous operators and more recently terrorist groups who see this industry as the perfect channel for money-laundering transactions. Lotteries have long determined the need for highest standards of security to run a stable business, protect the consumers and safeguard the fairness and integrity of games, commensurate with the public good. Monitoring tools for prevention and detection, organisational and legal measures implemented to minimise the security risks are essential steps to identify, control and even prevent any risks from harming an organisation. Lottomatica in Italy, working with GTECH, has a set of procedures and technologies in place to constantly check unlawful attempts and instantly react: one recent problem related to “Open-SSL Heartbleed” vulnerability was quickly identify thanks to early warning advisors and the use of web tools, and immediate countermeasures were successfully implemented. GTECH has adopted a Security Information and Event Management platform to collect logs, events and network flows from OS, applications, web portals and more, to enable implementation of security KPIs and perform incident management.
A LOTTERY’S TOP PRIORITY

“In the current cyberspace context, it’s critical to protect both the Customer Transactions and the Internal Infrastructure towards an engineered security framework that integrates anti-DDOS network solutions, network and system pro-active security monitoring, security incident management system and procedures, software and hardware security design practices. To avoid or minimise the risks and cost impacts of the cybercriminal activities, it’s very important to leverage on a structured information security management process built on a certified ISMS, tailored on the end-to-end of the IT operations, from physical retailer point-of-sales to the new smart technologies and digital channels.”

In Croatia, Hrvatska Lutrija d.o.o. has recently identified risks related to outsourced software development as well as key employees leaving the organisation. In response, the Lottery has set up new outsourcing selection standards, with regular on-site review of the partners’ facilities and the implementation of code review mechanisms. Other internal controls include standards for software testing procedures, in-house staff training and working instructions.

Totolotek in Poland ensures the monitoring of security risks through its own security department along with the help of organisations such as Betradar, the Polish Betting Association and Sports Federations. Serious attacks are controlled and answered quickly thanks to the company’s adoption of standards as set up by the Inspector General’s Office for personal data protection, and reports to the Financial Inspector General of any suspicious transactions as well as transactions over 5,000 Euros.

BUSINESS CONTINUITY MANAGEMENT FOR BEST BENEFITS

Most Lotteries have implemented some sort of information security management guidelines, in accordance with the international standards ISO 27001 and/or the WLA Security Control Standards. They have also embedded in their strategy a Business Continuity Management process, upon which a company can build resilience to stay on course and weather any type of disruption. This is the case of Toto-Lotto Niedersachsen GmbH in Germany: the responsible parties (usually the Division and Department Managers) provide the appropriate data for risk analysis (identification and classifica-
SECURITY:

...tion of causes and sources of risks) and arrange for a continuous follow-up in their area of responsibility. Furthermore, there is a report procedure for any security incidents each time there is a breach in the existing guidelines as noted in the Lottery handbook, internal memos, operating instructions. In addition, the Lottery has emergency plans to quickly react to attacks, which could affect usual business operations. These plans are carried out by a Crisis Management Committee and constantly evaluated through regular emergency exercises and performance tests.

Szerencsejáték Zrt of Hungary relies for risks control on its SeCube program that provides a unified system for periodic implementation of risk analysis, Business Continuity Planning and Disaster Recovery Planning. With this type of information security management tool, the Lottery can effectively monitor, identify and respond to technical malfunctions and/or malicious attempts to disrupt its business activities. The monitoring process integrates as well internal audits and annual training sessions for Lottery staff and retailers.

Monitoring through regular testing of business processes and all hardware and software systems has helped Športna Loterija d.d. in Slovenia avoid any critical vulnerability. A Disaster Recovery Plan and Business Continuity Management are integrated in the Lottery’s strategy policy.

With its Business Continuity Plan, Loterija Slovenije d.d. of Slovenia has been able to assess certain risks, identify vulnerable areas and quickly react to technical problems with software or hardware, power failure; delinquent activities (burglary) or force majeure causes (business premises rendered inaccessible, absence of employees due to sickness or other). With the implementation of protective measures and a better preparation action plan, the emergency response has improved.

ONCE in Spain implements security standards from the perspective of business processes (both ISO 27001 and WLA) and while setting up its ISMS, the Lottery was made aware of some vulnerable areas: no redundant systems, lack of contingency plan for key elements in the printing and drawing process for example. The Lottery has improved the training of its staff, vendors and retailers on security measures and monitoring. Two Data Centres support the organisation’s Continuity and Disaster Recovery strategy and a Business Continuity Plan targets key aspects in business processes such as communication, draws and ticket printing.

RETAILERS’ FRAUD AND CYBERCRIME

It is a fact that retail employees are responsible for a significant amount of stolen lottery ticket claims. Keeping a lottery retail environment secure is no easy task, but a Lottery educating its retailers on how to monitor and identify unusual activities at the cash register and how to properly train their employees about the integrity and security of lottery products, will realize minimum incidents.

AS Eesti Loto of Estonia has established a strong cooperation with its retailers to monitor and stop fraud. Losses caused by fraud must be covered by the retailers themselves, thus emphasising the need for them to work with the Lottery in blocking all illegal attempts. As for its Internet and online systems, the Lottery conducts regular testing of all systems and processes, applying patches as soon as possible to prevent hacking or intrusion attacks (such as the bugs recently exploited: Heartbleed, Shell attack, SSLv3), using information encryption to secure confidentiality of all customer and company data, setting up information access policies (limiting access...
to only a few employees) and correct risks assessment and monitoring.

The China Sports Lottery Administration Centre has put in place a strict retail management process to help retailers prevent fraud in their stores. The system works for the most part but it is still difficult to identify the employees who are experts at devising new methods to bypass the security and integrity of lottery products. Another major problem in China is the unregulated Internet offers of lotteries, harming the authorized lottery retail network. Through its IT security policy, the Lottery is also developing an information system aimed at protecting the privacy of online players.

To detect fraud, La Marocaine des Jeux et des Sports (MDJS) in Morocco monitors on a daily basis all the system’s reports, the amount of players’ claims and conducts regular visits to retail stores. When MDJS launched its loyalty program, it strengthened the trust and working relationship with its retailers. With a policy on responsible gaming now in place, and its adherence to ISO 27001 and WLA standards, MDJS is now equipped to identify and respond to any type of risks.

In Germany, the gaming organisations are taking steps to protect Lottery information and customers’ data through a specific authorization process for online transactions or requests, such as the one implemented by LOTTO Hamburg GmbH. This Lottery also has a security strategy that integrates good corporate culture among the staff, emphasising awareness on security at every level.

Per the State Treaty on Gambling and the Gambling Decree of the Land of Saxony-Anhalt in Germany, employees of a retail store are not permitted to purchase any games offered in their place of work. This is the first line of protection against retailers’ fraud at Lotto-Toto GmbH Sachsen-Anhalt, which also conducts regular inspections of winning payments sent to the players’ special Lotto account. Retail employees are obligated to remit receipts to customers who have purchased a lottery ticket and on-site visits by Lottery staff ensure the adherence to Lottery regulations. There is a constant flow of communication, keeping retailers well informed, and training courses are mandatory for retail employees.

The Risk Management & Security Department of La Française des Jeux (FDJ) identifies and analyses irregularities and alerts within both the physical retail and the online networks. Regarding the retail network, in order to reinforce the monitoring process, a team of inspectors conduct regular control visits at points of sale. If a fraud is detected, sanctions are applied according to the gravity of the identified violation and impact the retail contract in the form of warnings, temporary suspension or cancellation. FDJ can in some cases file an indictment case against the retailer. To avoid this kind of problems, FDJ communicates on a regular basis with its retailers via a dedicated magazine, a dedicated website, as well as its own sales force. In addition, debriefings are conducted during on-site inspections if necessary.

Cybercrime is another serious concern for FDJ and the Lottery has evaluated possible risks that could harm its online services: Denial-of-service attacks that would impact the need for secure accessibility; defacement attacks on the Lottery’s game information websites exploiting vulnerability in the site management, affecting the site accessibility and integrity. Confidentiality of the winners’ identity is one of the most sensitive data for the French Lottery, thus FDJ strictly follows requirements from regulatory and certification authorities to protect players’ private data. Online player’s privacy strategy is also based on best practices in information system security. Through regular audits and with the implementation of review tools and procedures, FDJ develops and applies top security practices for its information system. In addition, FDJ carefully monitors every access to applications, information flows and databases relative to this information. The Lottery’s future depends on ensuring complete security in every step of its gaming transactions such as game engines, retail network, POS terminals, Internet platform, etc.

Thierry Pujol
Director of Risk Management & Security, FDJ
Chair of the EL Public Order and Security Working Group
Sazka a.s. in the Czech Republic has minimised retail fraud by setting a daily maximum amount of sales per terminal. Exceeding this limit voids the bets and triggers an alert at the Lottery’s surveillance centre. Monitoring of repeat validations of receipts and scratch cards is also used to prevent unauthorised payment of winnings.

The Lottery also has good communication with its retail network and a great support program dedicated to retailers – important steps to establish trust among all parties.

There is a definite lack of law enforcement in Europe concerning illegal online gambling platforms. Today European jurisdictions, for example, work with banks to block suspicious financial transactions, but this single measure is not very effective in every situation: In most cases, banks see only a small picture of the money transfer stream: from a bank account often to a more or less anonymous interim – to camouflage the real recipient that Banks often cannot see that the money is finally forwarded to an illegal gambling operator. So blocking rules can quite easily be “bypassed” by using interim accounts.

If we want to effectively combat illegal online gambling and money laundering, it is mandatory to involve payment processors in the fight. They have a different perspective on the money transfer process than banks because of their full view to all steps of a payment transfer - from the sender (account A) via possible interim accounts and further to the final recipient in the end (account B, illegal gambling operator).

Fearing this effective payment blocking is one main reason why illegal gambling operators push acceptance and use of fully anonymous virtual money like “bitcoin”. It is estimated that over 50% of all bitcoin transactions are used for illegal gambling transactions.

Consequent regulation of the Finance sector in this field should deal with this by even involving payment processors: the processing of financial transactions to/from illegal gambling operators leads to the loss of the processor’s license and blacklisting, while fully compliant payment processors are published on a “white list”. The U.S. government e.g. seems to be successful with this strategy.

Gunnar Ewald
Chief Audit Executive
LOTTO Hamburg GmbH
Member of the EL Public Order and Security Working Group
SUMMARY

Being subjected to cybercriminality is not a curse, but confronting it and controlling the risks of cyber activities require an understanding of the very environment where it operates. This article sheds light on the topic by introducing some aspects of a cybercriminal ecosystem that favours Internet technologies for criminal purposes.

A LIVELY AND ADAPTABLE ECOSYSTEM

Cybercriminals, their operational methods and tools and the processes they implement to maximise their profits, while minimising the risks of being prosecuted, constitute a specific ecosystem. The cybercriminal ecosystem is, like all lively and dynamic ecosystems, in permanent adaptation mode in order to take advantage of new market opportunities, new vulnerabilities, new tools and means of cybercriminality. It has its own structures and uses legitimate Internet actors to benefit from their services. This is essentially the case of entities providing support to financial transactions such as, to name one, Western Union. Nowadays, the cybercriminal ecosystem, inseparable from the digital ecosystem, is a part of our society.

ACTORS AND TARGETS OF THE CYBERCRIMINAL ECOSYSTEM

When considering the cybercriminal ecosystem, let’s not forget to take into account all the legitimate actors – moral or physical persons who, depending on the circumstances, can be the targets or voluntary or involuntary helpers of that cybercriminality. The latter distinction can stemmed from the fact for example that users can be lured to become, unknown to them, a link of the cybercriminal chain. Such is the case when the device of an Internet user or the server of an organisation is taken control of after a virus infection, without the legitimate owners knowing it, transforms them into “zombies” integrated in computer networks (botnets) that are manipulated remotely for cyber-attacks.

On the other hand, an Internet user also can – knowingly, by conviction or for ideological, political, economical or religious motivations, “loan” his machine to a botnet to contribute to phishing or denial-of-service attacks on third party computers.

Whatever motivates cybercriminals, cybercriminality always breeds significant economical consequences for society. Its direct and indirect impacts have immediate and long-term effects. Cybercriminality affects individuals, organisations and governments by rendering them weak and destabilising them.

private or public organisations also can, in defence of their interests, be pushed to use the same weapons as cybercriminals. This can be in response to an economic understanding approach or also an offensive and defensive cybersecurity.

Once organisations represent values coveted by cybercriminals (particularly in cases of financial or commercial institutions for example) and offer online services, they produce assets and consequently become part of the cybercriminal ecosystem. Their presence in cyberspace, like that of Internet users (highly visible especially on social networks) justifies the presence of cybercriminals and their activities.

The cybercriminal ecosystem would be incomplete without mentioning the Justice Departments and law enforcement that contribute with concrete operations to fighting cybercriminality. These forces can use the same thought processing and the same tools as those used by cybercriminals. Law enforcement has the possibility to draw upon the specific technical skills of specially trained police officers and external experts or benefit from the knowledge of cybercriminals who either have repented or have no choice but collaborate with the Justice Department. Then, they can become full partners in judicial operations, act as informants, actively contribute to lure cybercriminals, or track criminal activities and unmask illegal perpetrators by utilising their technical know-how and their knowledge of that environment.

1. Taking control of certain equipment after a virus infection, without the legitimate owners knowing it, transforms them into “zombies” integrated in computer networks (botnets) that are manipulated remotely for cyber-attacks.

2. DoS, Denial-of-Service – An attack by saturating an entity to destroy it and prevent it from delivering the expected services.

Whatever motivates cybercriminals, cybercriminality always breeds significant economical consequences for society. Its direct and indirect impacts have immediate and long-term effects. Cybercriminality affects individuals, organisations and governments by rendering them weak and destabilising them.
BUILDING CYBERSECURITY CAPABILITIES

By Christos K. Dimitriadis, Ph.D., CISA, CISM, CRISC
Group Director of Information Security, INTRALOT

According to US NIST\(^1\), Cybersecurity is defined as “The ability to protect or defend the use of cyberspace from cyber-attacks”. Cyberthreats have evolved from viruses and worms in the 80s and 90s to more sophisticated attacks, organized cybercrime and advanced persistent threats. Thru the years, the sophistication but most importantly the resources deployed in an organized manner have transformed the cyberthreat landscape to a serious problem that governments and businesses need to address in order to ensure the achievement of their goals.

The European Union, having recognized the emerging need for more effective cybersecurity has published the Cybersecurity Strategy for the European Union in 2013. The European Commission has recently published a proposal for a Directive on Network and Information Security (NIS) which together with the EU Strategy put forward legal measures and give incentives aiming at making the EU’s online environment more secure. Industry-wise, WLA published the Internet Gaming Security Guide in 2013, providing guidance on cybersecurity. The European Network and Information Security Agency (ENISA)\(^2\) is providing guidance to EU Member States in the field, while ISACA has initiated a new program, Cybersecurity NEXUS\(^3\), providing knowledge, training and certifications for cybersecurity professionals internationally.

Creating a Cybersecurity Strategy in the gaming sector, is a fundamental step for ensuring the binding of any effort to protect the lottery or gaming operator with its particular business objectives. An analysis of business dependencies with cyberspace, together with the adoption of a risk-based approach are necessary in order to understand cybersecurity needs, identify weaknesses implement controls in a prioritized manner. The adoption of such an approach also guides the identification of the impact from cyberthreats and their classification, taking into account that each threat type (low, elevated, high or severe) requires a different approach. For example, directed advanced persistent threats cannot be addressed with the same controls as opportunistic attacks.\(^4\) Towards this purpose an appropriate information security management framework and risk-based approach is required, using input from cybersecurity-custom standards and practices.

For example, being a leading international supplier of integrated gaming and transaction processing systems in 57 countries worldwide, information security management is critical to INTRALOT business success. Acknowledging the strategic importance of information security, INTRALOT became the first international vendor in the gaming sector that has been certified according to the World Lottery Association (WLA) Security Control Standard. As per its WLA SCS and ISO 27001 Information Security Management System (ISMS), INTRALOT abides by principles of integrity, player trust, compliance, quality and operational excellence in the lottery sector. INTRALOT has enriched its certified framework with a cybersecurity component using US-NIST, ENISA, ISACA and WLA Cybersecurity specific controls.

Furthermore, a crucial component of the framework regards the creation of the appropriate organizational structure. This can be achieved by defining cybersecurity management roles, the hierarchy and job descriptions within a cybersecurity department and most importantly the interfaces with other departments within the lottery. The structure should be populated with professionals possessing the appropriate skills and competencies. External parties should be identified including Cybercrime Units and the authorities as well as expert associations and groups for providing support, services and state of the art knowledge in Cybersecurity.

Forward to defining the structure, detailed processes targeted to Cybersecurity should be developed. Indicatively, those involve processes for identifying and addressing vulnerabilities, monitoring controls, analysing events, identifying, classifying and eradicating attacks, conducting investigations and/or forensics, managing crisis situations and improving Cybersecurity controls based on the lessons learned. For example, the incident response process should take into account all required phases from preparation (e.g. building appropriate capabilities for incident response) to immediate action planning and executing (decision making, communication channels), investigation (breach analysis, handling of evidence) and complete addressing of the attack and its root cause (improvements, further actions).

Technology capabilities play a vital role in Cybersecurity. Based on the results of risk assessment, appropriate technologies and methods should be selected, building preventive, detective and reactive capabilities at a network, operating system, database and application layer. For example, INTRALOT’s latest technology innovations include Eyes-On, a novel online fraud detection system, which enables the early detection and monitoring of cyberthreats that are on top of industry agnostic solutions (i.e. intrusion prevention, application firewalling) and are custom to lotteries and betting operators.

Finally focus on the human factor should be a priority, ensuring that appropriate training and awareness programs are in place and that an intentional culture of security is in place. An attacker would obviously prefer the shorter path to a breach and usually the human factor gives this opportunity through incompliance, lack of awareness, attention and commitment to security.

\(^1\) NIST IR 7298 Revision 2, Glossary of Key Information Security Terms

\(^2\) www.enisa.europa.eu/

\(^3\) www.isaca.org/cyber

\(^4\) Responding to Targeted Cyberattacks and Advanced Persistent Threats: How to Manage the Risk to Your Business (ISACA)
Scientific Games is known for game innovation in the lottery industry, but the company is often tapped to advise lotteries around the globe about security best practices.

What kind of monitoring systems do you have to control security risks?

Larry: Scientific Games has more than 40 years of expertise to inform our security monitoring systems and procedures. Even so, our monitoring for security risks is continually re-evaluated and evolves to protect our customers. This includes everything from new technology, to encryption software updates, cargo precautions, physical security in our operational facilities and stringent personnel hiring practices. Our highly trained professional security teams also follow global trends in cyber and organized crime closely. Our game development functions are ISO 27001 certified for information technology security, which requires documented policies and procedures for 133 separate security controls. And we are also aligned to the World Lottery Association’s developing standards.

Currently, we supply 68 systems to 57 lotteries in 26 countries. In Europe, we supply 24 gaming systems and 12 Cooperative Services Program systems supporting over 235,000 retail outlets. So we have many internal operational security measures for detecting suspicious behavior and preventing unauthorized access. This includes monitoring data transmission security between the gaming system and retail terminals – all transmissions are encrypted, and we monitor all traffic and access 24/7. It also includes security hardening of the underlying operating system of both the central gaming system and retail terminals. We enforce strict user security policies such as complex passwords, limited access to information, limited physical access and separation of duties. Our internal control systems independently verify transaction results, all supported by auditing procedures.

Our instant games manufacturing has very complex, highly secure processes that ensure the integrity of every game at all phases – from design and programming, to secure bar codes and scratch-off coatings on the physical game ticket, as well as secure distribution to retailers. Security is in place from the moment the game is designed, to the moment it is distributed in a lottery’s retail network and placed on sale, to the moment it is validated for a prize to the storage of the game’s transaction data.

We have developed and refined multiple, overlapping layers of security systems to protect our instant games, including state-of-the-art firewalls, networks, and other security appliances and applications. At the core of these protected layers of security systems, game data is fully encrypted using state-of-the-art encryption systems. All of these systems are subject to ongoing and independent scrutiny from expert auditors who also assess our security systems on behalf of our lottery customers.

How does Scientific Games help control risks in lottery sale environments, including retail stores, mobile and internet?

Larry: Every retail transaction is securely managed through our systems. Independent control systems and redundant platforms manage the games. Our systems software supports the audible security procedures, which can authenticate transactions and payments. For data transmissions between the retail terminals and our central gaming systems, we use private networks, and all transactions are secure. As technology evolves, we continually invest in developing and implementing new tools that improve security and accuracy of game development.

We have a library of more than 3,500 instant games for our lottery customers. We can produce over 46 billion tickets a year from five global manufacturing centers, including one in Leeds, England. We carefully manage our security for instant games to ensure their integrity. All of our instant tickets have a unique barcode and identification number that tracks the ticket through the production process to delivery at distribution centers. A ticket can be securely tracked to a specific retailer at any time by Scientific Games and our lottery customer’s security department. Our patented Key Dual Security (KDS3) software security system provides an additional layer of security for instant game tickets if reconstruction of the ticket is necessary to investigate validation issues.

Lottery game sales via mobile or the internet are securely managed by Scientific Games using a combination of our security technology platforms and certified processes, including account management, age identification, I.D. check and geolocation, and payment processing.

We are in this together with our lottery customers – our mission is to protect the integrity of the lottery and the integrity of the games.
WITH THE RIGHT COMBINATION OF PROCEDURES AND TECHNOLOGY, YOU CAN ACHIEVE CONSISTENT PLAYER PROTECTION ACROSS ALL GAMING CHANNELS

Responsible Gaming (RG) is and always will be a vital consideration for every reputable lottery – as important as managing the business drivers that will produce positive sales results. As gaming continues to expand into interactive and mobile channels, it is even more critical that all systems and portals include player protection, security, and fraud-prevention tools to safeguard the interests of players and address regulators’ concerns.

Based on its extensive experience as both solution supplier and operator, GTECH has developed a holistic RG solution that maximizes growth in a responsible and secure manner. GTECH’s RG solutions promote, rather than inhibit, responsible play by helping players make informed decisions about their playing behavior.

RG tools are significantly more effective when offered seamlessly across every game type – iLottery, Betting, iGaming, retail, and physical casino gaming. That is why GTECH’s new interactive platform provides robust and uniform Customer Relationship Management (CRM) and RG features for player accounts across all gaming verticals. These features include tools that support play controls (financial moderators, time moderators, and reality checks), removal of player accounts from marketing databases, and, in the minority of cases where the player wishes to remove him- or herself from gaming altogether, enabling self-exclusion for a defined period of time.

GTECH’S PLAYER ACCOUNT MANAGEMENT SYSTEM (GTECH PAM™)

At the core of the architecture is GTECH PAM. It combines the best of GTECH’s previous Game Management System (GMS) and Business to Customer (B2C) CRM platform under its Lottomatica lottery operations in Italy to give operators the control they need to meet increasing regulatory requirements and best protect the player community.

The flexible nature of GTECH PAM means that it can support a myriad of operational processes. It allows a number of different RG financial limits to be set both globally and at the account level, including deposit limits, wager limits, and loss limits. To afford maximum control, each limit can be set for a different interval (e.g., daily, weekly, monthly). Additionally, where an operator requires certain evidence to be submitted before players can withdraw funds, a temporary account can be established that allows deposits up to a certain value for a defined period, during which player verification must take place or the account is suspended. Privileges can be defined for different registration levels adaptable to each operator’s unique processes.

As the player account command center, GTECH PAM stores all player data, including activity tracking and the real money gaming wallet. It integrates all gaming and delivery channels – including web, mobile, iTV, even retail point-of-sale when a player card or similar concept is used – with back offices, payment systems, and CRM functions to provide a single view of the player, enhancing the player protection features of the gaming solution.

GTECH’s powerful and robust open architecture allows PAM to combine multiple systems into a single solution that uniformly supports all GTECH products (e.g., online casino, poker, bingo) and player services, including RG controls. The fully integrated solution is extremely modular and flexible to ensure integration with GTECH’s Enterprise Series central system; the WagerWise™ sports betting module; and the INTELLIGEN™ core central system (for managing operations, accounting, monitoring, and metering of Video Lottery Terminals), as well as with other GTECH and third-party systems, including self-exclusion databases and third-party RG tools.

GTECH PAM also supports security and anti-fraud procedures. For example, within GTECH’s own International Bingo Network, it functions in tandem with Risk Guardian and Callcredit to provide end-to-end verification from registration through withdrawal of winnings. During this life cycle of player events, PAM is called upon to perform actions such as account suspension, transaction blocking, and linking of accounts determined to belong to the same individual.

GTECH’S PORTAL

GTECH’s portal websites require users to input (at minimum) name, address, and date of birth before a wagering account can be created. This information is automatically and securely transmitted for a background check. If the background check cannot independently verify this information, or if the would-be player is underage, account creation is halted. (In jurisdictions where it is mandatory to provide or verify data against a regulatory system, GTECH Connect™, the server designed to handle integration between GTECH and/or third-party ID or age-verification providers, can interact with regulatory systems at registration, log-in, or during game play.) The user must be logged into a valid wagering account and physically located within jurisdictional boundaries (determined by geo-filtering of the source IP of the browser connected to the portal website) before online wagering is permitted. All information captured by the portal is stored and checked inside GTECH PAM.

GTECH’S COMMITMENT TO RESPONSIBLE GAMING

GTECH has worked cooperatively with gaming regulators, operators, research institutes, and treatment service providers to successfully develop best practice RG and fraud prevention solutions to protect its customers and their players. From game development to delivery, GTECH continually invests in the five core building blocks of its solutions – points of access, communication networks, central systems/back office applications, interactive, and games – to deploy leading gaming products in a socially responsible manner.
The 8th European Lotteries congress is titled “Touch tomorrow” and will take place in Oslo. Norway is known as a technological power center and a world leader in the development of technology. Hardly any business is so well suited to the modern technology platforms as the lottery business and the industry is definitely a business in change. This has inspired Norsk Tipping when outlining the topic for the 2015 congress in Oslo.

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Let the experts inspire you by introducing tomorrow’s customer and trends. See how retail & digital platforms are bridging, shaping tomorrow’s business models and designs. Some of the trailblazers you will meet are:

**MODERATOR**
Nadine Dereza
Journalist

**Dan Ariely**
James B. Duke Professor of Psychology and Behavioural Economics

**Tommy Palm**
Games Guru
King.com

**Tyler Hamilton**
Author and former professional Cyclist

**Göran Carstedt**
Advisor & Coach
Former President of IKEA

WELCOME TO OSLO
The financial crisis of 2008 laid bare that as the economy became more globally integrated, so did corporations. While multi-national enterprises represent a large proportion of global GDP, their transnational supply-chains may pose difficulties to be 'legally captured' by any one jurisdiction. This is particularly the case for online services where arbitrage between jurisdictions may yield certain benefits. For example, Gibraltar, Malta, Alderney and other smaller jurisdictions provide a “favourable” legal environment for remote gambling operators both from a licensing and from a tax perspective. Against that background, the Danish state aid case continues to create uncertainties as the EU General Court refused to address the merits of the questions by declaring the legal challenge against the favourable and discriminatory tax regime for remote gambling operators inadmissible. Notwithstanding this, following a heavy and ongoing lobbying by the remote gambling operators, other governments are considering to do the same. The alleged justification invoked is that otherwise remote gambling operators will not have sufficient incentive to become “legal”. It is of course unacceptable that low taxation is “a requirement” put forward by the remote gambling operators for them to accept to become legal.

The recent investigation into the Amazon Luxemburg tax scheme and the “Luxleaks” issue illustrates the need to properly address at EU level the matter of profit shifting and state aid. The digital economy and economic integration has created new and significant opportunities for global enterprises to optimize and thereby possibly minimize their tax obligations. Reports that global corporations pay extraordinarily low effective tax rates have caused a significant public backlash.

Some time ago G20 Finance ministers called on the Organisation for Economic Cooperation and Development (OECD) to take initiatives against what is known as “Base Erosion and Profit Shifting” (BEPS). In short, BEPS consists of sophisticated, global and aggressive corporate tax planning in order to create no or low taxation. In general terms, this is achieved through artificially segregating taxable income from the activities that generate it. In 2013, the OECD adopted its action plan to tackle BEPS, the implementation of which is now ongoing.

The relevance for Gambling and Lotteries is evident: Insofar as revenues contribute directly to good causes, or indirectly through corporate taxation, globalization and digitalization in the gaming sector will have its impact as in any other economic sector. Indeed the unfair competition by remote gambling operators is not only undermining the contribution of Lotteries to good causes, but also substantially reducing the government tax revenues. BEPS and its implementation will raise significant question marks over how the sector should approach the issue.

Globalized private entities without far-reaching sovereign control are less constrained to engage in fiscal arbitrage, raising questions for governments on how to deal with the fact that the offer of gambling services in their jurisdictions may generate very little revenue.

In 2013 the OECD adopted its action plan on BEPS consisting of fourteen distinct actions. We may note in particular the following initiatives that will have an impact for the gambling and lottery sector: action 1 – address the tax challenges of the digital economy; action 7 – prevent the artificial avoidance of permanent establishment status; and actions 8, 9 and 10 – assure that transfer pricing outcomes are in line with value creation.1

Especially action 1 and 7 are important.

Action 1 is a generalized initiative that focuses on the fact that BEPS and the digital economy raise distinct questions. Notably, the business models are different from traditional goods-based value chains, and there is a different understanding of the generation of value in this sector. As a consequence, the BEPS action plan will, under action one, look among others at the ability of a company to have a significant digital presence in the economy of another country without being liable to taxation due to the lack of nexus under current international tax rules, but also at the attribution of value created from the generation of marketable location-relevant data, and the characterization of income derived from new business models. Linking this action point to the obligation of licensing in the jurisdiction of the consumer can help to address the various problems.

Action 7 in the BEPS action plan aims to develop changes to the definition of Permanent Establishment (PE) in order to avoid and prevent the artificial avoidance of PE status in relation to BEPS, including through the use of commissioner arrangements compared to traditional distribution. The objective of such arrangements is sometimes to shift profits out of the country where the sales take place without a substantive change in the functions in a country.
On 16 September 2014 the OECD published its report on action 1: BEPS issues in the digital economy and how to address them. The 202-page report found that while the digital economy does not generate unique BEPS issues, some of its key features do exacerbate the risks. In particular, a number of structures create additional opportunities to reduce and even eliminate tax in jurisdictions along the whole supply chain, including in market and residence countries. The report notes that the importance of intangibles in the context of the digital economy, combined with their mobility for tax purposes under existing rules, generates significant opportunities for BEPS in the area of direct taxation. Furthermore, the fact that digital enterprises can centralize infrastructure at a distance from a market jurisdiction, and conduct substantial sales of services from a remote location, combined with the minimal use of physical personnel, allows significant fragmentation in physical operations to avoid taxation.

The abovementioned recent evolutions in the European Union illustrate that the online dimension of the gambling & lotteries market continues to grow in importance. Properly addressing BEPS in the EU regulatory environment of online gambling could help to tackle cross border gambling services offered illegally from Malta, Gibraltar, and Alderney into other EU jurisdictions. Defining the exact legal framework for online gambling in each separate jurisdiction is as such of major importance. Not only the licensing requirements and law enforcement issues, but also the equal taxation matter and IT environment (location of frontal server ...) must be addressed.

NEW OPPORTUNITIES TO STOP ILLEGAL CROSS BORDER OPERATIONS?

NEW MEMBER

ANJA BOHMS
NEW CEO OF LAND BRANDENBURG LOTTO GMBH
GERMANY

Anja Bohms has recently been appointed as Chief Executive Officer of the German Lottery organisation, LAND BRANDENBURG LOTTO GmbH, where she is working together with Dr. Horst Mentrup. With a Business Administration Degree and a professional experience in sales for major companies spanning 25 years, she has a deep knowledge of successful business processes.

After years working for the Food industry, Anja Bohms joined the team of Deutsche Klassenlotterie Berlin in 2010 as Sales Manager, and placed her focus on consolidating and protecting land-based distribution channels with the cooperation of the Lottery’s 1,000 retail partners.

Ms. Bohms’ vision of the future starts with her staff, emphasising that “the success of a company depends on dedicated and responsible employees, capable of taking self-initiatives.” Figures of future trends in technological change will also be part of her strategy, especially with Internet games being a growing sector in Germany, but she also notes that focus needs to be placed as well on developing a larger base of Lottery retailers. One essential factor in her corporate policies - Responsible Gaming - will remain the main task of the Lottery, working at offering more gaming channels in a safe and secure environment for the consumers.

In view of her mission, Ms. Bohms considers her Lottery’s collaboration with EL an important part of a solid business strategy: the Association allows for impressive exchange of information among European colleagues and the Certification of EL Standards reinforces players’ trust in the Lottery. For her, cooperating with EL will only strengthen her team’s knowledge about safe gaming activities.
Hosted by Nederlandse Staatsloterij, this EL workshop had the theme of *How to “Spin” without Spinning and “Sell” without Selling*, and who better to deliver the keynote address to the 25 participants but a self-professed Dutch “Spin doctor” – Kay VAN DE LINDE.

Kay had extensive experience from the worlds of journalism, politics and Lotteries and gave a very clear warning to those present about Lotteries... “Not everyone understands your business”. He warned against the dangers of becoming complacent and thinking that our business and good causes were universally understood. He also emphasised the importance of having a clear vision of where the company was going. Without a vision from the top, the job of the Communications Manager was almost impossible as it would result in mixed messages and confusion in the media.

These ideas were echoed by Jack MURRAY (CEO of Mediacontact.ie) who led the group through a series of exercises and workshops to determine what their real mission was and what feelings should be evoked from Corporate Brands. Participants were given 10 rules for telling great stories and, in groups, tackled the difficult task of developing a compelling narrative for their Lotteries. The art of storytelling was explored to help Lotteries develop their individual narratives. Examples of Apple and other business successes were analysed to extract learnings. The most difficult task was determining the essential “WHY” of our businesses. This represented the highest level of why companies do what they do. It is not about making a profit, or funding good causes, but about something much higher.

The Dutch participants developed an excellent response to their “WHY” ... to make a Happier and Healthier Holland.

Ray Bates
Moderator
INTERNET AND NEW MEDIA SEMINAR
REYKJAVIK, ICELAND - 22–24 SEPTEMBER 2014

In spite of erupting volcanoes and earthquakes measuring 5.3 on the Richter scale, 107 participants from the four corners of the world gathered in Reykjavik in September for this joint EL/WLA Internet Seminar, hosted by University of Iceland Lottery and Íslensk Getspá.

Einar BEN, the keynote speaker from Tjarnargatan, urged participants to produce material that would encourage consumers to share it. People don’t share ads, but they do thrive on emotion - so leverage emotion (love it or hate it – you will share it). The key is you must have something interesting to say to consumers ... if not, don’t bother. Ólafur RAGNARSSON, describing new technologies and development, described what he called “the arrogance of the present” and showed how the “adjacent possible” led to technological development. We are now living in an increasingly “ownerless lifestyle” where renting and subscribing are widespread. Robotics will continue to grow and robots can now be seen as the PC’s of the 70’s. Who knows where the future will lead us?

The Swedish and Norwegian solutions were then presented, with omnichannel (rather than multi-channel) being the key to success. Both insisted that player insights are important to understand future customer behaviour. Mobile is the faster growing element in the omnichannel. Both of these countries now insist on all Lottery players using an obligatory player card. This greatly facilitates the implementation of responsible gaming behaviour, as well as sophisticated analytics which should lead to a more integrated relationship between Lotteries and their players. The original Norwegian player registration experience was graphically presented by 44 screenshots, taking 40 minutes to complete process. This has now been greatly simplified and the message was not to target too wide for growth, but to concentrate on specific defined groups ... and don’t ever forget about retail.

Delegates heard presentations on the current position in the US (crawl before you walk and “socialize” your solution), British Columbia (B2B relationships with specialist suppliers are key to success) New Zealand (build playing relevance at direct players level is the future ... e.g success of Lotto Checker App).

Talent planning and recruitment was discussed by Andrew BULLOSS (Odgers Berndtson) as well as the importance of succession planning in Lotteries. The Camelot iLottery solution was presented with 6 million users representing 15% of UK National Lottery revenue. Younger players are “channel agnostic”, but mobile is the way of the future.
Eoin KEARY, Director of BCC Risk Advisory, described how to make mobile apps more robust and more capable of fending off threats. Traditional testing of app code doesn’t work and even penetration testing has its limitations in a world of “agile development”. He described how contracts with app suppliers should be more specific in what levels of QC and testing standards should be applied before delivery of software.

Suppliers - INTRALOT, SCIENTIFIC GAMES INTERNATIONAL and GTECH CORPORATION - presented their visions in this space, with much emphasis on integrating retail and online, and driving players from one to the other; omnichannel, and the importance of mobile in the mix. NOVOMATIC’s presentation emphasised the “player view” of the channels, like looking at the omnichannel, as if in a room, through different windows.

The presentation from Paddy Power gave insight into the 17 native apps they offer across their full range of products. The importance of being in the App Store was emphasised. Mobile is their primary channel, and growing in importance.

Responsible Gaming practices were seen through a fresh prism of the estimated cost of RG practices for EGM’s in Finland. Playscan demonstrated the importance of having player behavioural data which allows a Lottery to reach out to players before they turn into problem gamblers (red), and the seminar was topped off with a presentation and real life demonstration of the map based Neighbour Game, as recently introduced in Finland.

Ray Bates, Moderator
FOR A PROJECT THAT AIMS TO DEVELOP AN ONLINE SYSTEM THAT DETECTS RISK BEHAVIOURS, THE COMPLUTENSE UNIVERSITY OF MADRID AWARDED THE II INTERNATIONAL ONCE CONTEST OF RESPONSIBLE GAMING RESEARCH

PROJECT SUBMITTED BY A TEAM OF RESEARCHERS FROM THE FACULTY OF PSYCHOLOGY
The Jury of the II International ONCE Contest of Responsible Gaming Research decided to award the indivisible prize to the Faculty of Psychology of the Complutense University, for its project "Development of an online expert system for identification and intervention in gaming problems."

The objective of this project is to develop an online expert system, based on scientific evidence, to detect quickly and by self-report (as a test), risk behaviours or problems associated with the practice of gaming, and give users an immediate intervention protocol adjusted to the profile with respect to identified needs in order to prevent gaming problems, or to overcome them when they have already been developed.

The project was selected among the ten presented in this second edition of the contest, which is three times more than last year. Along with the winner, the other participating works were from recognized state experts in the field of responsible gaming, especially from the Psychology Universities and Research Institutes, such as the Bellvitge Biomedical, or foundations like Francisco Ferrer.

The winning proposal of work was submitted by a team of researchers from the Faculty of Psychology: Monica Bernaldo de Quirós, Francisco José Estupiña, Ignacio Fernández, Gloria García and Marta Labrador, under the coordination of Francisco Labrador.

For the II International ONCE Contest of Responsible Gaming Research, the Jury was composed of experts representing the medical sector, rehabilitated gamblers, the university, the government, the regulator and ONCE management.

DEVELOPMENT OF PREVENTIVE TOOLS
ONCE has convened this contest, for the second consecutive year, in order to mobilize and develop preventive tools and strategies to minimize whenever possible unwanted effects in all areas of gaming.

As in the first edition, the II International Contest of Responsible Gaming Research consists of a single prize of 30,000 Euros, a good push for the project of the Complutense University.

To be eligible for this contest, the aim of all works must be directly related to the evaluation of the addictiveness of games, that is, the very characteristics of the game as well as environmental and psychosocial factors that make some games more likely to encourage a disordered use.

The new Law on Social Economy defines ONCE as a public corporation of social character and non-profit organization, whose purpose is the personal autonomy and full social inclusion of blind and other disabled people. The text sets the role of ONCE as a responsible gaming operator with a clear social purpose and subject to public control, in compliance with the standards of the European Union. All income ONCE generates through the gaming market is devoted entirely to social action.
NEW INTERACTIVE TRAINING COURSES FOR LOTERIE ROMANDE’S RESPONSIBLE GAMING PROGRAMME NOW ONLINE!

Raising employees’ and retailers’ awareness about preventing and combating problem gambling forms a cornerstone of Loterie Romande’s Responsible Gaming programme which, since its launch in 1999, has been constantly reviewed and improved. On this score, Loterie Romande has, in conjunction with Si-Labs, a specialist institute unanimously recognised in the sphere of social responsibility and prevention of gambling addiction, devised a series of new interactive training modules.

NEW CERTIFICATION FOR ALL STAFF MEMBERS...

With a wealth of updated content, a series of new video clips and interviews with experts, this training material aimed at everyone working at Loterie Romande deals with the issue of preventing problem gambling in an upfront, straightforward and user-friendly way. The first section, which is wholly dedicated to the company’s social responsibility, highlights the economic and social role played regionally by Loterie Romande which adopts a measured, ethical and transparent approach to pursuing everything that it does in its business. The material points out how development of Loterie Romande’s business and social responsibility must go hand in glove with each other so as to cement the company’s legitimacy at the same time as furthering the general public’s confidence in Loterie Romande. The second section focuses particularly on Responsible Gaming itself and how problem gambling should be averted. Lasting roughly 45 minutes in all, this new interactive training course is far from being a straightforward listing of dry theory and principles. Using interviews with psychologists and role-play situations, the course is geared towards not just providing a solid knowledge base, but also equipping those following the course with the right reflexes if the need arises. The course ends with a test leading to a Responsible Gaming certificate being awarded to those who pass a compulsory requirement for members of Loterie Romande’s staff.

...AND THE WHOLE OF LOTERIE ROMANDE’S SALES NETWORK!

As of July 2014, Loterie Romande’s entire sales network is now being offered the opportunity to undertake this new compulsory training course online. This material aimed at retailers, designed on the same principles as modules for Loterie Romande’s own staff, places particular emphasis on those challenging situations retailers might encounter on their premises, helping and encouraging them to respond to these by handling them appropriately. Several interviews, video clips and role-play exercises make the training more realistic. The course also offers practical advice along with reliable tools aimed at enabling retailers to more effectively cope with issues associated with problem gambling and at ensuring Responsible Gaming guidelines are complied with throughout Loterie Romande’s sales network.
RESPONSIBLE GAMING SEMINAR
FLORENCE, ITALY - 30 SEPTEMBER – 2 OCTOBER 2014

This seminar – the tenth in its series - hosted by Sisal SpA in Italy, attracted an attendance of 70 participants from almost all European jurisdictions.

With a title of “Who Dares Wins” the EL CSR/Responsible Gaming Working Group, who developed the programme content, set out to challenge those EL Lottery Members in attendance who were not yet certified under the EL Responsible Gaming Framework to engage with the EL process and apply for certification as soon as possible.

The keynote paper was delivered by Baroness Jean COUSSINS, a UK Consultant on CSR, who had already addressed this group in Istanbul in 2007 and now warned about the “slippery slope” down which Lotteries could fall if they did not engage in constant renewal work on their responsible gaming activities. Consumer confusion; increased regulation of authorised gaming, proliferation of illegal gaming operators, online gambling, and damage to corporate reputation are just some of the factors which should encourage Lotteries to dare to be innovative and to be fulsome in signing up for the Responsible Gaming Framework.

Three papers followed from Italy – Sisal, Lottomatica and IAP (the Italian advertising self-regulatory body) – which all emphasised the importance of cooperation and presenting a united front to the players and stakeholders. While Sisal and Lottomatica compete with each other in the Italian marketplace, that competition is based on products – not on the level of responsible gaming, where both companies present a “unitary goal”. IAP is a strong body encouraging self-regulation among many sectors including gambling. Their Code of Marketing Communication Self-Regulation is now in its 58th edition, and participants were shown a very interesting mix of examples of gaming advertising that were found to be in breach of the Code.

There followed examples of brand-led marketing presented by France (underage campaign for World Cup games - “Sport we live it, but to bet forget it!”), Austria (http://www.spiele-mit-verantwortung.at/), Belgium (involving the retail network via an extranet) and Israel (with their “Responsibility Bus, and reaching generation-y players via social media and challenging TV ads such as “dumb ways to die”).

Norway and Sweden presented their approach to cross-platform or omni-platform gaming. Compulsory player registration greatly facilitates “the new responsibility”. The message is that most players welcome access to self-monitoring facilities and appreciate having the ability to set limits and activate self-exclusion when needed.

Daring sustainability; the importance of brand history, and “tell the truth or someone else will tell it for you” were the messages from three Finnish rep-
resentatives. When designing games, you should always have the responsible gaming model for detecting addictive qualities at the back of your mind.

Keith WHYTE, Executive Director of the National Council on Problem Gambling (based in Washington) had many useful examples and advice for participants. He warned about the dangers of social gaming and adaptive reflexive gaming where “the game plays you”. US social gaming revenue now amounts to ten times total US Internet gaming revenue. He warned of the dangers of the “freemium model” and the way players may be “forced” from the free version of a social game to a pay version of the same site. Addiction to sites not only involves cash, but sometimes, more importantly, involves time addiction.

A competition for the best example of a Responsible Gaming media campaign (organised by Bettina DI LELLO from Loterie Romande) and voted on by the participants, was won by Svenska Spel.

Julian PRICE, Chair of the EL CSR/Responsible Gaming Working Group closed the seminar by outlining future challenges for the work of the working group.

A lot done … but more to do! Ray Bates
Moderator
This joint EL/ WLA seminar was hosted by Totalizator Sportowy and its irrepresible CEO, Wojciech SZPIL, who produced the surprise of the week by inviting Lech WAłęSA (winner of the Nobel Peace Prize in 1983 and ex-President of Poland) to join the 65 participants for dinner.

The keynote address was given by Wojciech PAWLAK, Commissioner at the Polish Central Bureau of Investigation. Addressing the topic of “Corruption in Sport”, he stressed the importance of co-operation in tackling the problem. Co-operation with the Ministry of Sports, with the clubs and agencies, and with all betting companies was the key to success. He singled out the importance of educating the players, particularly the young players, of the potential dangers through workshops at club level.

Andrzej ROŚIŃSKI, from Totalizator Sportowy and Driss HAMDOUNE from La Marocaine des Jeux et des Sports shared their experiences of the WLA Certification Process. The importance of co-operation as well as support from management at the highest level, were given as key success factors. The ultimate aim of the process was primarily to reassure the players of the integrity and trustworthiness of the gaming companies.

The topic of IT security was presented by Antonio GORRASI from Lotottomatica in Italy (ICT Security Framework should create value by becoming a profit centre rather than a cost centre) and Rodrigo SCHEKIERA from Caixa Econômica Federal in Brazil who gave a new look at old problems highlighting security of tickets and the Ideal IT security system.

Professor Solange GHERNAOUTI from the University of Lausanne in Switzerland presented a fascinating paper on cybercrime and cybersecurity issues, which are presented in detail in a separate article in this magazine.

Christos DIMITRIADIS presented the INTRALOT perspective on building and implementing cybersecurity strategies in the gaming sector. It is only by partnership with Lotteries will suppliers be able to develop and implement robust systems to combat cybercrime. Cybersecurity is a business issue and should be treated as such. It is essentially about classical risk analysis, including cost-benefit analysis.

Maurizio DELL’OCA, from Sisal discussed security issues under the title “How to face the new challenges”. His proposed solution was an Information Security Management System, i.e. a structured, organized and real approach to security (the PPT approach) – People, Processes and Technology.

Claude MATHIEU from Belgian National Lottery presented the risk management model which is available (password protected) on the private section of the EL website. This facility offers a wide range of options and possibilities to document and display a wide variety of reports and data/information extracts.
Johannes PUCHINGER, from Austrian Lotteries urged participants to look to your risks and not just to your assets. While Jan SEURI from Veikkaus described the Finnish security model which was based on one bank account: one gaming account. Their system had strong bank authentication embedded in the registration process as well as strong control by Ministry of the Interior with parallel processing of the lottery system.

Gunnar EWALD from LOTTO Hamburg gave a most comprehensive analysis of breaches of retailer security world-wide, and the day was rounded off by Steve TOWNEND, SCIENTIFIC GAMES INTERNATIONAL (security implications of instant ticket reconstruction), Jean-Jacques RIERA (Business continuity at La Française des Jeux) and Carlos BACHMAIER, SELAE (business continuity based on risk analysis).

Thierry PUIJOL, Chair of the WLA/EL Security and Risk Management Committees, thanked all of the committee members for their unstinting commitment to the work of both Committees.

Ray Bates
Moderator
The second edition of the Sport Immersion seminar was held in Rome and was attended by 20 delegates, coming from 13 EL Members (Lottery and Associate Members). The seminar, which was co-moderated by André Noël Chaker and Christian Kalb, comprised 4 main workshops: Social Media & Marketing, Innovation, Risk Management and Integrity & Regulatory Issues.

The seminar started with an introduction to the sports betting business by André Noël Chaker. Jan Ropponen, social media expert, ran the Social Media & Marketing workshop and delivered a very interesting presentation about the power of social media platforms and the possibilities they can offer for Lotteries. As part of the workshop, some participants presented the social media strategies of their Lottery. Their fellow-participants were asked to reflect over those strategies and provide their colleagues with recommendations.

André Noël Chaker ran the Innovation workshop and with a very lively presentation highlighted the importance of innovating in every single industry. Afterwards, he presented the way Veikkaus Oy innovates and asked all participants to present what their Lottery/organisation has done in terms of novelty over the past three years. Once again, fellow-participants were asked to provide their colleagues with “innovative recommendations”.

Ludovico Calvi from Lottomatica, after outlining the major challenges of the sports betting sector, spoke to the participants about the sports betting experience of Lottomatica, focusing on their strategy to develop and manage strong brands, to engage new players and retain current customers. Christian Kalb from his side, with his presentation “Benchmarking the bookmakers”, provided some very useful information on our major competitors.

Just like last year, Evangelos Cosmidis from OPAP, delivered a very informative presentation about odds compiling and about how risks should be minimised and managed in all stages of the betting cycle. As part of the Risk Management workshop, participants were also asked to work on some mathematical problems and real-life situations. On the last day, Christian Kalb, ran the Integrity and Regulatory Issues workshop, explaining the different betting regulatory models and the international illegal betting market. He also spoke about the EPAS International Convention against the manipulation of sport events, the EL actions within the field of sports integrity and, finally, referred to the conclusions of the IRIS project. He also asked the participants to work on some case-studies. The seminar closed with a short speech by the EL Secretary General, Bernadette Lobjois, who thanked everybody involved in the organisation of this seminar and encouraged the participants to send their feedback.

On 15 October, the participants had the chance to visit the Olimpico stadium in Roma. During this visit, which was kindly organised by Lottomatica, the participants had the opportunity to meet and discuss with the left back of AS Roma, Federico Balzaretti, as well as the Marketing Director of the team. Each participant also received a jersey of AS Roma.

EL takes the opportunity to warmly thank Lottomatica and in particular, Giuseppe Pelle and Massimiliano Leonardi for having organised the visit to Olimpico stadium but also for hosting the dinner of 14 October in Rome.
ELISE WORKSHOP
MEETING DATA COLLECTION CHALLENGES IN A CHANGING ENVIRONMENT
WARSAW, POLAND - 28–29 OCTOBER 2014

Hosted by Totalizator Sportowy, and welcomed by its CEO Wojciech SZPIL, the thirty participants not only brought themselves right up-to-date with developments in the area but enjoyed a unique night with a specially devised group lottery game where, as the official photograph shows, they look rather like the cast of a particularly bad production of Strauss’ “Die Fledermaus”.

The business programme covered presentations on the legality and compliance issues related to data collection and exchange under EU legal framework. It is clear that changes need to be introduced in the way future ELISE data is collected, aggregated and disseminated.

Data and information systems must be examined under four headings… sensitive/non-strategic; private/public; individualised/ aggregated; recent/historic.

While it is clear that changes are needed, the extent of those changes would be determined by a risk analysis of the situation. Proposals will be made by the ELISE working group and presented to the EL Executive Committee early in 2015.

MECN data issues and integrity of data were described and some very interesting data analyses were shown. This work was nicely supplemented by a presentation on FDJ’s world survey of gambling carried out by Harris Interactive, France.

Participants then heard a great presentation on the use of a “Player Community” or the Players Hub by Camelot (UK) and technical issues for e-instants in Veikkaus (Finland) and optimisation of systems for data warehousing in Norsk Tipping. The “EL Study on Bookmakers”, containing extensive and interesting data, was presented.

The final section of the workshop was devoted to the use of comparative data in Lottery Annual Reports and, following three very interesting papers on Sustainability Reports (Lottomatica); Annual Report, CSR Report and Responsible Gaming Report (WestLotto), and finally future uses for ELISE data. There was an animated group discussion on the way forward for the ELISE working group and the role it should have in developing the optimum use of data for EL Members.

Ray Bates
Moderator
Francesco DAVERI opened the joint EL/WLA Legal Seminar with a global economic outlook and specifically the link between macroeconomic developments and the position of lotteries therein. He outlined a bleak picture of future growth in various regions of the world: China remains on top, with Russia doing the worst and the EU only coming in as second worst. The speaker explained that there is a strong correlation between Lottery Sales and GDP growth in mature markets, whereas in Africa there is a reverse trend, and in Asia a far greater increase in sales as compared to GDP growth could be observed. The message for the EU and the USA was clear: growth will only be possible through innovation.

As regards the integrity of sports, Christian Kalb pointed to the deeply intertwined nature of betting and the menace of match-fixing: more than 90 per cent of fixed matches being linked to sports betting…! The importance of the Council of Europe Convention lies in national and international cooperation to tackle this worldwide problem, among others through laying down a number of definitions as well as the foundations for national platforms that will bring together regulators, betting operators, sports stakeholders and police and judicial authorities.

Dawid Muller continued the seminar by explaining the legal battle of Gidani as regards copyright on soccer fixture lists. The presentation outlined the meaning of “originality” under South African law, but also under the WTO TRIPS agreement and under EU law (Directive 96/9) as applied in for example Case C-46/02 Fixtures Marketing. Unfortunately however, the South African Court did not accept the reference of the Gidani legal team to international developments on the interpretation of copyright, and the South African judge eventually confirmed the copyright.

The morning session was closed with a panel debate on the status of Lotteries in the EU, now and in the future. It was moderated by Philippe VLAEMMINCK and Bart VAN VOOREN, who engaged in a discussion with Piet VAN BAEVERGHIEM (BE), Patrícia INÊS (PT) and Edyta RENDA-KWIATKOWSKA (PL) on a multitude of issues, including: the Belgian annulment procedure against the Commission Recommendation (T-721/14), the Commission initiative on harmonization of standards in online gambling equipment, as well as the Maltese request for an opinion of the Court whether the draft match-fixing Convention of the Council of Europe violates EU law (Avis 1/14). The panel concluded that the coming years a proactive effort will be crucial to defend the position of Lotteries in light of the regulatory changes that are happening at EU level.

The afternoon session saw two separate panels: the first on legal implications of private management contracts with Lotteries, and the second on a Regulators’ perspective on challenging issues for gaming legislation.

In the panel on private management, Wanda Wilson (USA - Tennessee), David Hardy (Australia), Claudia Ricchetti (IT) and John Dillon (UK) shared their views on the pro’s and con’s of private management in Lotteries. John Dillon argued that the pro’s and con’s do not actually lay entirely in the area of law, but rather in the link between government and Lotteries: private management will have less privileged access to government, and when privatizing, it is important to ensure that the government provides sufficient support to grow also in the future. From the USA perspective, Wanda Wilson outlined the mixed model that started first in Illinois and later was also visible in other States: private management responsibility for brand, advertising, etc., whereas the State remains responsible for integrity, licensing. The South Australian example was equally on the table, showing a very different experience between its two Lotteries: Tatts and South Australian Lottery, where a long-term principal-agent relationship exists between the State and the Gidani Company. Claudia Ricchetti provided insight into the evolutions, which have taken place in the Italian market over the last years, comparing the benefits that privatization can bring over state-owned firms, and vice-versa: there are differences in political goals, raising capital, accountability, and so on. From this panel, one could certainly conclude that there is no one-size-fits all solution to the management of Lotteries.

To conclude the first day, the audience heard from the Italian Regulator (AAMS) and the UK Gambling Commission. Both pointed to the challenge they face: the regulation of gambling is an-ever moving target, where a fine balance needs to be found between security, social responsibility, consumer protection… Neil McArthur also outlined challenges for the future: international divergences...
between jurisdictions, the need to distinguish gambling and non-gambling products, and the implementation of the 4th anti-money laundering Directive.

The second day of the seminar commenced with an eye-opening presentation by Dirk DIERICKX of the Belgium Internet Service Center, a special unit within the Belgian Finance Ministry. He provided insight into the “surface web” where most people usually remain, and the “deep and dark web” where one will only gain access with specialized software. His presentation illustrated that there are three main aspects of monitoring the dark-net: digitally, transport, and “follow the value”. Digital monitoring includes public authorities going after illegal offering, such as for example the illegal sale of email databases of online gambling consumers. Furthermore, he also pointed to the fact that much gambling is already being offered on the dark-net, given its anonymity and the potential to avoid prohibitions. Finally, he also argued that “follow the value” is notably important for the gambling sector: While ‘bitcoins’ can be used for legitimate reasons, the fact that they are unregulated provides significant risks for money laundering.

The presentation of Swiss developments (Catherine BENANI) indicated very important advances from the perspective of Lotteries: the new Article 106 of the Constitution, and the proposed draft bill contain an express recognition of the link between profits and the support for good causes. Other notable developments in Switzerland include the permission for online gambling, a new definition of Lotteries with focus on points of sales and the way in which games are played, and rules on prevention of crime and consumer protection.

The Nordic example (Stein LANGBERGET) illustrated the widespread use of the player card, as a useful means for regulating the sector, and more generally the strong focus of the monopoly on minimizing competition, preventing addiction and ensuring that revenues should not be a source of private profit. Looking to the future, Stein Langberget pointed to research being carried out on a licensing regime rather than a monopoly, although one could query the legality of the underlying objective relating to the objective of obtaining higher revenues.

The second day of the EL/WLA seminar was concluded with two panels: one on national gaming legislation, and one on “best global legislation”.

The panel on national legislation saw presentations from Finland, Argentina, Switzerland and Norway. Tuula SUNDSTRÖM explained the gaming legislation in Finland, and the fashion in which the European Commission found that its regime is compliant with EU law. She noted that in February 2014, the Ministry of Economic Policy confirmed that the current monopoly policy will continue. The Argentinian example (Carla STACCO) provided insight into a highly complex regulatory environment due to the federal nature of the country, with no less than 23 provinces, each competent in regulating gambling. This leads to a tangle of collaborative agreements, and significant differences in the online environment: there are very few authorizations to provide online services, and the system leaves room for improvement.

The seminar was concluded by a panel with the intriguing name “best global legislation”. A number of speakers recognized that this title could also cover “what not to do”... so that others could learn from it. For example, the presentation from Sweden illustrated how that country became the first candidate to be referred to the EU Court of Justice by the Commission, and presented the initiatives the government may take to ameliorate the situation. This includes in the short term more effective sanctions and an advertising ban, and in the long term a decision on the choice between a monopoly and a license-based system. In Italy too, we saw a practical application of the Balduzzi decree on the public health approach to gambling. However, due to the autonomy, which local entities possess, the implementation of the law is less-than-perfect. The example was given that de facto, Milan prohibits gambling in 99 per cent of its territory, whereas right outside of its boundaries no such prohibition exists. Fruit for litigation?

Participants agreed that the first joint EL and WLA Legal Seminar was a great success: the plurality of insights, topics and options provided great food for thought, and inspiration on organizing the Lotteries of tomorrow. Undoubtedly to be continued.
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